

# Farm statistical survey 2015

Dairy Owner/Operator – Irrigated

# 2015 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 2015-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 31/3/2015, 31/5/2015 or 30/6/2015.
- The averages referred to are per farm and as per that farm's actual financial statements for the 2015-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 Group. On the right-hand side of the survey summary for each sector, we have shown the average figures for the top 10% "Benchmark Group" 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. Some benchmarks and ratios look at specific areas and issues very well, but are only looking at one side of the equation. We readily acknowledge that there could be other benchmark approaches equally meaningful.
- We have added in a column at the end of each statistic where you can insert your own farming data.
- We have always considered that the data contained in your financial statements and in the Survey is a powerful management tool. Our role is not simply to be your accountants – it is to assist as your advisors. Accordingly we would welcome the chance to discuss your data and where it sits in the overall survey.

# Key statistics

	Overall Average 2011	Overall Average 2012	Overall Average 2013	Overall Average 2014	Overall Average 2015	Benchmark Group 2015	Your Figures
Average Cows Milked (ACM)	930	941	964	1,072	1,092	954	
Average Value of Milk Solid Sales/Kg	\$7.07	\$6.49	\$6.26	\$7.68	\$5.63	\$5.61	
Milk Solids/ ACM (Kg)	414	441	433	437	443	472	
Milk Solids/ EGA (Kg)	1415	1498	1499	1545	1560	1768	
FWE per kg of Milk Solids	\$3.90	\$3.86	\$4.33	\$4.33	\$4.19	\$3.66	
Interest & Rent Paid/KG MS	\$1.45	\$1.31	\$1.31	\$1.28	\$1.36	\$1.06	
Net Farm Profit	\$717,848	\$623,919	\$409,001	\$910,833	\$169,247	\$605,756	
Total Term Debt	\$6,925,796	\$6,985,303	\$7,647,958	\$8,984,329	\$9,855,664	\$7,168,972	
Total Cost of Production per Kg MS	\$5.63	\$5.45	\$5.71	\$6.04	\$5.93	\$4.79	

# Key features

There is a significant difference in a number of areas between the top 10% group and the group as a whole.

1. The top 10% group has a milk solids production figure of 448,393 kg. This is 92.6% of the group, as a whole of 484,243 kg.
2. The top 10% group has a higher milk solids production figure per average cow milked, by 6.5%, and a higher milk solids figure per effective grazing area, of 13.6%.
3. The top 10% group has a farm working expenses cost per kg/ms of \$3.66 compared with \$4.19 for the overall group – a drop of 12.6%.
4. With regards to the individual farm working expenses, the stock food cost per kg/ms is slightly higher for the top group (higher by 4.5% but for all other major farm working expenses the top group is on average around 15% lower).
5. Overall group term debt at year end of \$9,855,664 overall has gone up by \$871,335 (9.7%) from the previous year.
6. Interest + rent paid per kg/ms overall is \$1.36 – top 10% is \$1.06.
7. Cost of production per kg/ms overall is \$5.93 – top 10% is \$4.79.
8. Estimated Total Farm Capital (land, buildings, dairy stock, vehicles, plant + shares) per kg/ms overall was \$42 – top 10% is \$36.
9. Estimated Total Farm Capital per effective grazing area (including dairy stock, Dairy Co shares and all plant) is the same for both groups at \$63,000 per hectare.
10. Estimated Net Equity overall is \$9,700,000 and in top 10% is \$9,100,000.
11. Average value of milk solids receipt was the same for both groups at \$5.62.
12. The top 10% group seems to have a more optimal situation, in that it is operating at 92.6% of the overall group's milk solids production but has higher milk solids production per effective grazing area and lower farm working expenses per kg/ms.

