

Farm statistical survey 2018

50/50 Sharemilker – Irrigated

2018 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 2018 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 31/3/2018, 31/5/2018 or 30/6/2018.
- The averages referred to are per farm and as per that farm's actual Financial Statements for the 2018 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 2014	Overall Average 2015	Overall Average 2016	Overall Average 2017	Overall Average 2018	Benchmark Group 2018	Your Figures
Average Cows Milked (ACM)	796	927	973	853	850	794	
Average Value of MS per Kg	\$3.82	\$2.93	\$1.84	\$2.80	\$3.23	\$3.34	
Milk Solid Revenue/ACM	\$1,578	\$1,248	\$817	\$1,228	\$1,373	\$1,450	
Milk Solid Revenue/EGA	\$5,595	\$4,605	\$2,848	\$3,970	\$4,703	\$5,151	
FWE per kg of MS	\$2.81	\$2.57	\$2.22	\$2.40	\$2.81	\$2.82	
Interest & Rent Paid per Kg MS	\$0.20	\$0.26	\$0.31	\$0.31	\$0.33	\$0.24	
Net Farm Profit	\$310,164	\$147,377	(\$126,330)	\$240,706	\$217,771	\$299,583	
Total Term Debt	\$1,156,181	\$1,329,115	\$1,676,774	\$1,619,885	\$1,691,146	\$1,120,523	
Total Cost of Production/ Kg MS	\$3.06	\$2.93	\$2.72	\$2.84	\$3.13	\$3.01	

Key features

1. Average cows milked – five year average at 880 head.
2. Milk solids per ACM – five year average at 428 kg.
3. Milk solids per EGA – five year average at 1,485 kg.
4. Wages paid per ACM - five year average at 233 kg.
5. Stockfood per ACM - five year average at \$348 per ACM.
6. Interest and rent per kg/ms - five year average at \$0.28 per kg.
7. Total farm capital employed - five year average at \$2,453,641.
8. Total term debt – five year average at \$1,494,620.
9. Average sale value of kg/ms has varied from \$1.84 to \$3.82 - a 100% variation with a five year average of \$2.92 kg.
10. The FWE to GFI ratio has varied from 69% to 95.8% - with a five year average at 76.66%.
If you exclude the 2016 year figure of 95.8%, the ratio for the other four years is 71.9% which is 10% too high for the longer term.
11. The average net profit over the five years has been \$157,938 with an average interest return on TFC less wages of management of 8.16%.
12. Net equity of approximately \$782,000.

Areas the 10% group differ to the overall average group

1. No increase in ACM or scale.
2. Slightly higher MS receipt per kg.
3. Lower FWE to GFI ratio by 4%.
4. Lower term debt by \$570,000.
5. Much lower net capital plant purchases.
6. Lower personal drawings.
7. Net equity of approximately \$1,060,000.

