

# Farm statistical survey 2019

Mixed Cropping

# 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
Area Cropped Grain & Seeds (Ha)	250	267	259	264	265	539	
FWE as a % of GFI	60.2%	61.0%	58.6%	64.1%	63.8%	57.2%	
Interest & Rent Paid as a % of GFI	16.1%	16.3%	15.8%	17.9%	15.5%	15.4%	
Net Farm Profit	\$157,618	\$187,897	\$147,246	\$118,156	\$149,793	\$743,661	
Gross Profit Cropping per Ha	\$3,634	\$3,407	\$3,570	\$3,453	\$3,415	\$6,236	
Ave Sale Value Lambs	\$114.28	\$107.01	\$108.62	\$136.94	\$137.42	\$176.66	
Net Plant Purchases	\$157,469	\$130,605	\$140,713	\$191,561	\$137,484	\$361,740	
Est Total Farm Capital (TFC)	\$8,672,113	\$10,339,128	\$11,055,091	\$10,815,670	\$11,087,840	\$17,468,000	
Total Term Debt	\$2,063,159	\$2,645,853	\$2,717,223	\$2,936,863	\$2,808,091	\$8,082,723	

# Key features

1. Average area cropped over the five years - 261 ha.
2. Average Gross Farm Income over the five years - \$1,360,368.
3. Average Farm Working Expenses as a percentage of Gross Farm Income over the five years - 61.54%.
4. Average interest and rent paid as a percentage of Gross Farm Income over the five years - 16.32%.
5. Average net farm profit over the five years - \$152,142.
6. Average gross cropping income per ha over the five years - \$3,496.
7. Average net capital plant purchases over the five years - \$151,566.
8. Average term debt over the five years - \$2,634,238.
9. Average term debt as a percentage of Total Farm Capital over the five years - 24.1%.
10. The areas where the benchmark group in the 2019 year show up strongly were:
  - Much more overall scale - approximately three times more Gross Farm Income;
  - Lower Farm Working Expenses to Gross Farm Income ratio by 7%;
  - Much higher gross cropping income per ha;
  - Better plant utilisation;
  - Higher personal drawings;
  - Some intensive cropping showing up (vegetables and different crops).

# Key data for the 2019 year

Top group has more scale  
than the overall average at

**593** ha

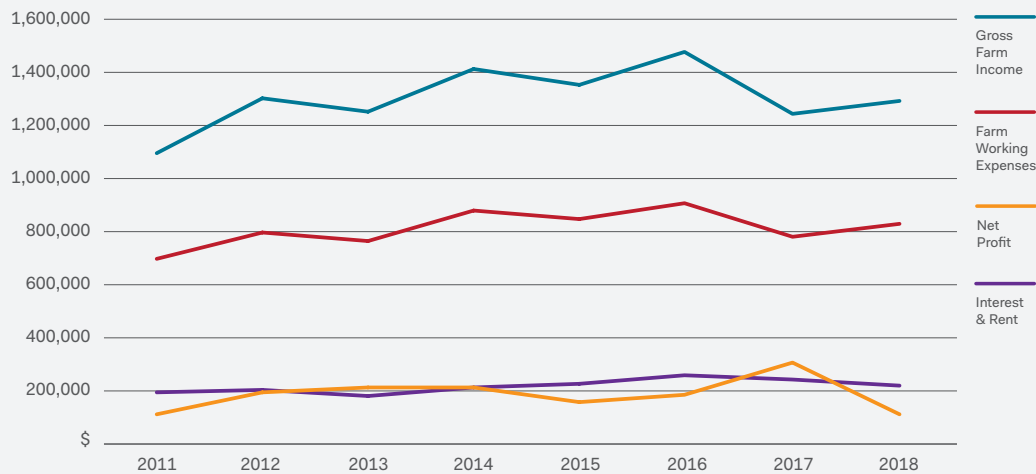
Top group has higher gross return per hectare cropped

