

# Farm statistical survey 2015

Sheep & Beef Hill Country

# 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	7,555	8,474	8,977	9,293	8,840	10,903	
GFI per SU	\$86.71	\$102.46	\$82.35	\$91.37	\$93.18	\$102.76	
FWE per SU	\$48.12	\$52.57	\$52.21	\$51.34	\$56.40	\$52.39	
Interest & Rent Paid per SU	\$13.97	\$13.16	\$12.32	\$13.48	\$16.16	\$16.76	
Net Farm Profit	\$160,233	\$263,545	\$129,331	\$196,149	\$140,276	\$274,412	
Ave Sale Value Lambs	\$94.55	\$111.98	\$74.12	\$85.31	\$79.47	\$88.84	
GP Sheep & Wool per Sheep SU	\$94.62	\$113.82	\$85.07	\$93.98	\$94.93	\$104.65	
GP Cattle per Cattle SU	\$56.39	\$66.40	\$59.51	\$65.53	\$81.59	\$96.69	
GP Deer per Deer SU	\$68.79	\$103.73	\$75.19	\$71.72	\$97.45	\$103.82	
Fertiliser Expense per SU	\$7.93	\$8.64	\$8.45	\$7.28	\$9.13	\$9.53	

# Key features

1. The top 10% group has higher stock unit scale by 23%.
2. Gross income per SU at \$93.18 for the overall average group and \$102.76 for the top 10% group.
3. FWE per SU for the overall average group at \$56.40 and for the top 10% group at \$52.39.
4. Interest + rent paid per SU is the same for both groups at \$16.
5. Overall average net farm profit is \$140,276 - \$274,412 for the top 10% group.
6. The gross profit per SU for the overall group was:

Sheep	\$94.93
Cattle	\$81.59
Deer	\$97.45
7. The gross profit per SU for the top 10% group was:

Sheep	\$104.65
Cattle	\$96.69
Deer	\$103.82
8. Fertiliser cost per SU was very similar for both groups - \$9.13 to \$9.53.
9. Net capital plant purchases broadly similar at \$77,613 - \$67,283.
10. Estimated Total Farm Capital for overall group of \$7,888,395. Compared to \$8,729,417 for top 10% group.
11. Total Term Debt for overall average group at \$1,585,166 compared with \$2,106,581 for the top 10% group.
12. The Net Equity for the two groups is broadly similar - at \$6,303,000 and \$6,622,000.
13. The wool gross income is 22% of the gross income for both groups.
14. As in previous years the top 10% group is ahead of the overall average group due to:

Slightly higher overall SU scale	(23%)
Slightly higher gross income per SU	(10%)
Slightly lower FWE per SU	(7%)

But has:

Higher personal drawings by	(37%)
Higher interest + rent payments by	(26%)
Higher TFC employed of	(11%)