Total cost of production per kilogram of milk solid was similar for both groups

\$3.13

overall

\$3.01

Average

Average value of milk solids receipt

\$3.23

overall

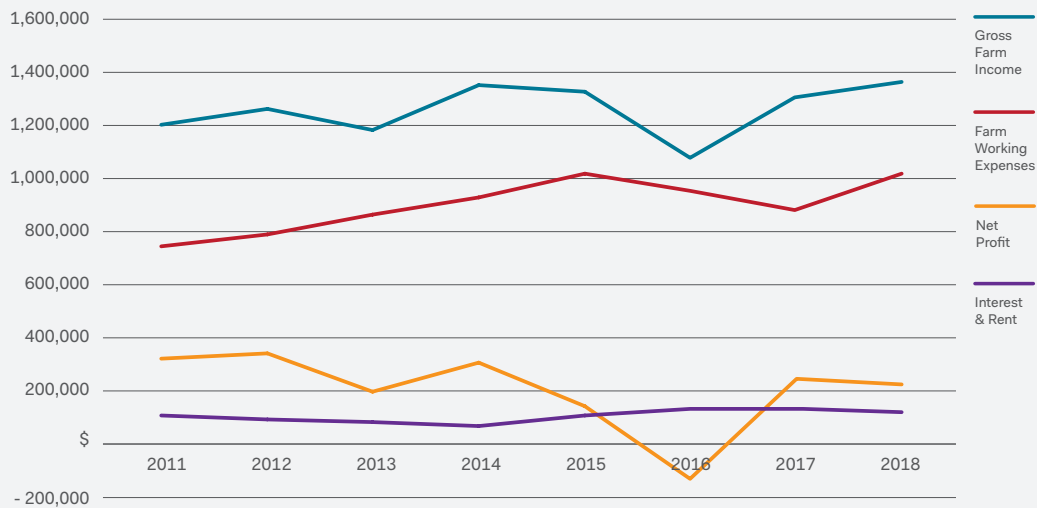
\$3.34

top 10%

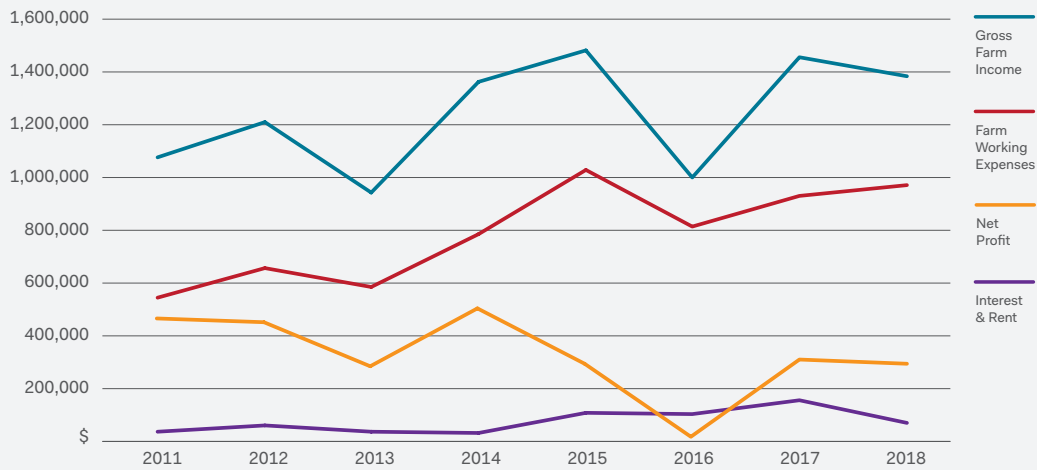
Survey

	Overall Average 2014	Overall Average 2015	Overall Average 2016	Overall Average 2017	Overall Average 2018	Benchmark Group 2018	Your Figures
Effective Grazing Area (Ha) (EGA)	224	251	275	257	245	255	
Average Cows Milked (ACM)	796	927	973	853	850	794	
ACM/EGA	3.5	3.7	3.5	3.3	3.4	3.2	
Milk Revenue	\$1,268,806	\$1,158,861	\$782,942	\$1,074,876	\$1,168,332	\$1,144,674	
Milk Solids Production (Kg)	330,671	394,963	428,952	369,810	359,268	344,626	
Average Value of Milk Solid Sales (Kg)	\$3.82	\$2.93	\$1.84	\$2.80	\$3.23	\$3.34	
Milk Solid Revenue/ACM	\$1,578	\$1,248	\$817	\$1,228	\$1,373	\$1,450	
Milk Solid Revenue/EGA	\$5,595	\$4,605	\$2,848	\$3,970	\$4,703	\$5,151	
Milk Solids/ACM (Kg)	412	426	443	433	425	435	
Milk Solids/EGA (Kg)	1,461	1,571	1,540	1,400	1,453	1,386	
Milk Solids as a % of GFI	95.8%	88.3%	77.2%	82.6%	87.6%	87.8%	
Gross Farm Income (GFI)	\$1,344,929	\$1,321,607	\$1,073,149	\$1,304,223	\$1,359,856	\$1,392,770	
Farm Working Expenses (FWE)	\$927,883	\$1,016,390	\$953,107	\$889,171	\$1,009,563	\$971,974	
FWE as a % of GFI	69.0%	76.4%	95.8%	68.1%	74.1%	70.1%	
FWE/ACM	\$1,129	\$1,076	\$1,029	\$1,031	\$1,176	\$1,225	
FWE/Kg of Milk Solids	\$2.81	\$2.57	\$2.22	\$2.40	\$2.81	\$2.82	
Wages/ACM	\$224	\$227	\$235	\$233	\$257	\$262	
Animal Health/ACM	\$93	\$75	\$72	\$87	\$93	\$91	
Livestock Improvement/ACM	\$40	\$47	\$39	\$45	\$59	\$50	
Stockfood/ACM	\$418	\$374	\$302	\$288	\$356	\$359	
R & M/ACM	\$41	\$30	\$26	\$31	\$31	\$23	
Vehicle Expenses & Fuel/ACM	\$62	\$51	\$40	\$51	\$58	\$56	
Dairy Shed Expenses/ACM	\$19	\$17	\$15	\$18	\$21	\$21	
