

# Farm statistical survey 2019

Dairy Owner/Operator – Non Irrigated

# 2019 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 2019 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 31/3/2019, 31/5/2019 or 30/6/2019.
- The averages referred to are per farm and as per that farm's actual Financial Statements for the 2019 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 2015	Overall Average 2016	Overall Average 2017	Overall Average 2018	Overall Average 2019	Benchmark Group 2019	Your Figures
Average Cows Milked (ACM)	531	510	506	480	473	507	
Average Value of MS per kg	\$5.42	\$3.83	\$5.12	\$6.23	\$5.86	\$6.42	
Milk Solids/ ACM (kg)	404	391	389	395	395	394	
Milk Solids/ EGA (kg)	965	923	921	950	920	1131	
FWE per kg of MS	\$3.86	\$3.33	\$3.76	\$4.01	\$4.18	\$4.28	
Interest & Rent Paid per kg of MS	\$1.18	\$1.22	\$1.24	\$1.11	\$1.04	\$0.80	
Net Farm Profit (Loss)	\$61,916	(\$126,472)	\$50,576	\$212,249	\$182,402	\$254,856	
Total Term Debt	\$3,924,616	\$4,055,210	\$3,959,073	\$3,829,608	\$3,510,589	\$2,060,635	
Total Cost of Production per kg of MS	\$5.34	\$4.80	\$5.34	\$5.38	\$5.52	\$5.23	

# Key features

1. Average cows milked for the five years - 500 cows.
2. Average milksolid production for the five years - 197,989 kg.
3. Average milksolid production per Average Cows Milked for the five years - 395 kg.
4. Average milksolid production per Effective Grazing Area - 936 kg.
5. Average Gross Farm Income over the five years - \$1,114,515.
6. Average Farm Working Expenses per kg/ms over the five years - \$3.83.
7. Average Farm Working Expenses as a percentage of Gross Farm Income over the five years - 67.2%.
8. Average interest and rent paid per kg/ms - \$1.16.
9. Average net farm profit over the five years - \$76,134.
10. Average milksolid receipt over the five years - \$5.29.
11. Average net capital plant purchases over the five years - \$48,261.
12. Average personal drawings over the five years - \$53,362.
13. Average total term debt over the five years - \$3,855,819.
14. Average total cost of production per kg/ms over the five years - \$5.28 kg.
15. The areas where the benchmark group in the 2019 year show up strongly were:
  - Higher milksolid production per Effective Grazing Area;
  - Higher stock food cost per Average Cows Milked;
  - Lower interest cost;
  - Lower overall cost of production per kg/ms.

