

Farm statistical survey 2017

Sheep & Beef Hill Country

2017 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 2017 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 31/3/2017, 31/5/2017 or 30/6/2017.
- The averages referred to are per farm and as per that farm's actual Financial Statements for the 2017 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 2013 | Overall Average 2014 | Overall Average 2015 | Overall Average 2016 | Overall Average 2017 | Benchmark Group 2017 | Your Figures |
|------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|--------------|
| Stock Units (SU) Carried | 8,977 | 9,293 | 8,840 | 7,252 | 8,334 | 8,034 | |
| GFI per SU | \$82.35 | \$91.37 | \$93.18 | \$97.99 | \$99.82 | \$114.85 | |
| FWE per SU | \$52.21 | \$51.34 | \$56.40 | \$60.72 | \$64.90 | \$59.81 | |
| Interest & Rent Paid per SU | \$12.32 | \$13.48 | \$16.16 | \$20.30 | \$17.56 | \$16.49 | |
| Net Farm Profit | \$129,331 | \$196,149 | \$140,276 | \$60,882 | \$84,481 | \$198,319 | |
| Ave Sale Value Lambs | \$74.12 | \$85.31 | \$79.47 | \$72.66 | \$83.82 | \$88.48 | |
| GP Sheep & Wool per Sheep SU | \$85.07 | \$93.98 | \$94.93 | \$88.20 | \$97.34 | \$109.10 | |
| GP Cattle per Cattle SU | \$59.51 | \$65.53 | \$81.59 | \$86.12 | \$96.81 | \$99.32 | |
| GP Deer per Deer SU | \$75.19 | \$71.72 | \$97.45 | \$98.36 | \$125.61 | \$106.42 | |
| Fertiliser Expense per SU | \$8.45 | \$7.28 | \$9.13 | \$7.47 | \$10.39 | \$11.91 | |

Key features

1. Stock units carried - 8,334 stock units - 5 year average was 8,539 stock units.
2. Stock units per effective ha - 4.3 - 5 year average was 4.7.
3. GFI - \$839,342 - 5 year average was \$808,074.
4. FWE - \$563,510 - 5 year average was \$515,780.
5. FWE to GFI ratio - 67.3% - 5 year average was 63.4%.
6. FWE per stock units - \$64.90 - 5 year average was \$57.11.
7. GFI per stock units - \$99.82 - 5 year average was \$92.94.
8. Interest and rent paid - \$138,122 - 5 year average was \$128,154.
9. Interest and rent paid as percentage of GFI - 18.0% - 5 year average was 17.1%.
10. Net farm profit - \$84,481 - 5 year average was \$122,224.
11. Net profit as percentage of GFI - 9.7% - 5 year average was 14.3%.
12. Lambing percentage - 122% - 5 year average was 121%.
13. GP sheep account - \$395,761 - 5 year average was \$373,622.
14. GP cattle account - \$211,424 - 5 year average was \$182,684.
15. Average sale value lambs - \$83.82 - 5 year average was \$79.08.
16. Average wool price (kg) - \$5.56 - 5 year average was \$5.45.
17. GP deer account - \$158,894 - 5 year average was \$156,946.
18. Fertiliser expense per stock units - \$10.39 - 5 year average was \$8.54.
19. Personal drawings - \$50,426 - 5 year average was \$53,960.
20. Net capital plant purchases - \$44,146 - 5 year average was \$56,656.
21. Net capital plant purchases per stock units - \$5.30 per stock units - 5 year average was \$6.63 per stock units.
22. Estimated TFC - \$8,803,296 - 5 year average was \$8,165,306.
23. Total term debt - \$2,013,149 - 5 year average was \$1,688,859.
24. Term debt as percentage of TFC - 20.9% - 5 year average was 20.4%.
25. Net farm profit per stock units - \$10.14 per stock unit - 5 year average was \$14.31.
26. Estimated net equity/assets - \$6,740,147 - 5 year average was \$6,476,447.

Areas the 10% group differ to the overall average group

1. Slightly lower scale - 300 less stock units.
2. Slightly higher stocking rate - 14% higher.
3. Higher GFI per stock units - 15% higher.
4. Slightly higher wool price.
5. FWE per stock units lower - 8% lower.
6. Lower term debt.

