

# FARM STATISTICAL SURVEY FOR THE 2009 YEAR

## SURVEY GROUPS

DAIRY OWNER-OPERATOR – NON-IRRIGATED  
SHAREMILKER – NON-IRRIGATED  
DAIRY OWNER-OPERATOR – IRRIGATED  
SHAREMILKER – IRRIGATED  
DAIRY OWNER WITH 50:50 SHAREMILKER  
SHEEP AND BEEF HILL COUNTRY  
SHEEP AND BEEF DOWNLANDS AND FLATLANDS  
MIXED CROPPING



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**2009 Farm Statistical Survey**

**BACKGROUND:**

- The survey data has been taken from our clients' actual Financial Statements for the 2009 year. As in previous years, we have combined the survey so that all farm sector groups have a sound sample size.
- All financial data is GST exclusive.
- Most of the balance dates are 31/3/2009, 31/5/2009 or 30/6/2009.
- We have split out the dairy groups into irrigated and non irrigated. Although in the non irrigated group most have a quite high natural rainfall (i.e. Westland and Southland).
- Probably only one of the eight farm groups will deeply interest you but we suggest you read through all groups and the relevant comments as it will give you a good overview of the physical and financial results from the agricultural industry for the 2009 year.
- The averages referred to are per farm and as per that farm's actual Financial Statements for the 2009 year - the averages are not weighted averages which would produce slightly different data again.
- Benchmark. On the right hand side of each survey summary for each sector, we have shown the average figures for the top 10% - 15% 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, production and also make a comparison between sectors.

This 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 that there could be other equally meaningful benchmarks.

**COMPARISON OF SELECTION OF STATISTICS FROM THE SEVEN FARM GROUPS  
(Overall Average Results - 2009 Year)**

	Mixed Cropping	Sheep & Beef Flatland/ Downlands	Sheep & Beef Hill Country	Dairy Owner-Operator Irrigated	Dairy Owner-Operator Non-Irrigated	Dairy Share Milker Irrigated	Dairy Share Milker Non-Irrigated
Gross Farm Income (GFI)	\$1,074,901	\$381,907	\$472,350	\$1,868,714	\$1,067,448	\$757,028	\$536,413
Farm Working Expenses (FWE)	\$642,485	\$226,116	\$288,415	\$1,504,422	\$660,049	\$638,132	\$400,536
Net Farm Profit (NFP)	\$143,081	\$58,817	\$62,992	(\$336,513)	\$58,331	(\$29,400)	\$34,794
NFP as a % of GFI	11.4%	6.4%	13.3%	-	10.2%	-	10.2%
FWE per SU or per ACM	-	\$63.18	\$41.50	\$1,589	\$1,380	\$892	\$794
FWE to GFI Ratio	61.2%	65.2%	62.8%	82.5%	60.2%	88.4%	70.2%
Personal Drawings (Excluding Allowances)	\$57,062	\$41,345	\$37,972	\$66,670	\$49,408	\$50,800	\$50,540
Estimated Total Farm Capital (TFC)	\$6,738,694	\$4,621,766	\$5,640,466	\$12,398,813	\$7,467,473	\$1,430,029	\$1,314,258
Estimated Interest Earned on TFC	3.7%	2.4%	3.0%	3.2%	4.3%	-	7.2%
Total Term Debt	\$1,715,997	\$674,165	\$894,651	\$6,558,059	\$3,252,058	\$1,021,326	\$747,849
GFI to Plant Ownership Ratio	2.6	4.1	5.9	5.0	4.2	4.7	4.2
Net Capital Plant Purchases	\$135,808	\$32,440	\$51,250	\$146,693	\$95,965	\$49,874	\$49,609
Interest and/or Rent paid as % of GFI	19.1%	21.0%	24.2%	32.4%	24.2%	14.0%	13.6%



