

Farm statistical survey 2020

Sheep & Beef Hill Country

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	7,252	8,334	8,353	8,766	8,613	10,876	
GFI per SU	\$97.99	\$99.82	\$124.32	\$131.89	\$137.97	\$147.24	
FWE per SU	\$60.72	\$64.90	\$63.85	\$74.47	\$80.21	\$65.15	
Interest & Rent Paid per SU	\$20.30	\$17.56	\$16.12	\$16.19	\$17.29	\$18.71	
Net Farm Profit	\$60,882	\$84,481	\$295,873	\$324,193	\$259,218	\$601,523	
Ave Sale Value Lambs	\$72.66	\$83.82	\$107.52	\$117.70	\$120.20	\$152.05	
GP Sheep & Wool per Sheep SU	\$88.20	\$97.34	\$125.53	\$134.66	\$134.50	\$167.39	
GP Cattle per Cattle SU	\$86.12	\$96.81	\$98.61	\$85.62	\$89.64	\$104.79	
GP Deer per Deer SU	\$98.36	\$125.61	\$140.99	\$297.54	\$74.30	-	
Fertiliser Expense per SU	\$7.47	\$10.39	\$9.19	\$9.92	\$12.27	\$12.61	

Key features

1. Average stock units carried over the five years – 8,264 su.
2. Average gross farm income over the five years – \$972,539.
3. Average gross farm income per stock unit over the five years – \$118.40.
4. Average farm working expenses over the five years – \$572,849.
5. Average farm working expenses to gross farm income ratio over the five years – 60.8%.
6. Average farm working expenses per stock unit over the five years – \$68.83.
7. Average interest and rent paid over the five years – \$132,086.
8. Average interest and rent paid as a percentage of gross farm income over the five years – 15.36%.
9. Average net farm profit over the five years – \$204,929.
10. Average lambing percentage over the five years – 121.6%.
11. Average sale value of lambs over the five years – \$100.38.
12. Average sale value ewes over the five years – \$104.39.
13. Average wool price per kilogram over the five years – \$6.08.
14. Average sale value calves over the five years – \$753.
15. Average sale value steers over the five years – \$1,477.
16. Average sale value heifers over the five years – \$1,184.
17. Average gross profit from deer per deer stock unit over the five years – \$147.36.
18. Average fertiliser per stock unit over the five years – \$9.85.
19. Average personal drawings (excluding allowances) over the five years – \$62,025.
20. Average net capital plant purchases over the five years – \$63,040.
21. Average total farm capital employed over the five years – \$9,155,105.
22. Average total term debt over the five years – \$2,056,283.

Key features

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

1. Higher scale by 2,263 su (26.3%).
2. Gross farm income per stock unit higher by \$9.27.
3. FWE as percentage of GFI much lower at 44.8%.
4. Net farm profit was higher by \$342,305.
5. Lambing percentage higher by 5%.
6. Average lamb sale value higher by \$31.85.
7. Average ewe sale value higher by \$27.39.
8. Average wool price higher by \$3.01/kg.
9. Higher per head sale value of calves, steers and heifers.
10. Higher personal drawings by \$32,258.
11. Higher net capital plant purchases by \$41,828.
12. Lower total farm capital by \$1,477,986.
13. Higher term debt by \$249,915.

What would an economist say about the 2020 year average net farm profit of \$259,218?

Net farm profit	\$259,218
Plus interest and rent paid	\$130,700
	<hr/>
	\$389,918
Less wages of management (say)	(\$90,000)
	<hr/>
Interest surplus return	\$299,918
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Interest surplus on TFC employed: $\$299,918 \div \$9,654,700 =$	3.1%

Suggested key issues arising from 2020 year:

1. Very sound average net equity of \$7,533,817.
2. Gross farm income on average in 2020 year is \$405,603 higher than 2016 year (58%).
3. Well controlled interest and rent paid as percentage of GFI at 13.1%.
4. Comfortable term debt to TFC employed at 21.1%.
5. Benchmark group is rock solid throughout.

