

# Farm statistical survey 2015

50/50 Sharemilker – Irrigated

# 2015 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 2015-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 31/3/2015, 31/5/2015 or 30/6/2015.
- The averages referred to are per farm and as per that farm's actual financial statements for the 2015-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 Group. On the right-hand side of the survey summary for each sector, we have shown the average figures for the top 10% "Benchmark Group" 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. Some benchmarks and ratios look at specific areas and issues very well, but are only looking at one side of the equation. We readily acknowledge that there could be other benchmark approaches equally meaningful.
- We have added in a column at the end of each statistic where you can insert your own farming data.
- We have always considered that the data contained in your financial statements and in the Survey is a powerful management tool. Our role is not simply to be your accountants – it is to assist as your advisors. Accordingly we would welcome the chance to discuss your data and where it sits in the overall survey.

# Key statistics

	Overall Average 2011	Overall Average 2012	Overall Average 2013	Overall Average 2014	Overall Average 2015	Benchmark Group 2015	Your Figures
Average Cows Milked (ACM)	758	794	801	796	927	955	
Average Value of Milk Solid Sales/Kg	\$3.58	\$3.39	\$3.20	\$3.82	\$2.93	\$2.93	
Milk Solids Revenue/ACM	\$1,416	\$1,425	\$1,327	\$1,578	\$1,248	\$1,293	
Milk Solids Revenue/EGA	\$4,880	\$4,995	\$4,600	\$5,595	\$4,605	\$4,646	
FWE per kg of Milk Solids	\$2.48	\$2.36	\$2.58	\$2.81	\$2.57	\$2.46	
Interest & Rent Paid/KG MS	\$0.35	\$0.26	\$0.25	\$0.20	\$0.26	\$0.22	
Net Farm Profit	\$320,781	\$344,933	\$199,106	\$310,164	\$147,377	\$300,397	
Total Term Debt	\$1,172,231	\$1,068,928	\$1,345,194	\$1,156,181	\$1,329,115	\$1,133,102	
Total Cost of Production per Kg MS	\$2.91	\$2.70	\$2.90	\$3.06	\$2.93	\$2.69	

# Key features

1. The top 10% group at 418,608 kg/ms is 6% higher than the overall group at 394,963 kg.
2. Average MS receipt was \$2.93 kg.
3. MS Production per ACM + per EGA is similar across both groups.
4. FWE per kg of MS for the top 10% group at \$2.46 are 11 cents kg/ms, or 4% lower than the overall average of \$2.57.
5. The individual FWE are lower for the top 10% group across most individual FWE particularly wages + stock food.
6. The top 10% group has at \$1,133,000 a lower term debt than the overall group of just on \$200,000.
7. Net capital plant purchases at \$91,000 - \$92,000 are the same for each group although the total is higher than we would have anticipated.
8. A higher GFI and lower FWE per kg/ms has meant the top 10% group has a higher net farm profit by \$153,000.
9. Personal drawings very similar across both groups.
10. The top 10% group has a higher net equity by around \$250,000.
11. The sale of cull cows + bobby calves is the equivalent of 41 cents per kg/ms for the overall group, but has a value equivalent of 61 cents per kg/ms for the top 10% group – a key issue here re the higher GFI and the higher net farm profit.