Graham BROWN



Peter GLASSFORD



Haydn RANDALL



Paul MCCARRON

## **HIGHLIGHTS - DAIRY OWNER-OPERATOR - NON IRRIGATED SURVEY - 2009 YEAR**

### **Comments on overall average figures:**

- MS revenue at \$988,896 down by \$217,673 or 18%.
- MS production at 184,810 kgs is similar to two previous years.
- MS production per ACM at 388 kgs is very similar to the previous three years.
- MS production per EGA at 895 kgs is similar to the previous three years.
- GFI at \$1,067,448 is down by \$295,841 or 21.7%.
- FWE increased by \$23,392 to \$660,049 – an increase of 3.67%.
- FWE to GFI ratio at 60.2% - 44.1% in previous year due to much higher income in that 2008 year.
- FWE per ACM of \$1,380 – increasing steadily – up 54% since 2005 year.
- Stock food cost and fertiliser cost up by \$41 and \$57 per ACM respectively – a total increase of \$98 per cow (\$46,000).
- Vehicle expenses + fuel cost per ACM has not altered greatly over the five years.
- Interest + rent of \$294,237 is \$38,802 or 15% higher than the previous year.
- Interest + rent is 250% higher than 2005 year.
- Interest + rent is \$1.59 per kg/ms or 24.2% of GFI – high enough.
- FWE + depreciation is \$3.81 per kg/ms – only slightly higher than previous year but 35.5% higher than 2005 year.
- Net farm profit of \$58,331 – down \$359,554 compared with previous year.
- Average net farm profit over the five years is \$149,592 – a sound five year period.
- Net capital plant purchases of \$95,965 – five year average of \$77,752 – this five year average is too high.
- Personal drawings of \$49,408 are creeping up and are \$11,459 higher than 2005 year.
- TFC at \$7,467,473 is 112% higher than 2005 year – substantial steady upwards creep.
- Total term debt at \$3,252,058 is 167% higher than 2005 year – substantial steady upwards creep.
- Sound solid net equity of around \$4 million.
- 'Misery' Index at 84% is at least 5% too high.
- Total cost of production at \$5.17 kg/ms is 18 cents higher than previous year and \$1.53 higher than 2005 year.

### **Comparison between the benchmark group and the average group for 2009:**

- Slightly higher total MS production, similar for ACM + EGA production.
- Higher GFI by \$77,735 and lower FWE by \$90,774 – much higher net profit at \$227,627.
- Lower TFC but similar term debt – lower net equity at around \$3 million. This may reflect the cost of owning a run-off being higher than the cost of buying grazing.
- Overall cost of production (FWE, depreciation, interest + rent) at \$4.16 is very sound – just over \$1 per kg lower than the average.
- Benchmark group are better on both sides of the ledger.