Interest & Rent Paid	\$69,858	\$110,638	\$134,576	\$129,522	\$127,898	\$77,561	
Interest & Rent Paid as a % of GFI	5.0%	7.7%	12.5%	8.9%	8.8%	5.7%	
Interest & Rent Paid/Kg MS	\$0.20	\$0.26	\$0.31	\$0.31	\$0.33	\$0.24	
Net Farm Profit	\$310,164	\$147,377	(\$126,330)	\$240,706	\$217,771	\$299,583	
Net Farm Profit as a % of GFI	23.2%	12.3%	(14.3%)	19.2%	15.7%	17.9%	
Net Plant Purchases	\$73,950	\$91,128	\$54,081	\$46,524	\$47,321	\$25,525	
Personal Drawings (excl Allowances)	\$53,605	\$75,930	\$59,294	\$75,103	\$83,127	\$53,322	
Est Total Farm Capital (TFC)	\$2,304,441	\$2,656,559	\$2,141,357	\$2,692,037	\$2,473,813	\$2,186,000	
Est TFC/Kg Milk Solids	\$7.13	\$6.94	\$5.53	\$6.07	\$6.90	\$6.82	
Est Interest on TFC	14.1%	6.5%	0.6%	9.6%	10.0%	16.5%	
Total Term Debt	\$1,156,181	\$1,329,115	\$1,676,774	\$1,619,885	\$1,691,146	\$1,120,523	
Term Debt as % of TFC	48.1%	49.3%	65.9%	53.6%	72.1%	54.9%	
GFI to Plant Ownership Ratio	8.1	6.3	4.8	6.9	7.2	6.9	
Earnings Before Interest, Rent & Tax (EBIT)	\$383,866	\$258,015	\$16,669	\$370,228	\$345,669	\$377,144	
EBIT/ACM	\$506	\$297	\$9	\$427	\$410	\$499	
EBIT/EGA	\$1,819	\$1,089	\$42	\$1,441	\$1,421	\$1,629	
EBIT/Kg Milk Solids	\$1.22	\$0.70	\$0.03	\$0.99	\$0.97	\$1.15	
Net Profit/Kg Milk Solids	\$1.01	\$0.44	(\$0.30)	\$0.68	\$0.64	\$0.91	
Total Cost of Production/Kg MS	\$3.06	\$2.93	\$2.72	\$2.84	\$3.13	\$3.01	
Milk solid Margin/Kg MS	0.77	0.00	(0.89)	(0.54)	0.10	1.08	
"Misery Index"	74%	84%	109%	77%	83%	76%	

Average GFI, FWE, Interest + Rent & Net Profit 2011-2018



Benchmark GFI, FWE, Interest + Rent & Net Profit 2011-2018



Interest/Rent paid per kg/ms

\$0.33 overall
\$0.24 top 10%

Farm working expenses per kg/ms

\$2.81 overall
\$2.82 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.



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