

Farm statistical survey 2015

Sheep & Beef Downlands & Flatlands

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 |
|------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|--------------|
| Stock Units (SU) Carried | 3,945 | 4,265 | 4,332 | 4,487 | 4,593 | 4,613 | |
| GFI per SU | \$118.74 | \$142.29 | \$109.77 | \$124.41 | \$130.89 | \$176.81 | |
| FWE per SU | \$68.14 | \$68.96 | \$68.97 | \$70.19 | \$78.92 | \$83.61 | |
| Interest & Rent Paid per SU | \$20.17 | \$19.10 | \$20.89 | \$22.82 | \$19.76 | \$34.59 | |
| Net Farm Profit | \$99,695 | \$182,004 | \$82,038 | \$113,325 | \$104,730 | \$241,391 | |
| Ave Sale Value Lambs | \$98.51 | \$119.62 | \$76.71 | \$91.96 | \$90.31 | \$103.42 | |
| GP Sheep & Wool per Sheep SU | \$122.58 | \$134.28 | \$91.39 | \$114.45 | \$118.81 | \$155.24 | |
| GP Cattle per Cattle SU | \$80.82 | \$82.20 | \$75.56 | \$84.62 | \$110.27 | \$174.92 | |
| GP Deer per Deer SU | \$85.79 | \$92.17 | \$53.96 | \$94.20 | \$81.66 | \$38.26 | |
| Fertiliser Expense per SU | \$12.42 | \$12.41 | \$11.78 | \$12.69 | \$13.62 | \$15.88 | |

Key features

1. The total stock units carried across the overall average group and the top 10% group is very similar at 4,600.
2. The top 10% group generates a much higher average return per SU than the overall group – an increase of some 35%.
3. The FWE per SU are similar at \$79 - \$83 re the two groups – the key here is the steady upwards creep in this cost area – up 28% since the 2010 year.
4. The top 10% group has generated higher prices received for lambs, ewes, wool, calves, steers and heifers – a big effect here.
5. The income from (in the main) dairy grazing is significant at \$147,290 for the overall group and \$222,091 for the top 10% group.
6. Personal drawings are \$24,000 higher in the top 10% group.
7. Term Debt is \$684,000 for the overall group and \$836,000 for the top 10% group.
8. Net Equity around \$4,800,000 for overall group and \$4,000,000 for top 10% group.
9. The key here is the much higher income per stock unit and per effective hectare that the top 10% generate. Their overall costs are only slightly higher per SU than the overall group to achieve this.
10. The dairy grazing income for the current year looks as though it will be much lower and could affect profitability significantly.