**DAIRY OWNER-OPERATOR - NON IRRIGATED  
SURVEY - 2009 YEAR**

	OVERALL AVERAGE 2005	OVERALL AVERAGE 2006	OVERALL AVERAGE 2007	OVERALL AVERAGE 2008	OVERALL AVERAGE 2009	BENCHMARK GROUP 2009
Effective Grazing Area (ha) (EGA)	176	172	207	211	207	234
Average Cows Milked (ACM)	381	385	496	473	474	512
ACM/EGA	2.2	2.2	2.4	2.3	2.3	2.2
Milk Solids Revenue	\$543,402	\$574,387	\$732,495	\$1,206,569	\$988,896	\$1,078,938
Milk Solids Production (kg)	132,502	145,851	186,102	175,466	184,810	191,316
Average Value of Milk Solid Sales (Kg)	\$4.21	\$4.04	\$3.97	\$6.83	\$5.47	\$5.63
Milk Solid Revenue/ACM	\$1,449	\$1,465	\$1,497	\$2,597	\$2,128	\$2,136
Milk Solid Revenue/EGA	\$3,240	\$3,300	\$3,584	\$5,978	\$4,852	\$4,568
Milk Solids/ACM (kg)	345	371	379	381	388	376
Milk Solids/EGA (kg)	760	835	905	872	895	817
Milk Solids as a % of GFI	93.8%	88.2%	97.0%	89.8%	93.7%	93.1%
Gross Farm Income (GFI)	\$591,560	\$663,137	\$817,857	\$1,363,289	\$1,067,448	\$1,145,183
Farm Working Expenses (FWE)	\$353,376	\$376,308	\$513,928	\$636,657	\$660,049	\$569,275
FWE as a % of GFI	58.3%	53.7%	66.4%	44.1%	60.2%	44.8%
FWE/ACM	\$894	\$907	\$993	\$1,290	\$1,380	\$1,024
Wages/ACM	\$161	\$135	\$186	\$183	\$160	\$120
Animal Health/ACM	\$51	\$47	\$54	\$69	\$80	\$58
Livestock Improvement/ACM	\$28	\$30	\$34	\$37	\$39	\$27
Stockfood/ACM	\$159	\$154	\$189	\$303	\$344	\$178
Fertiliser/ACM	\$168	\$187	\$175	\$267	\$324	\$323
R & M/ACM	\$81	\$80	\$84	\$103	\$112	\$62
Vehicle Expenses & Fuel/ACM	\$70	\$82	\$72	\$80	\$79	\$55
Dairy Shed Expenses/ACM	\$17	\$14	\$16	\$22	\$19	\$21
Interest & Rent Paid	\$117,861	\$124,306	\$210,606	\$255,435	\$294,237	\$294,074
Interest & Rent Paid as a % of GFI	19.1%	17.8%	26.9%	16.4%	24.2%	18.8%
Cost of Prodn per KG MS (excl Interest & Rent)	\$2.81	\$2.70	\$2.91	\$3.70	\$3.81	\$3.01
Net Farm Profit	\$99,003	\$123,305	\$49,438	\$417,885	\$58,331	\$227,627
Net Farm Profit as a % of GFI	18.3%	22.0%	0.7%	35.6%	10.2%	31.2%
Net Plant Purchases	\$38,380	\$75,277	\$55,653	\$123,485	\$95,965	\$56,809
Personal Drawings (excl Allowances)	\$37,949	\$38,943	\$38,841	\$47,907	\$49,408	\$52,773
Est Total Farm Capital (TFC)	\$3,529,259	\$4,556,250	\$5,886,207	\$7,211,812	\$7,467,473	\$6,620,000
Est TFC per kg Milk Solids	\$27.63	\$30.42	\$32.19	\$42.52	\$38.99	\$35.93
Est Interest on TFC	4.3%	4.3%	2.9%	8.4%	4.3%	6.8%
Total Term Debt	\$1,220,056	\$1,242,575	\$2,510,393	\$2,779,543	\$3,252,058	\$3,395,607
Total Term Debt as % TFC	32.5%	25.3%	40.1%	33.4%	43.5%	51.3%
GFI to Plant Ownership Ratio	3.8	3.6	3.9	5.8	4.2	4.3
Earnings Before Interest, Rent & Tax (EBIT)	\$216,864	\$247,610	\$260,044	\$673,320	\$352,568	\$521,701
EBIT/ACM	\$570	\$658	\$562	\$1,515	\$782	\$1,136
EBIT/EGA	\$1,261	\$1,455	\$1,362	\$3,478	\$1,759	\$2,453
EBIT/kg Milk Solids	\$1.66	\$1.78	\$1.42	\$4.00	\$2.04	\$3.00
Net Profit/ kg Milk Solids	\$0.84	\$1.00	\$0.31	\$2.71	\$0.68	\$1.85
Total Cost of Production/Kg	\$3.64	\$3.49	\$4.02	\$4.99	\$5.17	\$4.16
"Misery Index"	77%	72%	93%	60%	84%	64%

