

Farm statistical survey 2015

Mixed Cropping

2015 Farm statistical survey

Produced by [Alexander's](#) 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
Area Cropped Grain & Seeds (Ha)	223	257	255	252	250	341	
FWE as a % of GFI	62.1%	56.4%	60.5%	63.2%	60.2%	55.1%	
Interest & Rent Paid as a % of GFI	18.1%	15.3%	16.0%	15.2%	16.1%	13.8%	
Net Farm Profit	\$110,870	\$196,646	\$216,104	\$214,754	\$157,618	\$485,369	
Gross Profit Cropping per Ha	\$3,472	\$3,631	\$3,892	\$3,750	\$3,634	\$4,678	
Ave Sale Value Lambs	\$112.35	\$146.70	\$108.54	\$104.96	\$114.28	\$118.08	
Net Plant Purchases	\$128,710	\$146,538	\$133,414	\$132,586	\$157,469	\$318,208	
Est Total Farm Capital (TFC)	\$7,436,333	\$7,714,413	\$7,891,840	\$8,349,990	\$8,672,113	\$6,866,700	
Total Term Debt	\$1,735,845	\$1,800,541	\$1,770,139	\$2,132,453	\$2,063,159	\$2,305,634	

Key features

1. The top 10% group has more cropping scale – 341-cropped hectare, compared with 250 hectare – an increase of 36%.
2. The top 10% has a FWE to GFI ratio of 55.1% as compared with the overall average of 60.2%.
3. The top 10% has an average gross income per cropped ha of \$4,678 compared with the overall average of \$3,634 – an increase of 28.7%.
4. The overall average gross income per cropped ha of \$3,634 has reached a plateau over the last five years – probably a function of conventional crops.
5. The overall average group has 68.7% of its gross income coming from crop compared with the top 10% group who has 82.4% of its gross income coming from crop.
6. Average lamb price for both groups at \$114 - \$118 per head – this is very similar.
7. Overall group net capital plant purchases were \$157,469 which is about 20% more than the previous five years – the top 10% group's net capital plant purchases were \$318,208.
8. Overall average net farm profit of \$157,618 – top 10% group was \$485,369.
9. Overall average estimated Total Farm Capital employed of \$8,672,113 – top 10% group was \$6,866,700.
10. Overall average Term Debt was \$2,063,159 (lower by \$70,000 compared with the previous year) – the top 10% group term debt was \$2,305,634.
11. Overall average net estimated equity of \$6,608,000 - top 10% group has overall net equity of \$4,560,000.
12. There is more land being rented in this group than in other groups in the survey and this has been the case for some years – several in the top 10% group have a lower estimated TFC but higher rent payments as a result.
13. This overall group has a debt to TFC ratio of 24.7% or equity to TFC ratio of 73.3%.
14. Sheep are still playing a key role in this group particularly with the top 10%.