Average value of milk solid receipts was the same for both groups

**\$2.93**

Cost of production per Kg/ms

**\$2.93**

overall

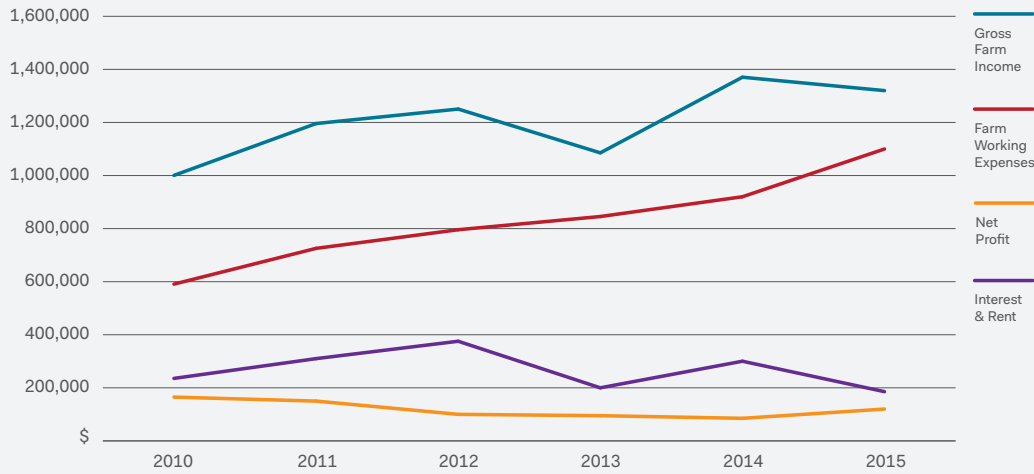
**\$2.69**

top 10%

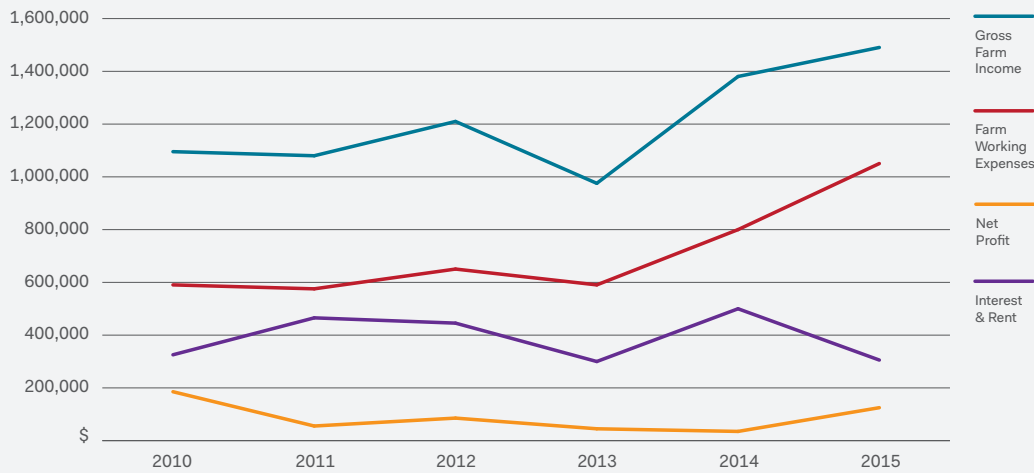
# Survey

	Overall Average 2011	Overall Average 2012	Overall Average 2013	Overall Average 2014	Overall Average 2015	Benchmark Group 2015	Your Figures
Effective Grazing Area (ha) (EGA)	222	227	236	224	251	272	
Average Cows Milked (ACM)	758	794	801	796	927	955	
ACM/EGA	3.4	3.5	3.5	3.5	3.7	3.6	
Milk Revenue	\$1,097,066	\$1,119,248	\$1,063,932	\$1,268,806	\$1,158,861	\$1,225,707	
Milk Solids Production (kg)	299,446	333,330	333,332	330,671	394,963	418,608	
Average Value of Milk Solid Sales (Kg)	\$3.58	\$3.39	\$3.20	\$3.82	\$2.93	\$2.93	
Milk Solid Revenue/ACM	\$1,416	\$1,425	\$1,327	\$1,578	\$1,248	\$1,293	
Milk Solid Revenue/EGA	\$4,880	\$4,995	\$4,600	\$5,595	\$4,605	\$4,646	
Milk Solids/ACM (kg)	395	420	415	412	426	441	
Milk Solids/EGA (kg)	1,357	1,478	1,439	1,461	1,571	1,585	
Milk Solids as a % of GFI	92.3%	92.5%	91.2%	95.8%	88.3%	83.8%	
Gross Farm Income (GFI)	\$1,196,922	\$1,256,185	\$1,180,017	\$1,344,929	\$1,321,607	\$1,482,472	
Farm Working Expenses (FWE)	\$742,323	\$788,210	\$861,364	\$927,883	\$1,016,390	\$1,030,403	
FWE as a % of GFI	64.6%	64.4%	72.6%	69.0%	76.4%	67.5%	
FWE/ACM	\$970	\$990	\$1,058	\$1,129	\$1,076	\$1,049	
FWE per kg of Milk Solids	\$2.48	\$2.36	\$2.58	\$2.81	\$2.57	\$2.46	
Wages/ACM	\$195	\$214	\$219	\$224	\$227	\$217	
Animal Health/ACM	\$86	\$93	\$94	\$93	\$75	\$81	
Livestock Improvement/ACM	\$37	\$40	\$40	\$40	\$47	\$43	
Stockfood/ACM	\$313	\$299	\$361	\$418	\$374	\$339	
R & M/ACM	\$31	\$49	\$46	\$41	\$30	\$36	
Vehicle Expenses & Fuel/ACM	\$52	\$55	\$56	\$62	\$51	\$50	
Dairy Shed Expenses/ACM	\$15	\$17	\$16	\$19	\$17	\$15	
Interest & Rent Paid	\$111,780	\$94,576	\$85,077	\$69,858	\$110,638	\$115,440	
Interest & Rent Paid as a % of GFI	9.2%	6.8%	6.9%	5.0%	7.7%	6.0%	
Interest & Rent Paid/Kg MS	\$0.35	\$0.26	\$0.25	\$0.20	\$0.26	\$0.22	