## **HIGHLIGHTS – SHAREMILKER - NON IRRIGATED SURVEY - 2009 YEAR**

### **Comments on overall average figures:**

- ACM of 476 compared with 546 in previous year – drop of 12.8%.
- ACM has averaged 501 over the five years.
- MS production has averaged 171,350 kgs over the five years.
- MS production per ACM and per EGA also quite similar over the five years – the five year average is 349 kgs and 898 kgs respectively.
- GFI dropped sharply from \$863,927 to \$536,413 – down by \$327,514 or 38% - ms payout fell by 25%.
- FWE at \$400,536 are lower by \$23,934 or 5.6%.
- FWE per ACM up by \$79 or 11% to \$794.
- FWE to GFI ratio of 70.2% - far too high – 45.6% in previous year but 2008 year was exceptional.
- Interest and rent paid at \$71,722 is similar to previous years.
- Net farm profit at \$34,794 is lowest of the five years – five year average is \$117,951.
- Sharp drop in TFC employed with drop in total values of cattle – average TFC employed over the five years has been \$1,353,637.
- Term debt down \$162,156 – average term debt over the five years has been \$675,934.
- Total cost of production at \$2.93 per kg/ms is 34 cents higher than previous year.
- With the exception of the 2008 year the average net profit for this group has been too low over the five year period.
- 'Misery' index at 84% is at least 5% - 8% too high.

### **Comparison between the benchmark group and the average group for 2009:**

- Slightly lower ACM, slightly higher production per ACM – GFI slightly lower.
- Much lower FWE – lower by \$98,989 or 24.7% - lower per ACM by \$134 – a key difference here.
- Main area of difference in expenses is in stock food – almost \$100 per ACM lower.
- Lower Term Debt by \$177,744 and lower interest payments.
- Net farm profit at \$138,936 is \$104,142 higher.
- Personal drawings approximately \$10,000 lower.
- Total cost of production at \$2.26 is lower by 67 cents per kg/ms.
- 'Misery' Index is a workable 65%.