Top group has more scale

36%

higher

Top group has higher gross return per hectare cropped

\$3634 \$4678

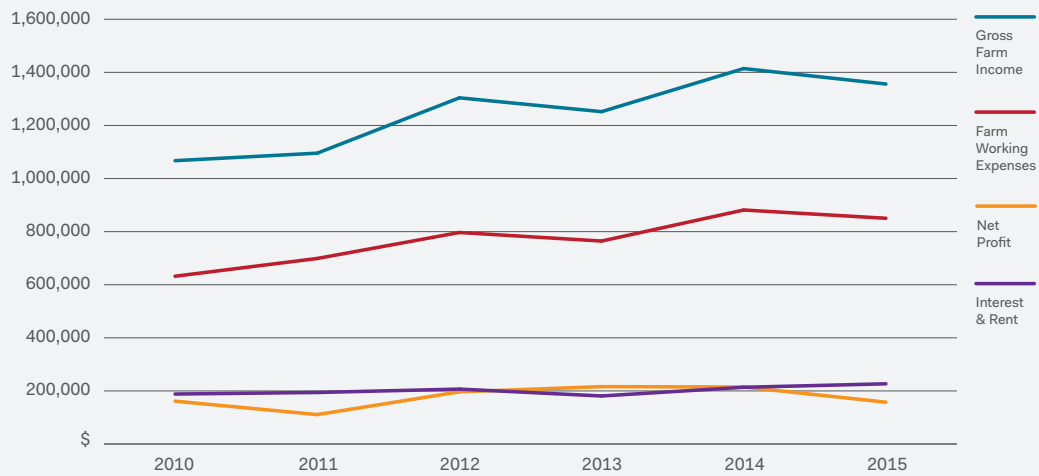
overall

top 10%

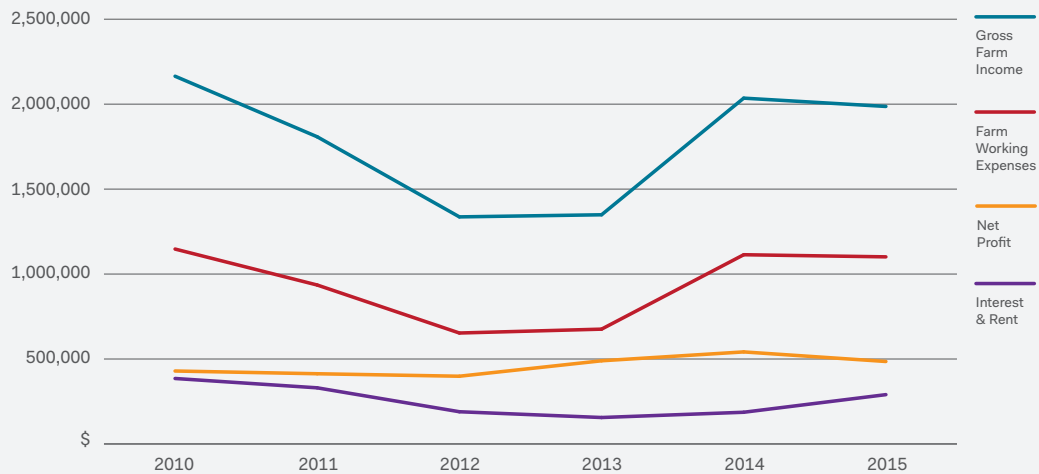
Survey

	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) (EGA)	309	326	317	331	345	366	
Area Cropped Grain & Seeds (Ha)	223	257	255	252	250	341	
Gross Farm Income (GFI)	\$1,095,607	\$1,304,081	\$1,251,971	\$1,414,353	\$1,356,033	\$1,986,470	
Farm Working Expenses (FWE)	\$698,904	\$796,797	\$764,558	\$881,513	\$850,350	\$1,101,219	
FWE as a % of GFI	62.1%	56.4%	60.5%	63.2%	60.2%	55.1%	
Interest & Rent Paid	\$194,170	\$206,923	\$180,960	\$213,701	\$226,815	\$290,278	
Interest & Rent Paid as a % of GFI	18.1%	15.3%	16.0%	15.2%	16.1%	13.8%	
Net Farm Profit	\$110,870	\$196,646	\$216,104	\$214,754	\$157,618	\$485,369	
Net Farm Profit as a % of GFI	11.3%	20.7%	15.9%	13.4%	15.6%	26.6%	
Gross Profit Cropping Account	\$805,950	\$1,015,264	\$999,473	\$1,089,441	\$1,047,428	\$1,731,500	
Gross Profit Cropping per Ha	\$3,472	\$3,631	\$3,892	\$3,750	\$3,634	\$4,678	
Gross Profit Cropping as a % of GFI	64.1%	69.3%	72.8%	67.6%	68.7%	82.4%	
Gross Profit Sheep	\$121,909	\$147,092	\$91,962	\$139,117	\$155,969	\$220,435	
Ave Sale Value Lambs	\$112.35	\$146.70	\$108.54	\$104.96	\$114.28	\$118.08	
Net Plant Purchases	\$128,710	\$146,538	\$133,414	\$132,586	\$157,469	\$318,208	
GFI To Plant Ownership	2.7	3.1	2.7	2.8	2.5	3.1	
Weed & Pest per Cropped Area	\$392	\$374	\$337	\$337	\$356	\$401	
Fertiliser per Total EGA	\$368	\$432	\$437	\$377	\$419	\$446	
Personal Drawings (excl Allowances)	\$51,949	\$60,325	\$68,882	\$75,452	\$69,013	\$73,763	
Est Total Farm Capital (TFC)	\$7,436,333	\$7,714,413	\$7,891,840	\$8,349,990	\$8,672,113	\$6,866,700	
Est TFC/EGA	\$25,130	\$25,027	\$26,363	\$25,815	\$25,731	\$18,302	
Est Interest on TFC	3.6%	4.3%	4.3%	4.5%	3.4%	7.6%	
Total Term Debt	\$1,735,845	\$1,800,541	\$1,770,139	\$2,132,453	\$2,063,159	\$2,305,634	
Term Debt as % of TFC	23.6%	22.9%	23.9%	28.7%	24.7%	37.4%	
Earnings Before Interest, Rent & Tax (EBIT)	\$305,041	\$403,569	\$387,511	\$416,322	\$384,433	\$775,647	
EBIT as a % of GFI	29.5%	36.0%	31.6%	28.3%	30.2%	68.9%	
EBIT per Cropped Ha	\$1,368	\$1,570	\$1,226	\$1,184	\$1,131	\$2,002	
"Misery Index"	80%	72%	76%	78%	76%	69%	

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



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



Farm working expenses as a % of gross farm income

60.2% **55%**

overall

top 10%

Interest/Rent paid as a % of gross income

16.1% **13.8%**

overall

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: <ul style="list-style-type: none">Life AssurancePersonal InsurancesSuperannuationTaxationPersonal Insurance, Electricity & Car AllowancesSchool FeesHealth & Sickness InsurancePersonal 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.

Alexanders
Accountancy & Advice for Agribusiness

03 365 8400
admin@alexanders.net.nz

Unit 1, Level 1, Amuri Park
25 Churchill Street
Christchurch 8013

alexanders.net.nz