

# Farm statistical survey 2020

Sheep & Beef Downlands & Flatlands

# 2020 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 2020 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 31/3/2020, 31/5/2020 or 30/6/2020.
- The averages referred to are per farm and as per that farm's actual Financial Statements for the 2020 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 2016	Overall Average 2017	Overall Average 2018	Overall Average 2019	Overall Average 2020	Benchmark Group 2020	Your Figures
Stock Units (SU) Carried	4,656	4,671	5,248	5,491	5,490	9,366	
GFI per SU	\$110.79	\$126.79	\$134.95	\$150.29	\$171.33	\$153.22	
FWE per SU	\$76.36	\$78.34	\$75.61	\$84.24	\$94.22	\$74.09	
Interest & Rent Paid per SU	\$19.24	\$21.32	\$18.09	\$17.73	\$24.28	\$29.47	
Net Farm Profit	\$30,882	\$75,511	\$183,501	\$204,516	\$213,159	\$428,252	
Ave Sale Value Lambs	\$82.77	\$91.93	\$119.47	\$123.76	\$131.85	\$135.28	
GP Sheep & Wool per Sheep SU	\$102.21	\$115.04	\$131.13	\$148.69	\$151.60	\$160.94	
GP Cattle per Cattle SU	\$72.31	\$113.77	\$104.71	\$96.22	\$120.44	\$106.35	
GP Deer per Deer SU	\$103.43	\$137.40	\$138.90	\$129.07	\$135.76	\$162.59	
Fertiliser Expense per SU	\$12.05	\$12.46	\$11.61	\$15.74	\$14.78	\$8.83	

# Key features

1. Average stock units carried over the five years – 5,111 su.
2. Average gross farm income over the five years – \$683,082.
3. Average gross return per stock unit over the five years – \$138.83.
4. Average farm working expenses over the five years – \$402,506.
5. Average farm working expenses to gross farm income over the five years – 61.36%.
6. Average farm working expenses per stock unit over the five years – \$81.75.
7. Average interest and rent paid over the five years – \$98,331.
8. Average interest and rent paid as a percentage of the gross farm income over the five years – 14.44%.
9. Average net farm profit over the five years – \$141,514.
10. Average lambing percentage over the five years – 142.6%.
11. Average sale value of lambs over the five years – \$109.96.
12. Average sale value of cows over the five years – \$116.70.
13. Average wool price per kilogram over the five years – \$3.15/kg.
14. Average sale value of calves over the five years – \$703.
15. Average sale value of steers over the five years – \$1,443.
16. Average sale value of heifers over the five years – \$1,259.
17. Average gross profit for deer stock unit over the five years – \$128.91.
18. Average grazing/lease income over the five years – \$150,741.
19. Average fertiliser per stock unit over the five years – \$13.33.
20. Average personal drawings (excluding allowances) over the five years – \$57,976.
21. Average net capital plant purchases over the five years – \$57,004.
22. Average total farm capital employed over the five years – \$7,097,944.
23. Average interest return or TFC employed over the five years – 2.84%.
24. Average term debt over the five years – \$1,158,564.

# Key features

## Where do the benchmark group differ from the 2020 year averages?

1. Stock unit scale is higher by 3,876 su.
2. Gross farm income per stock unit is \$18.11 lower.
3. FWE as percentage of GFI is 48.5%.
4. FWE per stock unit was \$74.09 or \$20.13 lower than average.
5. Interest and rent paid as percentage of gross farm income was 19.5%.
6. Net farm profit was \$428,252 – higher than average by \$215,093.
7. Lambing percentage was 117%.
8. Wool price per kilogram was \$4.64 – higher than average by \$2.16.
9. Gross profit per deer stock unit was \$162.59 – higher than average by \$26.83.
10. Grazing/lease income was \$337,682 – higher than average by \$158,199.
11. Fertiliser cost per stock unit was \$8.83 – lower than average by \$5.95.
12. Term debt was \$3,092,311 compared to average of \$1,600,741.
13. Term debt as percentage of TFC was 47.4% compared with 17.2%.
14. Interest surplus return on TFC was 9% – very sound.

## What would an economist say about the 2020 year average net farm profit of \$213,159?

Net farm profit	\$213,159
Plus interest and rent paid	\$110,592
	<hr/>
	\$323,751
Less wages of management (say)	(\$80,000)
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Interest surplus return	\$243,751
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Interest surplus on TFC employed: \$243,751 ÷ \$7,805,101 =	3.12%

## Suggested key issues arising from 2020 year:

1. Very sound average net equity of \$6,204,360.
2. Wool price very unsatisfactory at \$2.48/kg.
3. Sound gross return for overall stock unit carried at \$171.33.
4. Well controlled interest and rent payments as percentage of GFI at 12.7%.
5. Well controlled term debt as percentage of TFC at 17.2%.