Net Farm Profit	\$320,781	\$344,933	\$199,106	\$310,164	\$147,377	\$300,397	
Net Farm Profit as a % of GFI	24.1%	26.5%	20.2%	23.2%	12.3%	24.0%	
Net Plant Purchases	\$43,571	\$77,450	\$68,418	\$73,950	\$91,128	\$92,652	
Personal Drawings (excl Allowances)	\$64,049	\$75,897	\$52,860	\$53,605	\$75,930	\$72,268	
Est Total Farm Capital (TFC)	\$2,078,860	\$2,344,621	\$2,389,630	\$2,304,441	\$2,656,559	\$2,715,600	
Est TFC per kg Milk Solids	\$6.66	\$7.17	\$7.33	\$7.13	\$6.94	\$6.44	
Est Interest on TFC	18.7%	15.2%	9.0%	14.1%	6.5%	14.3%	
Total Term Debt	\$1,172,231	\$1,068,928	\$1,345,194	\$1,156,181	\$1,329,115	\$1,133,102	
Term Debt as % of TFC	52.0%	42.8%	52.6%	48.1%	49.3%	33.8%	
GFI to Plant Ownership Ratio	8.5	7.8	6.3	8.1	6.3	8.0	
Earnings Before Interest, Rent & Tax (EBIT)	\$445,837	\$439,509	\$284,183	\$383,866	\$258,015	\$415,837	
EBIT/ACM	\$538	\$547	\$379	\$506	\$297	\$468	
EBIT/EGA	\$1,860	\$1,939	\$1,323	\$1,819	\$1,089	\$1,701	
EBIT/kg Milk Solids	\$1.32	\$1.28	\$0.90	\$1.22	\$0.70	\$1.06	
Net Profit / kg Milk Solids	\$1.00	\$1.03	\$0.66	\$1.01	\$0.44	\$0.84	
Total Cost of Production/KG MS	\$2.91	\$2.70	\$2.90	\$3.06	\$2.93	\$2.69	
Milksolid Margin/Kg MS	0.66	0.69	0.30	0.77	0.00	0.24	
"Misery Index"	74%	71%	79%	74%	84%	74%	

### Average GFI, FWE, Interest + Rent & Net Profit 2010-2015



### Benchmark GFI, FWE, Interest + Rent & Net Profit 2010-2015



Interest/Rent paid per kg/ms

**\$0.26**

overall

**\$0.22**

top 10%

Farm working expenses per kg/ms

**\$2.57**

overall

**\$2.46**

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: <ul style="list-style-type: none"><li>Life Assurance</li><li>Personal Insurances</li><li>Superannuation</li><li>Taxation</li><li>Personal Insurance, Electricity &amp; Car Allowances</li><li>School Fees</li><li>Health &amp; Sickness Insurance</li><li>Personal ACC Levies.</li></ul>
<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 Deb</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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