Key production ratios for the 2020 year

Gross farm income per stock unit

\$137.97

overall

\$147.24

top 10%

Farm working expenses per stock unit

\$80.21

overall

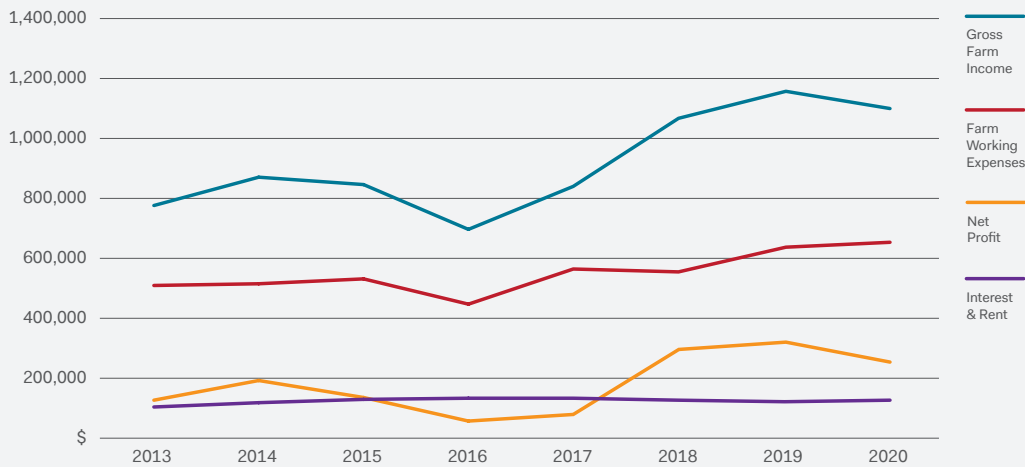
\$65.15

top 10%

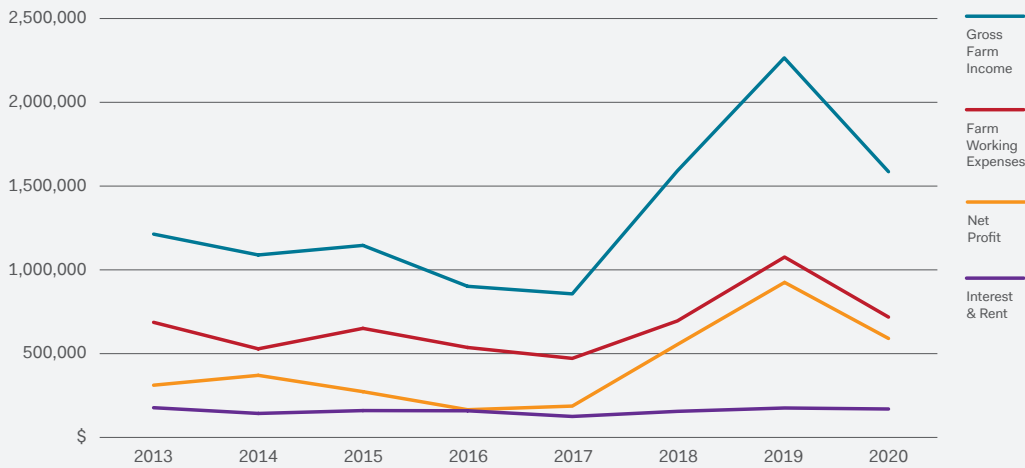
Survey

	Overall Average 2016	Overall Average 2017	Overall Average 2018	Overall Average 2019	Overall Average 2020	Benchmark Group 2020	Your Figures
Total Area Grazed (ha)	2,856	3,378	3,026	3,345	3,091	4,661	
Stock Units (SU) Carried	7,252	8,334	8,353	8,766	8,613	10,876	
SU per Grazed Area	4.7	4.3	4.7	5.0	5.1	5.0	
Gross Farm Income (GFI)	\$697,912	\$839,342	\$1,068,132	\$1,153,792	\$1,103,515	\$1,598,510	
GFI per SU	\$97.99	\$99.82	\$124.32	\$131.89	\$137.97	\$147.24	
Farm Working Expenses (FWE)	\$449,279	\$563,510	\$557,994	\$637,989	\$653,675	\$733,202	
FWE as a % of GFI	66.2%	67.3%	53.0%	57.3%	60.2%	44.8%	
FWE per SU	\$60.72	\$64.90	\$63.85	\$74.47	\$80.21	\$65.15	
Interest & Rent Paid	\$136,664	\$138,122	\$128,381	\$126,564	\$130,700	\$177,779	
Interest & Rent Paid as a % of GFI	20.7%	18.0%	13.4%	11.6%	13.1%	13.3%	
Interest & Rent Paid per SU	\$20.30	\$17.56	\$16.12	\$16.19	\$17.29	\$18.71	
Net Farm Profit	\$60,882	\$84,481	\$295,873	\$324,193	\$259,218	\$601,523	
Net Farm Profit as a % of GFI	6.4%	9.7%	27.4%	25.5%	20.4%	36.1%	
Gross Profit Sheep Account	\$329,100	\$395,761	\$532,412	\$576,660	\$564,691	\$718,885	
Lambing %	120%	122%	120%	124%	122%	127%	
Ave Sale Value Lambs	\$72.66	\$83.82	\$107.52	\$117.70	\$120.20	\$152.05	
Ave Sale Value Ewes	\$62.73	\$77.29	\$116.07	\$131.81	\$134.04	\$161.43	
Gross Wool Revenue	\$159,885	\$192,064	\$216,968	\$267,896	\$219,460	\$269,564	
Wool Production (kg)	26,979	29,924	31,376	33,620	28,413	31,571	
Ave Value of Wool Sold per Kg	\$5.70	\$5.56	\$6.04	\$7.07	\$6.03	\$9.04	