# Key production ratios for the 2020 year

Gross farm income per stock unit

**\$171.33**

overall

**\$153.22**

top 10%

Farm working expenses per stock unit

**\$94.22**

overall

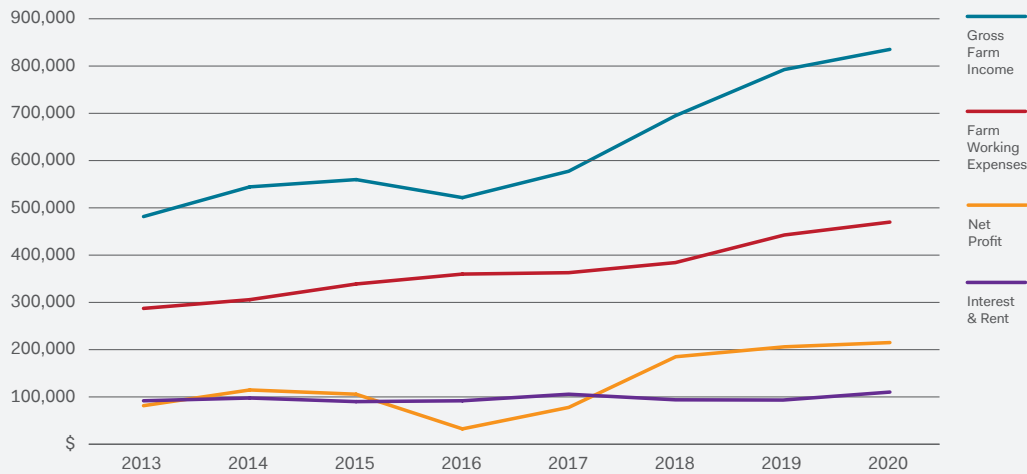
**\$74.09**

top 10%

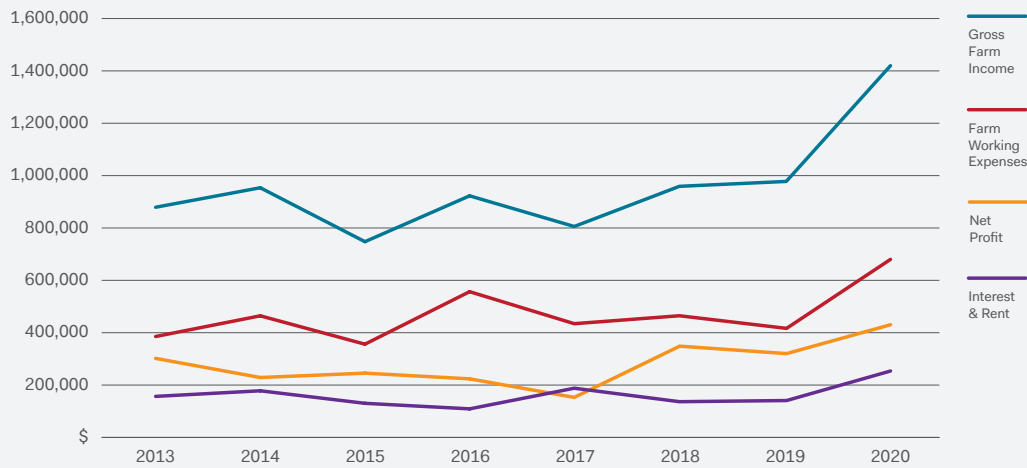
# Survey

	Overall Average 2016	Overall Average 2017	Overall Average 2018	Overall Average 2019	Overall Average 2020	Benchmark Group 2020	Your Figures
Total Effective Area Farmed (ha)	815	751	856	868	822	1,469	
Stock Units (SU) Carried	4,656	4,671	5,248	5,491	5,490	9,366	
SU per Effective Ha	7.0	7.3	7.1	7.4	8.6	8.7	
Gross Farm Income (GFI)	\$521,883	\$577,582	\$692,420	\$788,548	\$834,977	\$1,409,467	
GFI per SU	\$110.79	\$126.79	\$134.95	\$150.29	\$171.33	\$153.22	
GFI per Effective Ha	\$798	\$913	\$994	\$1,152	\$1,607	\$1,501	
Farm Working Expenses (FWE)	\$360,437	\$362,033	\$382,685	\$439,771	\$467,604	\$675,841	
FWE as a % of GFI	71.8%	65.0%	56.9%	56.6%	56.5%	48.5%	
FWE per SU	\$76.36	\$78.34	\$75.61	\$84.24	\$94.22	\$74.09	
Interest & Rent Paid	\$90,607	\$104,600	\$92,321	\$93,537	\$110,592	\$253,821	
Interest & Rent Paid as a % of GFI	18.4%	16.6%	13.2%	11.3%	12.7%	19.5%	
Interest & Rent Paid per SU	\$19.24	\$21.32	\$18.09	\$17.73	\$24.28	\$29.47	
Net Farm Profit	\$30,882	\$75,511	\$183,501	\$204,516	\$213,159	\$428,252	
Net Farm Profit as a % of GFI	2.1%	14.8%	23.9%	27.5%	24.8%	28.3%	
Gross Profit Sheep Account	\$253,202	\$295,395	\$384,225	\$450,403	\$451,410	\$450,077	
Lambing %	141%	142%	137%	149%	144%	117%	
Ave Sale Value Lambs	\$82.77	\$91.93	\$119.47	\$123.76	\$131.85	\$135.28	
Ave Sale Value Ewes	\$69.26	\$87.75	\$125.78	\$141.35	\$159.34	\$175.66	
Gross Wool Revenue	\$65,996	\$43,954	\$45,700	\$50,357	\$36,746	\$107,571	
Wool Production (kg)	15,326	14,153	17,566	17,985	14,454	22,800	
Ave Value of Wool Sold per Kg	\$4.35	\$3.26	\$2.74	\$2.94	\$2.48	\$4.64	
GP Sheep & Wool per Sheep SU	\$102.21	\$115.04	\$131.13	\$148.69	\$151.60	\$160.94	