**SHAREMILKER - NON IRRIGATED  
SURVEY - 2009 YEAR**

	OVERALL AVERAGE 2005	OVERALL AVERAGE 2006	OVERALL AVERAGE 2007	OVERALL AVERAGE 2008	OVERALL AVERAGE 2009	OVERALL AVERAGE 2009
Effective Grazing Area (ha) (EGA)	189	195	208	205	183	177
Average Cows Milked (ACM)	464	461	560	546	476	443
ACM/EGA	2.4	2.4	2.8	2.7	2.6	2.5
Milk Revenue	\$334,512	\$381,358	\$375,178	\$669,280	\$442,387	\$465,546
Milk Solids Production (kg)	155,752	159,035	185,253	191,812	164,900	164,861
Average Value of Milk Solid Sales	\$2.29	\$2.25	\$2.03	\$3.56	\$2.69	\$2.90
Milk Solid Revenue/ACM	\$787	\$805	\$687	\$1,217	\$938	\$1,058
Milk Solid Revenue/EGA	\$2,021	\$1,897	\$1,901	\$3,334	\$2,415	\$2,597
Milk Solids/ACM (kg)	345	356	339	357	349	366
Milk Solids/EGA (kg)	826	861	935	961	907	914
Milk Solids as a % of GFI	82.1%	81.2%	80.7%	81.5%	84.2%	91.5%
Gross Farm Income (GFI)	\$410,959	\$469,747	\$477,116	\$863,927	\$536,413	\$510,762
Farm Working Expenses (FWE)	\$261,649	\$286,193	\$329,511	\$424,470	\$400,536	\$301,547
FWE as a % of GFI	58.7%	58.5%	66.9%	45.6%	70.2%	57.2%
FWE/ACM	\$456	\$597	\$573	\$715	\$794	\$660
Wages/ACM	\$102	\$109	\$121	\$161	\$177	\$172
Animal Health/ACM	\$53	\$57	\$48	\$63	\$54	\$46
Livestock Improvement/ACM	\$34	\$36	\$26	\$41	\$36	\$31
Stockfood/ACM	\$147	\$197	\$111	\$157	\$211	\$118
R & M/ACM	\$21	\$26	\$16	\$21	\$26	\$32
Vehicle Expenses & Fuel/ACM	\$46	\$40	\$44	\$52	\$57	\$57
Dairy Shed Expenses/ACM	\$14	\$15	\$15	\$16	\$19	\$18
Interest & Rent Paid	\$63,985	\$66,364	\$57,614	\$83,797	\$71,722	\$36,754
Interest & Rent Paid as a % of GFI	13.2%	12.4%	12.3%	9.8%	13.6%	7.5%
Net Farm Profit	\$63,354	\$88,415	\$74,578	\$328,615	\$34,794	\$138,936
Net Farm Profit as a % of GFI	20.0%	22.7%	17.8%	41.0%	10.2%	28.3%
Net Plant Purchases	\$37,922	\$61,423	\$35,416	\$53,220	\$49,609	\$103,496
Personal Drawings (excl Allowances)	\$35,412	\$40,578	\$37,472	\$55,452	\$50,540	\$40,558
Est Total Farm Capital (TFC)	\$722,840	\$1,703,571	\$956,154	\$2,071,364	\$1,314,258	\$851,667
Est TFC per kg Milk Solids	\$4.31	\$10.62	\$5.12	\$10.33	\$8.18	\$5.40
Est Interest on TFC	8.9%	7.0%	6.0%	17.7%	7.2%	11.4%
Total Term Debt	\$376,440	\$820,554	\$524,823	\$910,005	\$747,849	\$570,105
Term Debt as % TFC	61.6%	58.7%	57.2%	43.9%	60.8%	62.1%
GFI to Plant Ownership Ratio	4.2	3.6	6.4	7.2	4.2	3.1
Earnings Before Interest, Rent & Tax (EBIT)	\$127,339	\$154,779	\$132,191	\$412,412	\$106,516	\$175,690
EBIT/ACM	\$313	\$334	\$269	\$764	\$262	\$414
EBIT/EGA	\$720	\$776	\$728	\$2,083	\$603	\$989
EBIT/kg Milk Solids	\$0.89	\$0.94	\$0.77	\$2.14	\$0.73	\$1.14
Net Profit/kg Milk Solids	\$0.52	\$0.55	\$0.46	\$1.73	\$0.29	\$0.90
Cost of Production/ kg Milk Solids	\$1.99	\$2.24	\$2.09	\$2.59	\$2.93	\$2.26
"Misery Index"	71%	71%	79%	55%	84%	65%

## **HIGHLIGHTS – DAIRY OWNER-OPERATOR - IRRIGATED SURVEY - 2009 YEAR**

### **Comments on overall average figures:**

- ACM keeps increasing – up 28 head – was 758 head in 2005 year.
- MS production per ACM of 395 kgs and per EGA at 1,348 kgs has not altered much since 2005 year figures of 411 kgs and 1,318 kgs respectively – many farming couples have found what appears to be optimal production levels.
- Very sharp drop in GFI down to \$1,868,714 from \$2,952,620 – the previous year though was exceptional.
- FWE up by \$175,678 – from \$1,328,744 to \$1,504,422 – increase of 13.2% - mainly in stock food + fertiliser.
- FWE per ACM of \$1,589 – FWE as % of GFI at 82.5%.
- Stock food cost is 33.8% of FWE per ACM – fertiliser is 14.8% - wages is 14.0%.
- R&M, vehicle expenses and animal health are all similar per ACM to 2005 year.
- Interest + rent paid of \$612,913 up by \$102,988 – interest and rent represent \$1.65 per kg/ms.
- FWE of \$1,504,422 represent \$4.05 per kg/ms - \$3.47 in 2008 year.
- Depreciation cost re vehicles, plant and irrigation plant per kg/ms was 22 cents.
- Interest + Rent as % of GFI is 32.4% - this figure would not be long term sustainable.
- Average net loss of (\$336,513) but net profit in 2008 year was \$1,043,862 – the two year average was \$353,675.
- Average term debt of \$6,558,059 but still has net equity of approximately \$5.5 million.
- Total cost of production including depreciation of \$5.85 per kg/ms.
- A higher MS payout of around 91 cents per kg would have been necessary to offset the loss in the FWE – to also allow for covering personal drawings the increased payout would have needed to be around \$1.08 kg/ms.

