

Farm statistical survey 2015

Dairy Owner/Operator – Non 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)	537	579	540	530	531	487	
Average Value of Milk Solid Sales/Kg	\$7.49	\$6.69	\$5.98	\$7.41	\$5.42	\$5.38	
Milk Solids/ ACM (Kg)	397	407	403	401	404	405	
Milk Solids/ EGA (Kg)	940	1005	992	982	965	935	
FWE per kg of Milk Solids	\$4.14	\$4.01	\$3.88	\$4.22	\$3.86	\$3.38	
Interest & Rent Paid/KG MS	\$1.36	\$1.24	\$1.18	\$1.13	\$1.18	\$1.12	
Net Farm Profit	\$439,479	\$322,019	\$214,804	\$451,186	\$61,916	\$154,516	
Total Term Debt	\$3,822,070	\$3,748,195	\$3,590,059	\$3,573,431	\$3,924,616	\$3,443,063	
Total Cost of Production per Kg MS	\$5.63	\$5.54	\$5.39	\$5.66	\$5.34	\$4.72	

Key features

1. The top 10% group has a MS production (191,144 kg) that is 88% of the overall average of 216,771 kg.
2. MS production per ACM and per EGA is fairly similar in both groups.
3. Milk solids receipt for both the overall group and benchmark group are very similar at around \$5.40.
4. The top 10% group has a FWE cost per kg/ms of \$3.38, compared with \$3.86 for the overall group – this 48 cents per kg lower cost (or 12.4%) is a key difference between the two groups – all individual FWE per ACM are lower with wages and stock food being the main lower cost items.
5. The top 10% group has a lower term debt by \$481,000 and a lower estimated total farm capital employed figure of \$703,000.
6. Net plant purchases are similar across both groups.
7. Overall group term debt is \$350,000 higher than the previous year.
8. Overall group cost of production per kg/ms is \$5.34 – compared with \$4.72 for the top 10% group.
9. The net equity in both groups is very similar at around \$4,500,000.
10. Key difference is the lower overall cost of production re FWE – there is very little other difference between the two groups – but that difference provides the top group with a higher net farm profit of \$154,516 compared with \$61,916.