**\$3,415** overall      **\$6,236** top 10%

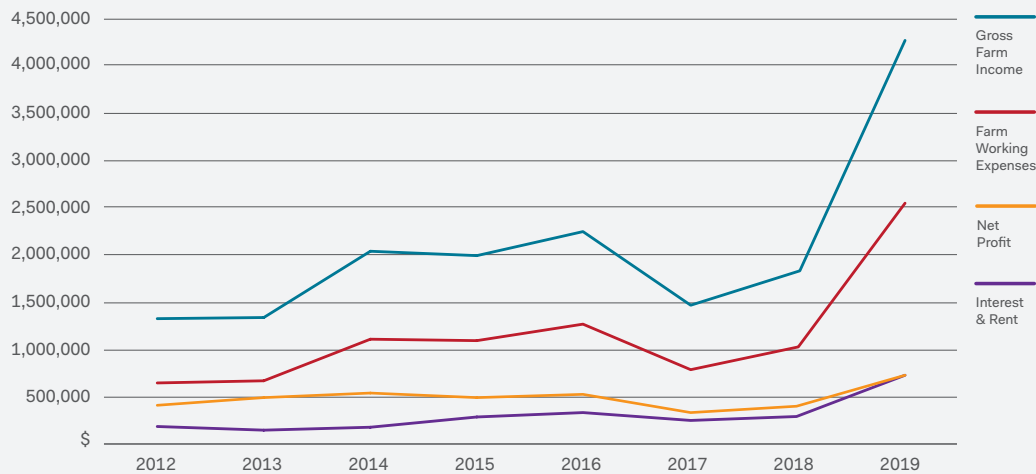
# Survey

	Overall Average 2015	Overall Average 2016	Overall Average 2017	Overall Average 2018	Overall Average 2019	Benchmark Group 2019	Your Figures
Total Effective Area Farmed (Ha) (EGA)	345	356	354	355	343	593	
Area Cropped Grain & Seeds (Ha)	250	267	259	264	265	539	
Gross Farm Income (GFI)	\$1,356,033	\$1,479,159	\$1,243,565	\$1,295,461	\$1,427,623	\$4,265,374	
Farm Working Expenses (FWE)	\$850,350	\$907,359	\$752,459	\$826,054	\$912,361	\$2,542,332	
FWE as a % of GFI	60.2%	61.0%	58.6%	64.1%	63.8%	57.2%	
Interest & Rent Paid	\$226,815	\$261,824	\$215,674	\$232,345	\$238,916	\$750,650	
Interest & Rent Paid as a % of GFI	16.1%	16.3%	15.8%	17.9%	15.5%	15.4%	
Net Farm Profit	\$157,618	\$187,897	\$147,246	\$118,156	\$149,793	\$743,661	
Net Farm Profit as a % of GFI	15.6%	12.9%	14.6%	7.3%	12.9%	22.0%	
Gross Profit Cropping Account	\$1,047,428	\$1,132,214	\$979,334	\$977,076	\$1,088,776	\$3,806,252	
Gross Profit Cropping/Ha	\$3,634	\$3,407	\$3,560	\$3,453	\$3,415	\$6,236	
Gross Profit Cropping as a % of GFI	68.7%	67.4%	73.6%	65.5%	67.3%	86.9%	
Gross Profit Sheep	\$155,969	\$164,312	\$152,096	\$164,461	\$189,254	\$369,846	
Ave Sale Value Lambs	\$114.28	\$107.01	\$108.62	\$136.94	\$137.42	\$176.66	
Net Plant Purchases	\$157,469	\$130,605	\$140,713	\$191,561	\$137,484	\$361,740	
GFI To Plant Ownership	2.5	2.1	1.7	1.9	2.2	2.9	
Weed & Pest/Cropped Area	\$356	\$429	\$426	\$375	\$448	\$763	
Fertiliser/Total EGA	\$419	\$388	\$358	\$360	\$399	\$517	
Personal Drawings (excl Allowances)	\$69,013	\$70,748	\$73,845	\$75,737	\$96,697	\$125,198	
Est Total Farm Capital (TFC)	\$8,672,113	\$10,339,128	\$11,055,091	\$10,815,670	\$11,087,840	\$17,468,000	
Est TFC/EGA	\$25,731	\$29,509	\$32,110	\$30,734	\$37,638	\$28,675	
Est Interest on TFC	3.4%	3.4%	2.5%	2.2%	2.3%	6.3%	
Total Term Debt	\$2,063,159	\$2,645,853	\$2,717,223	\$2,936,863	\$2,808,091	\$8,082,723	
Term Debt as % of TFC	24.7%	22.5%	23.0%	23.9%	26.2%	35.0%	
Earnings Before Interest, Rent & Tax (EBIT)	\$384,433	\$435,618	\$350,060	\$337,836	\$377,042	\$1,377,638	
EBIT as a % of GFI	30.2%	28.8%	30.0%	25.2%	25.4%	34.9%	
EBIT/Cropped Ha	\$1,131	\$1,022	\$1,021	\$875	\$1,249	\$2,114	
"Misery Index"	76%	77%	74%	82%	79%	73%	

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



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



Farm working expenses as a % of gross farm income

**63.8%**

overall

**57.2%**

top 10%

Interest/Rent paid as a % of gross income

**15.5%**

overall

**15.4%**

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.





**Pita Alexander**

pita@alexanders.net.nz  
021 465 426  
03 364 9330

**Paul Alexander**

paul@alexanders.net.nz  
021 364 933

**Alister Stevenson**

alister@alexanders.net.nz  
021 843 820  
03 364 9332

**Karen Prue**

karen@alexanders.net.nz  
027 535 3191  
03 364 9344

---

03 365 8400  
admin@alexanders.net.nz

PO Box 5394  
Papanui  
Christchurch 8542

**alexanders.net.nz**