### **Comparison between the benchmark group and the average group for 2009:**

- Lower ACM by 250 head.
- Higher per ACM and per EGA production by around 5%.
- Lower FWE of \$1,510 per ACM compared with \$1,589 – by around 5%.
- Much lower debt servicing - \$1.33 per kg/ms compared with \$1.65 per kg/ms – this lower debt servicing could well be tied up with owning a run-off block or not owning a run-off block.
- Less plant involved per kg/ms – lower depreciation cost.
- Total cost of production of \$5.18 per kg/ms compared with \$5.85 per kg/ms.
- 'Misery' Index though at 86% is right at the maximum.

**DAIRY OWNER-OPERATOR - IRRIGATED  
SURVEY - 2009 YEAR**

	OVERALL AVERAGE 2005	OVERALL AVERAGE 2006	OVERALL AVERAGE 2007	OVERALL AVERAGE 2008	OVERALL AVERAGE 2009	BENCHMARK GROUP 2009
Effective Grazing Area (ha) (EGA)	227	237	233	258	280	203
Average Cows Milked (ACM)	758	781	785	927	955	705
ACM/EGA	3.2	3.3	3.4	3.4	3.4	3.5
Milk Revenue	\$1,281,976	\$1,332,577	\$1,305,238	\$2,747,304	\$1,830,804	\$1,475,300
Milk Solids Production (kg)	301,155	319,018	321,422	383,125	371,323	289,240
Average Value of Milk Solid Sales	\$4.32	\$4.17	\$4.18	\$7.19	\$4.92	\$5.12
Milk Solid Revenue/ACM	\$1,773	\$1,701	\$1,698	\$2,977	\$1,948	\$2,096
Milk Solid Revenue/EGA	\$5,657	\$5,558	\$5,632	\$10,266	\$6,635	\$7,337
Milk Solids/ACM (kg)	411	407	406	414	395	410
Milk Solids/EGA (kg)	1,318	1,335	1,372	1,430	1,348	1,432
Milk Solids as a % of GFI	89.7%	89.6%	90.2%	93.4%	98.9%	87.9%
Gross Farm Income (GFI)	\$1,422,739	\$1,485,737	\$1,453,240	\$2,952,620	\$1,868,714	\$1,680,062
Farm Working Expenses (FWE)	\$804,121	\$891,525	\$937,360	\$1,328,744	\$1,504,422	\$1,070,249
FWE as a % of GFI	56.4%	59.3%	65.0%	44.2%	82.5%	63.1%
FWE/ACM	\$1,117	\$1,134	\$1,184	\$1,406	\$1,589	\$1,510
Wages/ACM	\$193	\$207	\$189	\$217	\$222	\$200
Animal Health/ACM	\$82	\$63	\$62	\$75	\$82	\$83
Livestock Improvement/ACM	\$41	\$33	\$33	\$40	\$41	\$52
Stockfood/ACM	\$297	\$248	\$277	\$412	\$537	\$593
Fertiliser/ACM	\$146	\$153	\$153	\$200	\$235	\$224
R & M/ACM	\$88	\$85	\$97	\$122	\$99	\$89
Vehicle Expenses & Fuel/ACM	\$51	\$44	\$52	\$80	\$54	\$51
Dairy Shed Expenses/ACM	\$19	\$16	\$16	\$19	\$17	\$14
Interest & Rent Paid	\$306,016	\$337,393	\$368,463	\$509,925	\$612,913	\$385,330
Interest & Rent Paid as a % of GFI	21.2%	22.2%	25.5%	16.8%	32.4%	23.1%
Cost of Prodn per KGMS (excl Interest & Rent)	\$2.97	\$3.01	\$3.08	\$3.61	\$4.27	\$3.83
Net Farm Profit	\$246,493	\$181,658	\$108,311	\$1,043,862	(\$336,513)	\$195,861
Net Farm Profit as a % of GFI	17.5%	13.4%	7.1%	36.6%	-	11.5%
Net Plant Purchases	\$102,935	\$89,909	\$80,584	\$149,100	\$146,693	\$120,136
Personal Drawings (excl Allowances)	\$57,160	\$74,292	\$68,379	\$77,319	\$66,670	\$76,245
Est Total Farm Capital (TFC)	\$8,105,200	\$9,182,970	\$9,886,667	\$12,922,857	\$12,398,813	\$9,761,818
Est TFC per kg Milk Solids	\$28.02	\$29.79	\$31.54	\$39.57	\$35.56	\$33.32
Est Interest on TFC	5.6%	4.6%	2.9%	9.8%	3.2%	5.0%
Total Term Debt	\$3,653,433	\$4,056,470	\$4,240,532	\$5,891,669	\$6,558,059	\$3,943,652
Term Debt as % TFC	43.4%	42.8%	42.1%	38.0%	49.2%	41.7%
GFI to Plant Ownership Ratio	4.3	5.1	5.3	8.9	5.0	6.9
Earnings Before Interest, Rent & Tax (EBIT)	\$552,510	\$519,051	\$476,774	\$1,553,787	\$276,400	\$581,191
EBIT/ACM	\$769	\$673	\$605	\$1,706	\$370	\$823
EBIT/EGA	\$2,482	\$2,195	\$2,041	\$5,910	\$1,284	\$2,871
EBIT/kg Milk Solids	\$1.86	\$1.66	\$1.50	\$4.12	\$0.91	\$2.02
Net Profit / kg Milk Solids	\$0.83	\$0.64	\$0.33	\$2.82	-	\$0.67
Total Cost of Production per KG MS	\$4.00	\$4.03	\$4.24	\$4.91	\$5.85	\$5.18
"Misery Index"	78%	81%	91%	61%	115%	86%