Gross Profit Cattle Account	\$140,853	\$148,584	\$192,786	\$180,959	\$244,333	\$503,072	
Ave Sale Value Calves	\$600	\$774	\$834	\$565	\$741	\$712	
Ave Sale Value Steers	\$1,347	\$1,453	\$1,500	\$1,398	\$1,517	\$1,314	
Ave Sale Value Heifers	\$1,114	\$1,255	\$1,379	\$1,206	\$1,339	\$1,290	
GP Cattle per Cattle SU	\$72.31	\$113.77	\$104.71	\$96.22	\$120.44	\$106.35	
Gross Profit Deer Account	\$168,880	\$150,471	\$141,009	\$159,182	\$157,600	\$231,780	
GP Deer per Deer SU	\$103.43	\$137.40	\$138.90	\$129.07	\$135.76	\$162.59	
Grazing/Lease Income	\$144,347	\$159,264	\$141,047	\$129,565	\$179,483	\$337,682	
Fertiliser Expenditure	\$56,999	\$63,256	\$59,777	\$76,656	\$74,540	\$84,903	
Fertiliser Expense per SU	\$12.05	\$12.46	\$11.61	\$15.74	\$14.78	\$8.83	
Personal Drawings (excl Allowances)	\$49,471	\$52,268	\$53,462	\$66,834	\$67,845	\$77,726	
Net Plant Purchases	\$56,541	\$63,531	\$51,129	\$59,728	\$54,093	\$57,859	
Est Total Farm Capital (TFC)	\$6,049,326	\$6,626,286	\$7,375,873	\$7,633,133	\$7,805,101	\$6,954,833	
Est Total Farm Capital per SU	\$1,465	\$1,544	\$1,645	\$1,702	\$1,613	\$733	
Est Interest on TFC	2.6%	2.1%	2.8%	3.4%	3.3%	9.0%	
Total Term Debt	\$982,140	\$1,068,490	\$1,014,359	\$1,127,090	\$1,600,741	\$3,092,311	
Term Debt as % of TFC	16.5%	15.0%	13.5%	14.1%	17.2%	47.4%	
GFI to Plant Ownership	3.7	3.4	4.4	4.7	4.9	6.6	
Earnings Before Interest, Rent & Tax (EBIT)	\$121,886	\$179,633	\$276,900	\$298,053	\$321,995	\$682,073	
EBIT per SU	\$25.62	\$37.51	\$51.63	\$57.11	\$65.45	\$73.45	
"Misery Index"	90%	82%	70%	68%	69%	68%	

### Average GFI, FWE, Interest + Rent & Net Profit 2013–2020



### Benchmark GFI, FWE, Interest + Rent & Net Profit 2013–2020



Term debt as a % of total farm capital

**17.2%** overall  
**47.4%** top 10%

Interest/Rent as a % of gross farm income

**12.7%** overall  
**19.5%** 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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