# Four key ratios for the 2019 year

Average value of milk solids receipt

**\$5.86**

overall

**\$6.42**

top 10%

Cost of production per kg/ms

**\$5.52**

overall

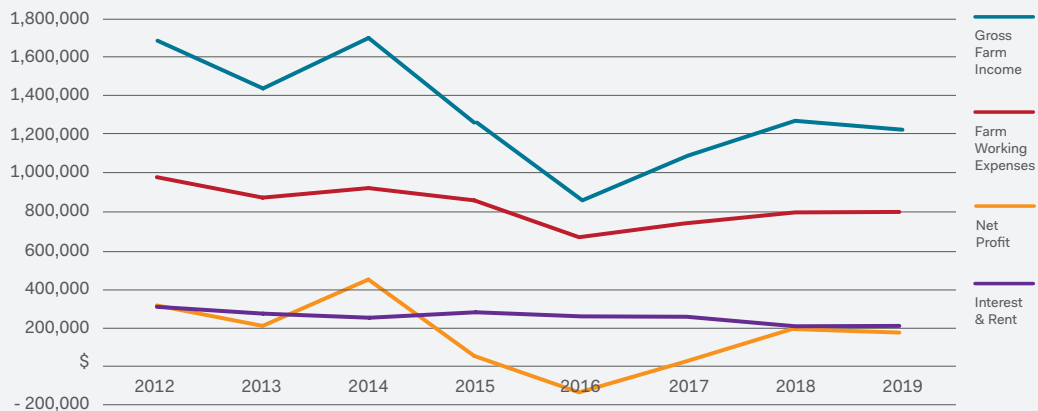
**\$5.23**

top 10%

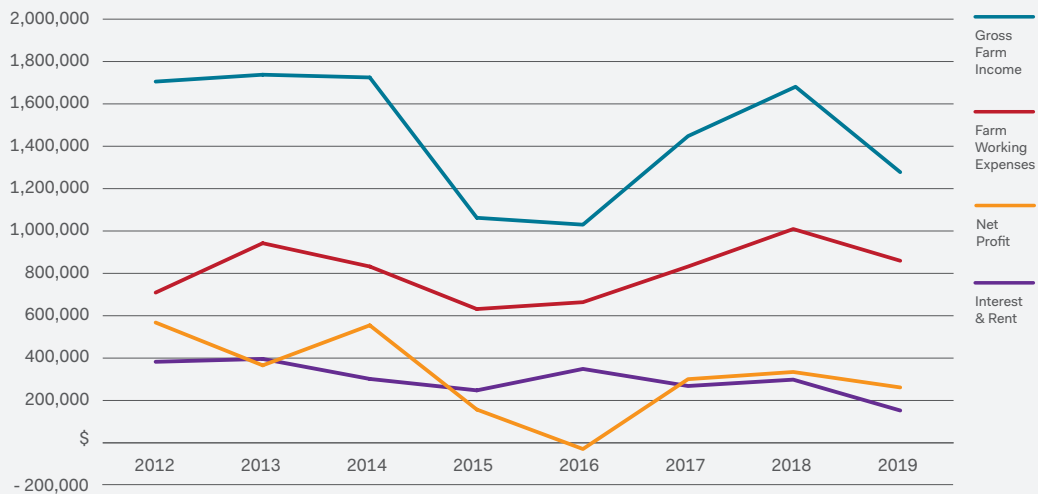
# Survey

	Overall Average 2015	Overall Average 2016	Overall Average 2017	Overall Average 2018	Overall Average 2019	Benchmark Group 2019	Your Figures
Effective Grazing Area (Ha) (EGA)	223	216	215	200	207	180	
Average Cows Milked (ACM)	531	510	506	480	473	507	
ACM/EGA	2.4	2.4	2.4	2.4	2.3	2.9	
Milk Solids Revenue	\$1,160,125	\$758,037	\$994,993	\$1,163,919	\$1,100,721	\$1,233,770	
Milk Solids Production (Kg)	216,771	199,632	196,119	190,017	187,408	192,975	
Average Value of Milk Solid Sales (Kg)	\$5.42	\$3.83	\$5.12	\$6.23	\$5.86	\$6.42	
Milk Solid Revenue/ACM	\$2,188	\$1,505	\$1,960	\$2,384	\$2,316	\$2,536	
Milk Solid Revenue/EGA	\$5,259	\$3,545	\$4,728	\$6,237	\$5,449	\$7,280	
Milk Solids/ACM (Kg)	404	391	389	395	395	394	
Milk Solids/EGA (Kg)	965	923	921	950	920	1,131	
Milk Solids as a % of GFI	93.4%	89.6%	90.1%	91.6%	89.9%	95.4%	
Gross Farm Income (GFI)	\$1,257,208	\$855,770	\$1,099,848	\$1,271,612	\$1,233,136	\$1,286,119	
Farm Working Expenses (FWE)	\$855,987	\$667,290	\$736,464	\$796,604	\$793,418	\$856,705	
FWE as a % of GFI	66.4%	78.0%	67.5%	60.6%	63.5%	63.7%	
FWE/ACM	\$1,562	\$1,298	\$1,457	\$1,585	\$1,660	\$1,702	
FWE/Kg of Milk Solids	\$3.86	\$3.33	\$3.76	\$4.01	\$4.18	\$4.28	
Wages/ACM	\$242	\$241	\$239	\$247	\$231	\$365	
Animal Health/ACM	\$80	\$68	\$78	\$79	\$89	\$79	
Livestock Improvement/ACM	\$47	\$42	\$45	\$48	\$57	\$58	
Stockfood/ACM	\$455	\$359	\$394	\$428	\$432	\$615	
Fertiliser/ACM	\$295	\$241	\$282	\$274	\$292	\$138	
R & M/ACM	\$131	\$88	\$105	\$117	\$122	\$91	
Vehicle Expenses & Fuel/ACM	\$81	\$74	\$98	\$88	\$102	\$45	
Dairy Shed Expenses/ACM	\$19	\$16	\$16	\$21	\$16	\$13	
Interest & Rent Paid	\$280,493	\$262,934	\$253,537	\$215,297	\$203,309	\$149,846	