Gross farm income per stock unit

\$103.89 **\$176.81**

overall

top 10%

Farm working expenses per stock unit

\$78.92 **\$83.61**

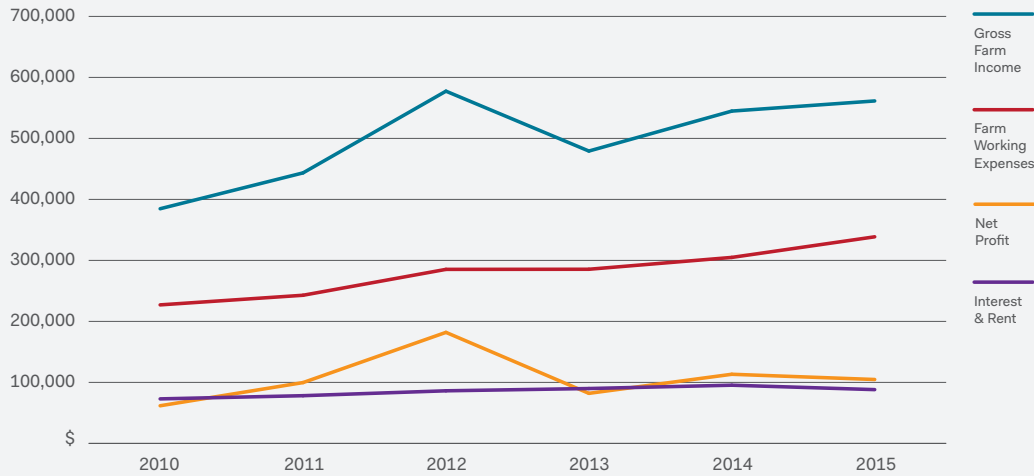
overall

top 10%

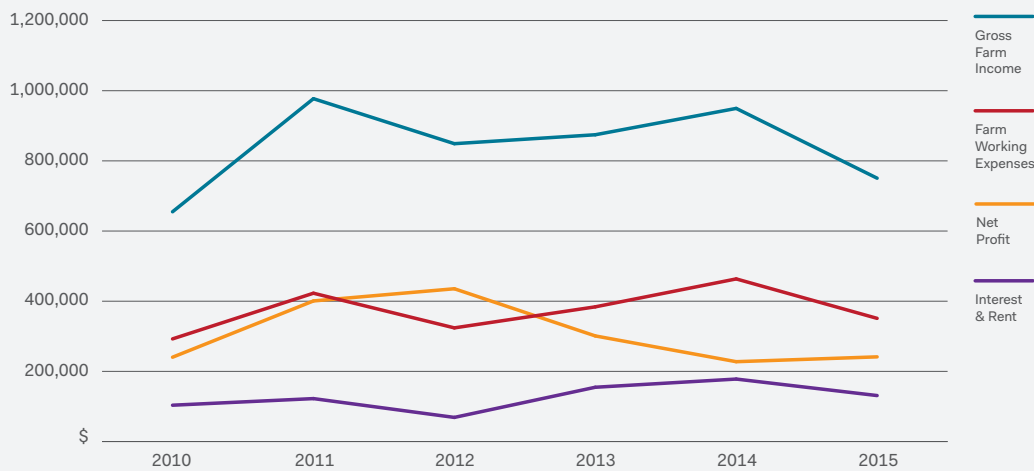
Survey

| | Overall Average 2011 | Overall Average 2012 | Overall Average 2013 | Overall Average 2014 | Overall Average 2015 | Benchmark Group 2015 | Your Figures |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|--------------|
| Total Effective Area Farmed (ha) | 693 | 770 | 720 | 735 | 761 | 816 | |
| Stock Units (SU) Carried | 3,945 | 4,265 | 4,332 | 4,487 | 4,593 | 4,613 | |
| SU per Effective Ha | 7.1 | 6.8 | 7.8 | 7.4 | 6.9 | 7.3 | |
| Gross Farm Income (GFI) | \$443,483 | \$577,433 | \$479,278 | \$544,786 | \$561,402 | \$750,600 | |
| GFI per SU | \$118.74 | \$142.29 | \$109.77 | \$124.41 | \$130.89 | \$176.81 | |
| GFI per Effective Ha | \$881 | \$1,010 | \$854 | \$890 | \$913 | \$1,254 | |
| Farm Working Expenses (FWE) | \$242,855 | \$285,300 | \$285,476 | \$304,894 | \$338,681 | \$351,102 | |
| FWE as a % of GFI | 57.7% | 51.1% | 64.9% | 58.5% | 61.7% | 50.7% | |
| FWE per SU | \$68.14 | \$68.96 | \$68.97 | \$70.19 | \$78.92 | \$83.61 | |
| Interest & Rent Paid | \$78,201 | \$86,214 | \$89,942 | \$95,413 | \$88,144 | \$131,070 | |
| Interest & Rent Paid as a % of GFI | 17.9% | 15.7% | 20.6% | 19.9% | 15.5% | 21.0% | |
| Interest & Rent Paid per SU | \$20.17 | \$19.10 | \$20.89 | \$22.82 | \$19.76 | \$34.59 | |
| Net Farm Profit | \$99,695 | \$182,004 | \$82,038 | \$113,325 | \$104,730 | \$241,391 | |
| Net Farm Profit as a % of GFI | 18.9% | 28.7% | 9.2% | 17.9% | 16.8% | 32.6% | |
| Gross Profit Sheep Account | \$251,956 | \$341,724 | \$236,872 | \$284,885 | \$297,086 | \$441,625 | |
| Lambing % | 127% | 138% | 138% | 137% | 141% | 164% | |
| Ave Sale Value Lambs | \$98.51 | \$119.62 | \$76.71 | \$91.96 | \$90.31 | \$103.42 | |
| Ave Sale Value Ewes | \$95.42 | \$117.18 | \$67.88 | \$84.66 | \$80.35 | \$98.04 | |
| Gross Wool Revenue | \$49,985 | \$62,968 | \$47,175 | \$56,907 | \$63,924 | \$81,422 | |
| Wool Production (kg) | 13,521 | 16,399 | 15,167 | 15,360 | 15,628 | 18,882 | |
| Ave Value of Wool Sold per Kg | \$3.76 | \$4.21 | \$3.29 | \$3.88 | \$4.16 | \$4.83 | |
| GP Sheep & Wool per Sheep SU | \$122.58 | \$134.28 | \$91.39 | \$114.45 | \$118.81 | \$155.24 | |