GP Sheep & Wool per Sheep SU	\$88.20	\$97.34	\$125.53	\$134.66	\$134.50	\$167.39	
Gross Profit Cattle Account	\$147,133	\$211,424	\$240,949	\$249,397	\$258,536	\$514,294	
Ave Sale Value Calves	\$676	\$843	\$896	\$710	\$642	\$737	
Ave Sale Value Steers	\$1,260	\$1,370	\$1,595	\$1,589	\$1,569	\$2,158	
Ave Sale Value Heifers	\$956	\$1,188	\$1,303	\$1,255	\$1,217	\$1,590	
GP Cattle per Cattle SU	\$86.12	\$96.81	\$98.61	\$85.62	\$89.64	\$104.79	
Gross Profit Deer Account	\$211,019	\$158,894	\$246,975	\$260,210	\$203,014	-	
GP Deer per Deer SU	\$98.36	\$125.61	\$140.99	\$297.54	\$74.30	-	
Fertiliser Expenditure	\$67,140	\$96,708	\$87,170	\$92,061	\$99,548	\$135,815	
Fertiliser Expense per SU	\$7.47	\$10.39	\$9.19	\$9.92	\$12.27	\$12.61	
Personal Drawings (excl Allowances)	\$46,391	\$50,426	\$58,323	\$75,615	\$79,551	\$111,809	
Net Plant Purchases	\$37,172	\$44,146	\$70,932	\$86,478	\$76,474	\$118,302	
Est Total Farm Capital (TFC)	\$8,147,619	\$8,803,296	\$9,265,041	\$9,904,870	\$9,654,700	\$8,176,714	
Est TFC per SU	\$1,199	\$1,144	\$1,157	\$1,288	\$1,282	\$779	
Est Interest on TFC	2.5%	1.8%	4.0%	3.6%	2.9%	8.3%	
Total Term Debt	\$2,022,782	\$2,063,149	\$2,059,821	\$2,014,781	\$2,120,883	\$2,370,798	
Term Debt as % of TFC	26.8%	23.4%	22.3%	19.0%	21.1%	27.7%	
GFI to Plant Ownership	4.0	3.9	4.9	4.7	4.7	5.0	
Earnings Before Interest, Rent & Tax (EBIT)	\$197,546	\$221,984	\$422,131	\$450,757	\$389,918	\$779,303	
EBIT per SU	\$30.95	\$29.07	\$52.22	\$49.22	\$49.32	\$73.60	
"Misery Index"	87%	85%	66%	69%	73%	58%	

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



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



Total farm capital

\$9,654,700.00
overall

\$8,176,714.00
top 10%

Interest/Rent as a % of gross farm income

13.1%
overall

13.3%
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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