Gross farm income per stock unit

\$99.82

overall

\$114.85

top 10%

Farm working expenses per stock unit

\$64.90

overall

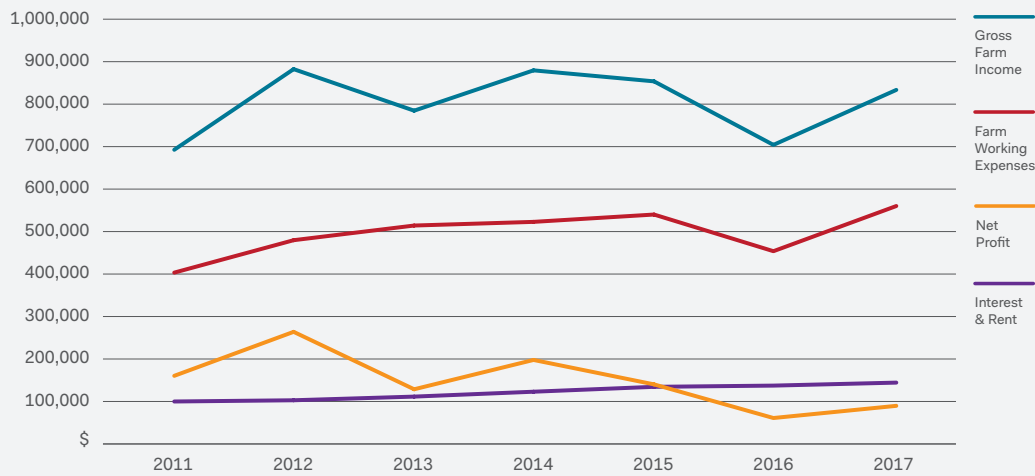
\$59.81

top 10%

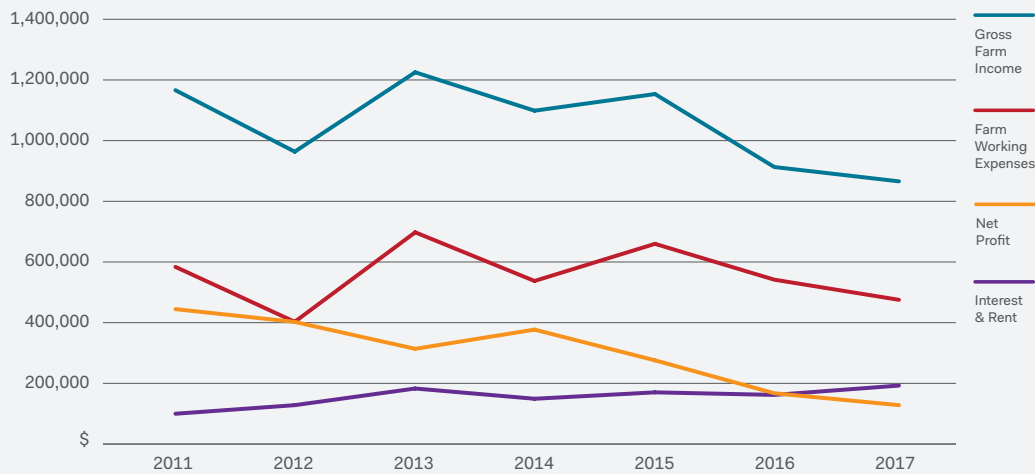
Survey

| | Overall Average 2013 | Overall Average 2014 | Overall Average 2015 | Overall Average 2016 | Overall Average 2017 | Benchmark Group 2017 | Your Figures |
|---|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|-----------------|
| Total Area Grazed (Ha) | 3,466 | 3,452 | 3,156 | 2,856 | 3,378 | 2,038 | |
| Stock Units (SU) Carried | 8,977 | 9,293 | 8,840 | 7,252 | 8,334 | 8,034 | |
| SU/Grazed Area | 4.7 | 4.9 | 4.9 | 4.7 | 4.3 | 5.0 | |
| Gross Farm Income (GFI) | \$780,435 | \$874,245 | \$848,438 | \$697,912 | \$839,342 | \$864,351 | |
| GFI per SU | \$82.35 | \$91.37 | \$93.18 | \$97.99 | \$99.82 | \$114.85 | |
| Farm Working Expenses (FWE) | \$509,729 | \$518,813 | \$537,569 | \$449,279 | \$563,510 | \$482,872 | |
| FWE as a % of GFI | 63.3% | 57.5% | 62.6% | 66.2% | 67.3% | 52.8% | |
| FWE/SU | \$52.21 | \$51.34 | \$56.40 | \$60.72 | \$64.90 | \$59.81 | |
| Interest & Rent Paid | \$109,827 | \$121,394 | \$134,763 | \$136,664 | \$138,122 | \$129,576 | |
| Interest & Rent Paid as a % of GFI | 14.8% | 14.6% | 17.2% | 20.7% | 18.0% | 14.5% | |
| Interest & Rent Paid/SU | \$12.32 | \$13.48 | \$16.16 | \$20.30 | \$17.56 | \$16.49 | |
| Net Farm Profit | \$129,331 | \$196,149 | \$140,276 | \$60,882 | \$84,481 | \$198,319 | |
| Net Farm Profit as a % of GFI | 17.3% | 23.0% | 14.9% | 6.4% | 9.7% | 26.4% | |
| Gross Profit Sheep Account | \$357,098 | \$386,442 | \$399,712 | \$329,100 | \$395,761 | \$464,039 | |
| Lambing % | 118% | 119% | 126% | 120% | 122% | 130% | |
| Ave Sale Value Lambs | \$74.12 | \$85.31 | \$79.47 | \$72.66 | \$83.82 | \$88.48 | |
| Ave Sale Value Ewes | \$68.02 | \$79.40 | \$71.83 | \$62.73 | \$77.29 | \$82.59 | |
| Gross Wool Revenue | \$208,500 | \$197,893 | \$188,290 | \$159,885 | \$192,064 | \$195,036 | |
| Wool Production (Kg) | 31,680 | 31,654 | 32,190 | 26,979 | 29,924 | 34,254 | |
| Ave Value of Wool Sold/Kg | \$5.37 | \$5.36 | \$5.27 | \$5.70 | \$5.56 | \$6.17 | |