| Gross Profit Cattle Account | \$96,854 | \$110,135 | \$113,008 | \$118,633 | \$149,842 | \$160,284 | |
| Ave Sale Value Calves | \$538 | \$543 | \$471 | \$487 | \$567 | \$749 | |
| Ave Sale Value Steers | \$1,015 | \$1,141 | \$1,075 | \$1,117 | \$1,297 | \$1,462 | |
| Ave Sale Value Heifers | \$860 | \$997 | \$928 | \$910 | \$1,059 | \$1,229 | |
| GP Cattle per Cattle SU | \$80.82 | \$82.20 | \$75.56 | \$84.62 | \$110.27 | \$174.92 | |
| Gross Profit Deer Account | \$77,516 | \$105,039 | \$50,406 | \$62,624 | \$49,781 | \$15,610 | |
| GP Deer per Deer SU | \$85.79 | \$92.17 | \$53.96 | \$94.20 | \$81.66 | \$38.26 | |
| Grazing/Lease Income | \$89,871 | \$129,617 | \$138,346 | \$139,196 | \$147,290 | \$222,091 | |
| Fertiliser Expenditure | \$45,055 | \$54,075 | \$49,592 | \$56,711 | \$56,722 | \$58,419 | |
| Fertiliser Expense per SU | \$12.42 | \$12.41 | \$11.78 | \$12.69 | \$13.62 | \$15.88 | |
| Personal Drawings (excl Allowances) | \$41,869 | \$48,091 | \$50,310 | \$49,365 | \$55,295 | \$79,615 | |
| Net Plant Purchases | \$41,270 | \$38,058 | \$43,037 | \$48,182 | \$37,117 | \$29,032 | |
| Est Total Farm Capital (TFC) | \$4,519,622 | \$4,908,143 | \$5,046,254 | \$5,539,979 | \$5,478,688 | \$4,877,000 | |
| Est Total Farm Capital per SU | \$1,432 | \$1,286 | \$1,355 | \$1,390 | \$1,412 | \$1,262 | |
| Est Interest on TFC | 3.4% | 4.7% | 2.6% | 3.2% | 2.6% | 6.7% | |
| Total Term Debt | \$659,312 | \$753,284 | \$808,386 | \$752,110 | \$684,715 | \$836,397 | |
| Term Debt as % of TFC | 15.8% | 16.0% | 18.6% | 18.8% | 12.2% | 20.0% | |
| GFI to Plant Ownership | 4.6 | 5.7 | 4.5 | 4.8 | 4.4 | 6.1 | |
| Earnings Before Interest, Rent & Tax (EBIT) | \$177,245 | \$268,218 | \$170,797 | \$206,810 | \$193,033 | \$372,460 | |
| EBIT per SU | \$43.75 | \$63.15 | \$35.86 | \$45.98 | \$44.20 | \$86.24 | |
| "Misery Index" | 76% | 67% | 84% | 77% | 77% | 72% | |

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



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



Total farm capital very sound overall & similar for both groups

\$4,877,000

Interest/Rent as a % of gross farm income

15.5% overall **21%** 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: 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 Deb | 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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