Interest & Rent Paid as a % of GFI	20.4%	28.7%	22.7%	16.9%	15.8%	12.0%	
Interest & Rent Paid/Kg MS	\$1.18	\$1.22	\$1.24	\$1.11	\$1.04	\$0.80	
Cost of Prodn/Kg MS (excl Interest & Rent)	\$4.16	\$3.58	\$3.95	\$4.27	\$4.48	\$4.43	
Net Farm Profit	\$61,916	(\$126,472)	\$50,576	\$212,249	\$182,402	\$254,856	
Net Farm Profit as a % of GFI	8.6%	(12.7%)	3.9%	18.6%	16.2%	22.3%	
Net Plant Purchases	\$62,250	\$33,854	\$41,579	\$49,486	\$54,135	\$47,672	
Personal Drawings (excl Allowances)	\$50,337	\$49,100	\$59,078	\$58,615	\$49,679	\$41,821	
Est Total Farm Capital (TFC)	\$8,546,091	\$7,792,038	\$8,554,551	\$7,934,348	\$7,440,556	\$6,038,667	
Est TFC/Kg Milk Solids	\$41.04	\$40.33	\$45.15	\$43.61	\$41.81	\$33.73	
Est TFC/Ha	\$38,800	\$36,637	\$39,934	\$40,452	\$37,694	\$38,250	
Est Interest on TFC	2.8%	1.1%	2.2%	4.3%	4.3%	6.0%	
Total Term Debt	\$3,924,616	\$4,055,210	\$3,959,073	\$3,829,608	\$3,510,589	\$2,060,635	
Total Term Debt as % TFC	41.9%	45.4%	44.4%	47.7%	44.0%	33.6%	
GFI to Plant Ownership Ratio	4.6	3.2	3.1	5.7	5.3	8.9	
Earnings Before Interest, Rent & Tax (EBIT)	\$342,408	\$136,461	\$304,113	\$427,545	\$385,711	\$404,702	
EBIT/ACM	\$672	\$290	\$594	\$919	\$1,056	\$1,795	
EBIT/EGA	\$1,587	\$654	\$1,502	\$2,220	\$1,974	\$2,590	
EBIT/Kg Milk Solids	\$1.67	\$0.71	\$1.53	\$2.33	\$2.11	\$2.30	
Total Cost of Production/Kg	\$5.34	\$4.80	\$5.34	\$5.38	\$5.52	\$5.23	
Margin/Kg MS	\$0.08	(\$0.97)	(\$0.81)	\$0.04	\$0.34	\$1.20	
"Misery Index"	87%	107%	90%	77%	79%	76%	

### Average GFI, FWE, Interest + Rent & Net Profit 2012-2019



### Benchmark GFI, FWE, Interest + Rent & Net Profit 2012-2019



Interest/Rent paid per kg/ms

**\$1.04** overall  
**\$0.80** top 10%

Farm working expenses per kg/ms

**\$4.18** overall  
**\$4.28** 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 Debt</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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