| GP Sheep & Wool/Sheep SU | \$85.07 | \$93.98 | \$94.93 | \$88.20 | \$97.34 | \$109.10 | |
| Gross Profit Cattle Account | \$163,962 | \$182,026 | \$208,874 | \$147,133 | \$211,424 | \$242,092 | |
| Ave Sale Value Calves | \$491 | \$518 | \$522 | \$676 | \$843 | \$930 | |
| Ave Sale Value Steers | \$1,063 | \$1,107 | \$1,207 | \$1,260 | \$1,370 | \$1,417 | |
| Ave Sale Value Heifers | \$848 | \$911 | \$1,024 | \$956 | \$1,188 | \$1,314 | |
| GP Cattle/Cattle SU | \$59.51 | \$65.53 | \$81.59 | \$86.12 | \$96.81 | \$99.32 | |
| Gross Profit Deer Account | \$135,852 | \$141,762 | \$137,204 | \$211,019 | \$158,894 | \$205,926 | |
| GP Deer/ Deer SU | \$75.19 | \$71.72 | \$97.45 | \$98.36 | \$125.61 | \$106.42 | |
| Fertiliser Expenditure | \$88,051 | \$80,466 | \$90,598 | \$67,140 | \$96,708 | \$99,991 | |
| Fertiliser Expense/SU | \$8.45 | \$7.28 | \$9.13 | \$7.47 | \$10.39 | \$11.91 | |
| Personal Drawings (excl Allowances) | \$56,686 | \$55,396 | \$60,901 | \$46,391 | \$50,426 | \$60,038 | |
| Net Plant Purchases | \$65,249 | \$59,098 | \$77,613 | \$37,172 | \$44,146 | \$37,983 | |
| Est Total Farm Capital (TFC) | \$7,956,667 | \$8,030,551 | \$7,888,395 | \$8,147,619 | \$8,803,296 | \$7,622,239 | |
| Est TFC/SU | \$915 | \$925 | \$934 | \$1,199 | \$1,144 | \$1,000 | |
| Est Interest on TFC | 2.5% | 3.9% | 2.5% | 2.5% | 1.8% | 3.7% | |
| Total Term Debt | \$1,332,906 | \$1,440,290 | \$1,585,166 | \$2,022,782 | \$2,063,149 | \$1,580,650 | |
| Term Debt as % of TFC | 16.8% | 16.8% | 20.5% | 26.8% | 20.9% | 22.8% | |
| GFI to Plant Ownership | 5.3 | 5.1 | 5.5 | 4.0 | 3.9 | 4.1 | |
| Earnings Before Interest, Rent & Tax (EBIT) | \$238,451 | \$312,111 | \$271,523 | \$197,546 | \$221,984 | \$338,179 | |
| EBIT/SU | \$26.41 | \$34.19 | \$32.07 | \$30.95 | \$29.07 | \$49.51 | |
| "Misery Index" | 78% | 72% | 80% | 87% | 85% | 67% | |

Average GFI, FWE, Interest + Rent & Net Profit 2011-2017



Benchmark GFI, FWE, Interest + Rent & Net Profit 2011-2017



Total farm capital very sound overall & similar for both groups

\$7,623,000

Interest/Rent as a % of gross farm income

18%
overall

14.5%
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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