Average value of milk solids receipt was the same for both groups

**\$5.62**

Cost of production per Kg/ms

**\$5.93**

overall

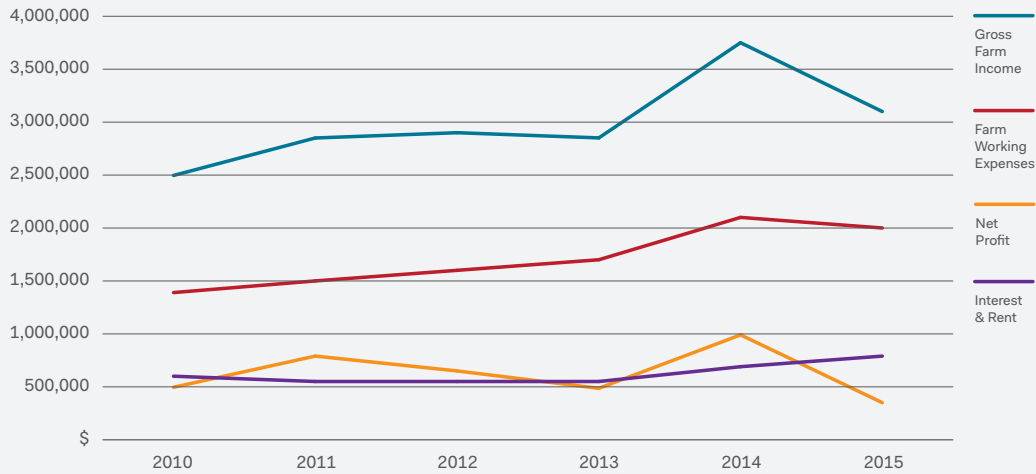
**\$4.79**

top 10%

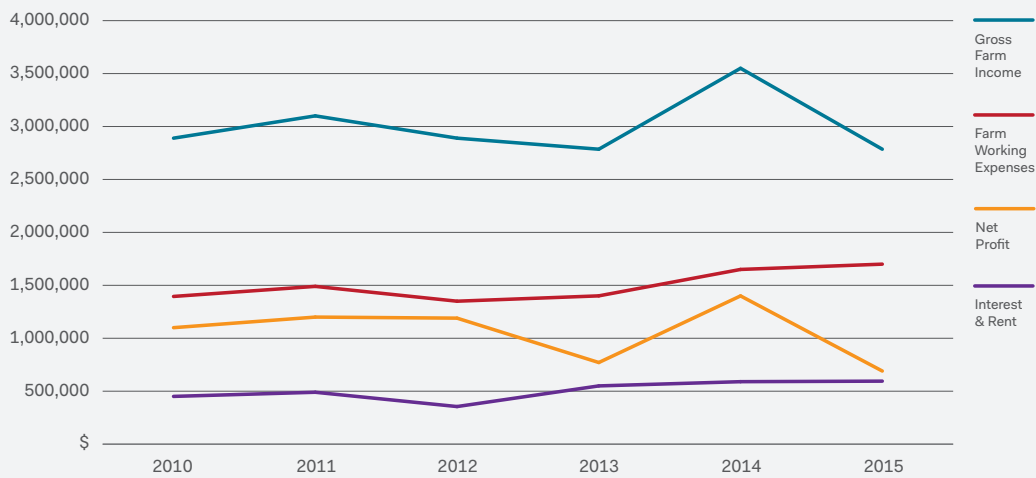
# Survey

	Overall Average 2011	Overall Average 2012	Overall Average 2013	Overall Average 2014	Overall Average 2015	Benchmark Group 2015	Your Figures
Effective Grazing Area (ha) (EGA)	270	275	275	297	306	254	
Average Cows Milked (ACM)	930	941	964	1,072	1,092	954	
ACM/EGA	3.4	3.4	3.5	3.5	3.5	3.8	
Milk Revenue	\$2,692,863	\$2,674,192	\$2,595,434	\$3,574,839	\$2,773,556	\$2,539,001	
Milk Solids Production (Kg)	381,532	411,569	415,891	466,490	484,243	448,393	
Average Value of Milk Solid Sales/Kg	\$7.07	\$6.49	\$6.26	\$7.68	\$5.63	\$5.61	
Milk Solid Revenue/ACM	\$2,924	\$2,856	\$2,707	\$3,358	\$2,487	\$2,651	
Milk Solid Revenue/EGA	\$9,990	\$9,670	\$9,341	\$11,849	\$8,726	\$9,915	
Milk Solids/ACM (Kg)	414	441	433	437	443	472	
Milk Solids/EGA (Kg)	1,415	1,498	1,499	1,545	1,560	1,768	
Milk Solids as a % of GFI	94.0%	92.7%	92.9%	94.2%	91.4%	91.1%	
Gross Farm Income (GFI)	\$2,864,066	\$2,882,723	\$2,786,843	\$3,776,554	\$3,019,471	\$2,753,784	
Farm Working Expenses (FWE)	\$1,486,886	\$1,600,786	\$1,702,592	\$2,098,981	\$2,004,222	\$1,676,881	
FWE as a % of GFI	51.8%	54.9%	60.3%	54.1%	68.0%	60.9%	
FWE/ACM	\$1,614	\$1,705	\$1,769	\$1,935	\$1,845	\$1,761	
FWE per kg of Milk Solids	\$3.90	\$3.86	\$4.33	\$4.33	\$4.19	\$3.66	
Wages/ACM	\$231	\$243	\$247	\$272	\$291	\$230	
Animal Health/ACM	\$91	\$98	\$101	\$106	\$96	\$86	
Livestock Improvement/ACM	\$44	\$44	\$52	\$55	\$54	\$54	
Stockfood/ACM	\$552	\$575	\$575	\$670	\$615	\$643	
Fertiliser/ACM	\$225	\$249	\$239	\$235	\$219	\$200	
R & M/ACM	\$131	\$135	\$120	\$149	\$138	\$119	
Vehicle Expenses & Fuel/ACM	\$66	\$68	\$72	\$75	\$62	\$43	
Dairy Shed Expenses/ACM	\$19	\$19	\$19	\$21	\$17	\$11	
Interest & Rent Paid	\$564,497	\$550,320	\$549,498	\$624,795	\$660,916	\$479,595	
Interest & Rent Paid as a % of GFI	19.4%	18.9%	19.4%	15.7%	22.0%	17.0%	