Gross farm income per stock unit

**\$93.18**   **\$102.76**

overall

top 10%

Farm working expenses per stock unit

**\$56.40**   **\$52.39**

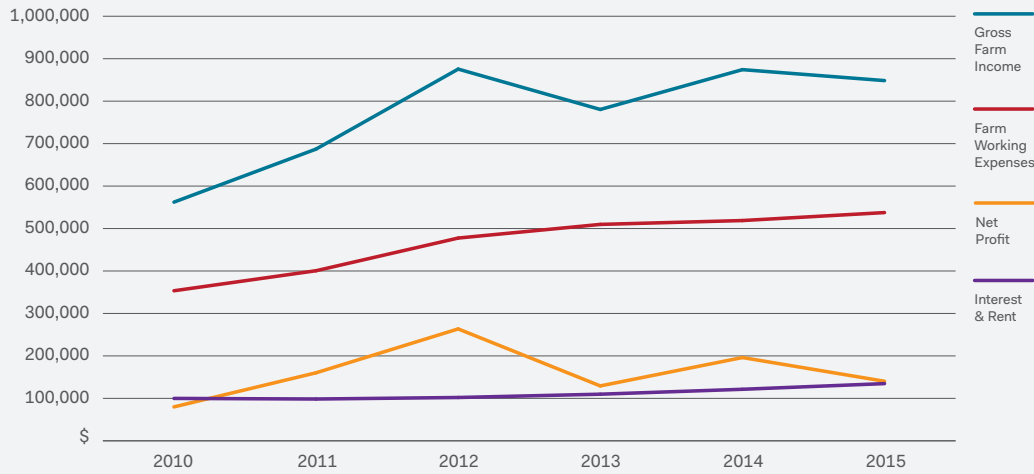
overall

top 10%

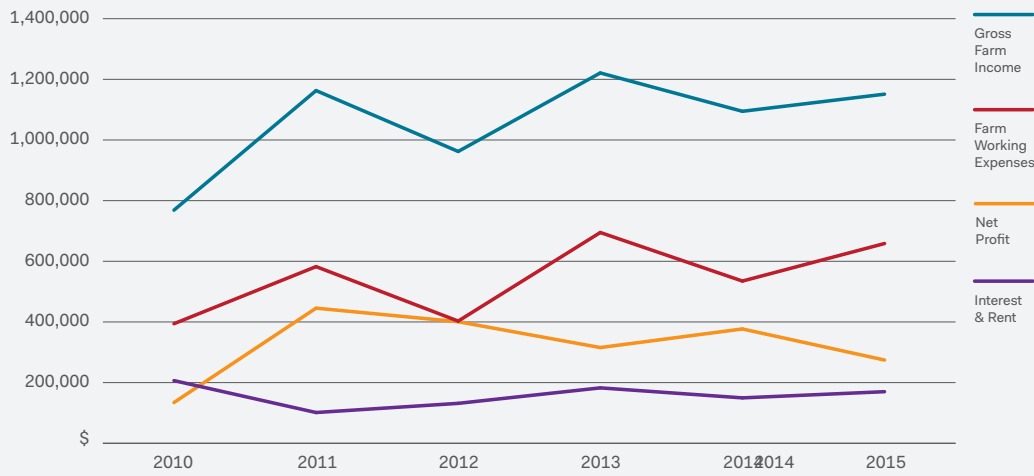
# Survey

	Overall Average 2011	Overall Average 2012	Overall Average 2013	Overall Average 2014	Overall Average 2015	Benchmark Group 2015	Your Figures
Total Area Grazed (ha)	3,160	3,434	3,466	3,452	3,156	3,243	
Stock Units (SU) Carried	7,555	8,474	8,977	9,293	8,840	10,903	
SU per Grazed Area	4.6	4.6	4.7	4.9	4.9	5.3	
Gross Farm Income (GFI)	\$687,145	\$875,528	\$780,435	\$874,245	\$848,438	\$1,151,083	
GFI per SU	\$86.71	\$102.46	\$82.35	\$91.37	\$93.18	\$102.76	
Farm Working Expenses (FWE)	\$400,623	\$477,568	\$509,729	\$518,813	\$537,569	\$658,570	
FWE as a % of GFI	55.7%	51.8%	63.3%	57.5%	62.6%	51.0%	
FWE per SU	\$48.12	\$52.57	\$52.21	\$51.34	\$56.40	\$52.39	
Interest & Rent Paid	\$98,456	\$102,056	\$109,827	\$121,394	\$134,763	\$170,053	
Interest & Rent Paid as a % of GFI	16.5%	13.0%	14.8%	14.6%	17.2%	16.5%	
Interest & Rent Paid per SU	\$13.97	\$13.16	\$12.32	\$13.48	\$16.16	\$16.76	
Net Farm Profit	\$160,233	\$263,545	\$129,331	\$196,149	\$140,276	\$274,412	
Net Farm Profit as a % of GFI	23.3%	30.1%	17.3%	23.0%	14.9%	28.3%	
Gross Profit Sheep Account	\$364,262	\$463,618	\$357,098	\$386,442	\$399,712	\$515,338	
Lambing %	110%	116%	118%	119%	126%	129%	
Ave Sale Value Lambs	\$94.55	\$111.98	\$74.12	\$85.31	\$79.47	\$88.84	
Ave Sale Value Ewes	\$95.88	\$109.41	\$68.02	\$79.40	\$71.83	\$73.56	
Gross Wool Revenue	\$156,309	\$202,547	\$208,500	\$197,893	\$188,290	\$258,134	
Wool Production (kg)	25,082	29,724	31,680	31,654	32,190	38,869	
Ave Value of Wool Sold per Kg	\$5.36	\$6.24	\$5.37	\$5.36	\$5.27	\$5.21	
GP Sheep & Wool per Sheep SU	\$94.62	\$113.82	\$85.07	\$93.98	\$94.93	\$104.65	
Gross Profit Cattle Account	\$135,918	\$166,831	\$163,962	\$182,026	\$208,874	\$301,188	
Ave Sale Value Calves	\$495	\$569	\$491	\$518	\$522	\$580	
Ave Sale Value Steers	\$993	\$1,088	\$1,063	\$1,107	\$1,207	\$1,305	
Ave Sale Value Heifers	\$823	\$931	\$848	\$911	\$1,024	\$1,102	
GP Cattle per Cattle SU	\$56.39	\$66.40	\$59.51	\$65.53	\$81.59	\$96.69	
Gross Profit Deer Account	\$100,883	\$140,089	\$135,852	\$141,762	\$137,204	\$41,216	
GP Deer per Deer SU	\$68.79	\$103.73	\$75.19	\$71.72	\$97.45	\$103.82	
Fertiliser Expenditure	\$71,980	\$83,815	\$88,051	\$80,466	\$90,598	\$127,105	
Fertiliser Expense per SU	\$7.93	\$8.64	\$8.45	\$7.28	\$9.13	\$9.53	
Personal Drawings (excl Allowances)	\$50,319	\$53,457	\$56,686	\$55,396	\$60,901	\$83,581	
Net Plant Purchases	\$44,855	\$43,953	\$65,249	\$59,098	\$77,613	\$67,283	
Est Total Farm Capital (TFC)	\$6,748,789	\$7,472,440	\$7,956,667	\$8,030,551	\$7,888,395	\$8,729,417	
Est TFC per SU	\$890	\$929	\$915	\$925	\$934	\$825	
Est Interest on TFC	3.3%	4.4%	2.5%	3.9%	2.5%	4.7%	
Total Term Debt	\$1,066,133	\$1,215,548	\$1,332,906	\$1,440,290	\$1,585,166	\$2,106,581	
Term Debt as % of TFC	24.0%	16.9%	16.8%	16.8%	20.5%	26.3%	
GFI to Plant Ownership	6.5	7.0	5.3	5.1	5.5	8.3	
Earnings Before Interest, Rent & Tax (EBIT)	\$259,543	\$365,601	\$238,451	\$312,111	\$271,523	\$449,112	
EBIT per SU	\$34.69	\$45.80	\$26.41	\$34.19	\$32.07	\$46.73	
"Misery Index"	72%	65%	78%	72%	80%	67%	

### 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

**\$6,460,000**

Interest/Rent as a % of gross farm income

**17.2%**  
overall

**16.5%**  
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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