Average value of milk solid receipts was almost the same for both groups

\$5.42

Cost of production per Kg/ms

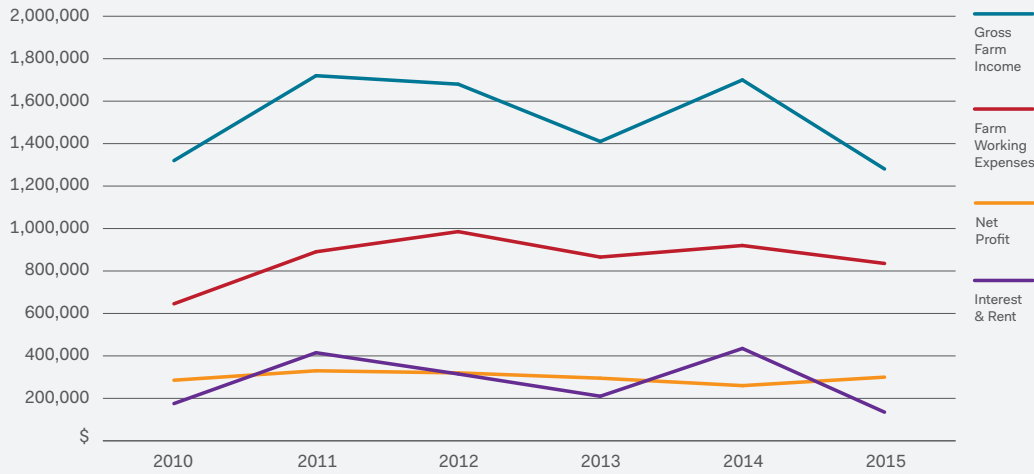
\$5.34
overall

\$4.72
top 10%

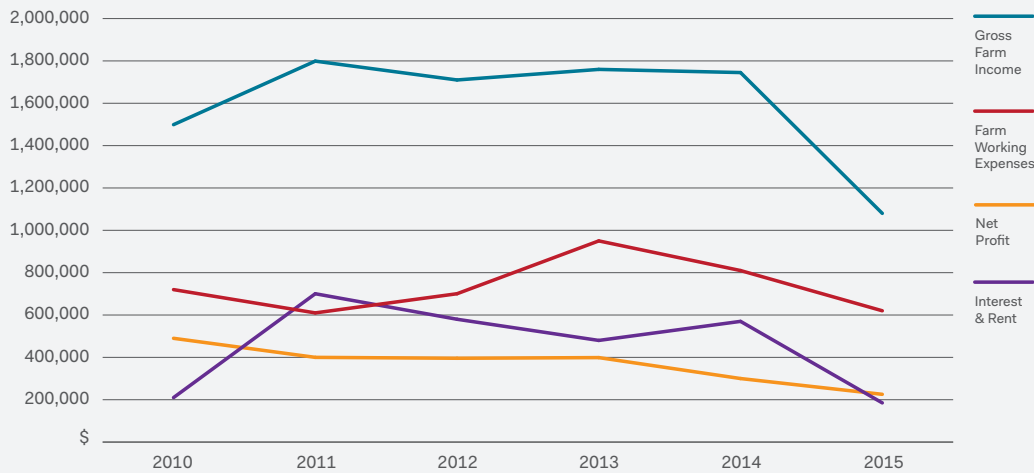
Survey

	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)	224	233	220	218	223	212	
Average Cows Milked (ACM)	537	579	540	530	531	478	
ACM/EGA	2.4	2.5	2.5	2.4	2.4	2.3	
Milk Solids Revenue	\$1,606,380	\$1,549,404	\$1,311,719	\$1,576,591	\$1,160,125	\$988,040	
Milk Solids Production (kg)	213,241	230,566	217,897	213,500	216,771	191,144	
Average Value of Milk Solid Sales (Kg)	\$7.49	\$6.69	\$5.98	\$7.41	\$5.42	\$5.38	
Milk Solid Revenue/ACM	\$2,984	\$2,731	\$2,430	\$2,980	\$2,188	\$2,189	
Milk Solid Revenue/EGA	\$7,053	\$6,723	\$5,999	\$7,318	\$5,259	\$5,079	
Milk Solids/ACM (kg)	397	407	403	401	404	405	
Milk Solids/EGA (kg)	940	1005	992	982	965	935	
Milk Solids as a % of GFI	95.1%	93.0%	92.3%	93.6%	93.4%	93.2%	
Gross Farm Income (GFI)	\$1,717,056	\$1,674,748	\$1,427,767	\$1,689,140	\$1,257,208	\$1,064,298	
Farm Working Expenses (FWE)	\$882,660	\$973,247	\$872,505	\$922,169	\$855,987	\$626,950	
FWE as a % of GFI	49.4%	55.2%	59.3%	52.8%	66.4%	58.8%	
FWE/ACM	\$1,620	\$1,659	\$1,590	\$1,705	\$1,562	\$1,370	
FWE per kg of Milk Solids	\$4.14	\$4.01	\$3.88	\$4.22	\$3.86	\$3.38	
Wages/ACM	\$201	\$221	\$237	\$233	\$242	\$191	
Animal Health/ACM	\$90	\$85	\$84	\$82	\$80	\$72	
Livestock Improvement/ACM	\$46	\$47	\$47	\$45	\$47	\$43	
Stockfood/ACM	\$448	\$490	\$469	\$526	\$455	\$405	
Fertiliser/ACM	\$310	\$318	\$294	\$330	\$295	\$286	
R & M/ACM	\$132	\$119	\$110	\$113	\$131	\$116	
Vehicle Expenses & Fuel/ACM	\$100	\$104	\$95	\$95	\$81	\$78	
Dairy Shed Expenses/ACM	\$21	\$16	\$20	\$24	\$19	\$20	
Interest & Rent Paid	\$329,221	\$314,064	\$278,483	\$254,115	\$280,493	\$244,393	
Interest & Rent Paid as a % of GFI	17.2%	17.3%	18.2%	14.4%	20.4%	19.6%	
Interest & Rent Paid/KG MS	\$1.36	\$1.24	\$1.18	\$1.13	\$1.18	\$1.12	
Cost of Prodn per KG MS (excl Interest & Rent)	\$4.24	\$4.30	\$4.18	\$4.54	\$4.16	\$3.60	
Net Farm Profit	\$439,479	\$322,019	\$214,804	\$451,186	\$61,916	\$154,516	
Net Farm Profit as a % of GFI	29.3%	24.8%	19.5%	28.9%	8.6%	17.7%	
Net Plant Purchases	\$131,980	\$73,336	\$61,611	\$60,668	\$62,250	\$63,517	
Personal Drawings (excl Allowances)	\$60,082	\$63,277	\$63,205	\$58,022	\$50,337	\$55,776	
Est Total Farm Capital (TFC)	\$8,084,615	\$8,359,310	\$8,097,749	\$8,508,160	\$8,546,091	\$7,843,125	
Est TFC per kg Milk Solids	\$39.53	\$37.39	\$38.77	\$41.11	\$41.04	\$41.57	
Est TFC per Ha	\$36,846	\$37,778	\$38,518	\$39,796	\$38,800	\$38,960	
Est Interest on TFC	7.8%	6.9%	4.8%	7.2%	2.8%	3.8%	
Total Term Debt	\$3,822,070	\$3,748,195	\$3,590,059	\$3,573,431	\$3,924,616	\$3,443,063	
Total Term Debt as % TFC	47.3%	44.8%	41.8%	40.1%	41.9%	39.7%	
GFI to Plant Ownership Ratio	5.8	6.3	6.4	5.7	4.6	5.5	
Earnings Before Interest, Rent & Tax (EBIT)	\$768,700	\$636,083	\$493,287	\$705,301	\$342,408	\$398,908	
EBIT/ACM	\$1,415	\$1,196	\$943	\$1,376	\$672	\$883	
EBIT/EGA	\$3,323	\$2,922	\$2,297	\$3,305	\$1,587	\$2,062	
EBIT/kg Milk Solids	\$3.66	\$2.93	\$2.32	\$3.42	\$1.67	\$2.16	
Total Cost of Production/Kg	\$5.63	\$5.54	\$5.39	\$5.66	\$5.34	\$4.72	
Margin/Kg MS	\$1.86	\$1.15	\$0.60	\$1.75	\$0.08	\$0.66	
"Misery Index"	67%	73%	77%	67%	87%	78%	

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



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



Interest/Rent paid per kg/ms

\$1.18

overall

\$1.12

top 10%

Farm working expenses per kg/ms

\$3.86

overall

\$3.38

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 Deb	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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