Interest & Rent Paid/Kg MS	\$1.45	\$1.31	\$1.31	\$1.28	\$1.36	\$1.06	
Cost of Prodn per Kg MS (excl Interest & Rent)	\$4.17	\$4.14	\$4.41	\$4.76	\$4.59	\$3.73	
Net Farm Profit	\$717,848	\$623,919	\$409,001	\$910,833	\$169,247	\$605,756	
Net Farm Profit as a % of GFI	25.2%	22.3%	17.7%	26.2%	6.3%	23.0%	
Net Plant Purchases	\$176,383	\$175,442	\$203,174	\$219,788	\$187,996	\$76,205	
Personal Drawings/Family (excl Allowances)	\$86,069	\$87,027	\$76,573	\$87,358	\$68,617	\$83,798	
Est Total Farm Capital (TFC)	\$13,338,697	\$14,350,412	\$16,092,159	\$19,738,243	\$19,625,817	\$16,293,842	
Est TFC per Kg Milk Solids	\$37.93	\$36.64	\$40.18	\$43.87	\$42.02	\$36.46	
Est TFC per Ha	\$52,098	\$53,615	\$58,347	\$66,045	\$63,367	\$63,566	
Est Interest on TFC	8.4%	7.2%	5.5%	7.3%	3.5%	6.3%	
Total Term Debt	\$6,925,796	\$6,985,303	\$7,647,958	\$8,984,329	\$9,855,664	\$7,168,972	
Term Debt as % TFC	48.7%	46.1%	44.6%	42.0%	46.7%	39.7%	
GFI to Plant Ownership Ratio	7.1	6.4	5.4	6.2	4.7	6.6	
Earnings Before Interest, Rent & Tax (EBIT)	\$1,284,946	\$1,174,239	\$956,369	\$1,535,072	\$827,483	\$1,085,351	
EBIT/ACM	\$1,399	\$1,273	\$1,021	\$1,494	\$710	\$1,156	
EBIT/EGA	\$4,800	\$4,341	\$3,527	\$5,294	\$2,526	\$4,334	
EBIT/Kg Milk Solids	\$3.36	\$2.88	\$2.37	\$3.41	\$1.59	\$2.47	
Net Profit / Kg Milk Solids	\$1.90	\$1.57	\$1.07	\$2.14	\$0.25	\$1.41	
Total Cost of Production per Kg MS	\$5.63	\$5.45	\$5.71	\$6.04	\$5.93	\$4.79	
MS Margin over and above MS Payout (/Kg MS)	\$1.44	\$1.04	\$0.56	\$1.65	\$0.71	\$1.93	
"Misery Index"	71%	74%	80%	70%	80%	59%	

## Average GFI, FWE, Interest + Rent & Net Profit 2010-2015



## Benchmark GFI, FWE, Interest + Rent & Net Profit 2010-2015



Interest/Rent paid per kg/ms

**\$1.36**

overall

**\$1.06**

top 10%

Farm working expenses per kg/ms

**\$4.19**

overall

**\$3.66**

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 Deb</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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