## **HIGHLIGHTS – SHAREMILKER - IRRIGATED SURVEY - 2009 YEAR**

### **Comments on overall average figures:**

- ACM at 729 keeps increasing slowly – 15% higher than four years earlier.
- Milk solids (MS) at 285,745 kgs are similar to the two previous years.
- GFI at \$757,028 represents a drop of \$357,600 or 32% compared with previous year.
- FWE at \$638,132 is an increase of \$130,520 or 25.7% compared with previous year.
- MS production per ACM at 391 kgs has not altered over the last five years.
- MS production per EGA at 1,351 kgs has not altered over the last three years.
- FWE per ACM at \$892 is an increase of \$163 or 22%.
- FWE to GFI ratio at 88.4% is far too high – average for the four previous years is 59.6%.
- Interest + rent paid at \$111,860 is 100% higher than in 2005 year.
- Net Farm Loss of (\$29,400) – but 2008 year was very sound – the average net profit for the combined 2008 + 2009 years was \$232,884.
- Net capital plant purchases of \$49,874 are very similar to earlier years.
- Personal drawings of \$50,800 are similar to the 2008 year.
- TFC at \$1,430,029 has dropped by \$687,784 due to much lower cow values.
- Net loss of \$29,400 represents 10.3 cents per kg/ms.
- Net equity around \$400,000.
- Total cost of production around \$2.82 per kg/ms – 60 cents per kg higher than 2008 year.
- 'Misery' Index at 102% is far too high – but was a very healthy 52% in 2008 year.

### **Comparison between the benchmark group and the average group for 2009:**

- Around 4% more scale re MS production.
- Similar production per ACM but 6% higher per EGA.
- Much lower FWE – lower by \$94,059 or 15%.
- FWE per ACM at \$713 compared with \$892 for average group – lower by 20%.
- Net profit of \$104,744 is due to higher GFI and lower FWE.
- Interest and rent cost per kg/ms of 40 cents very similar to average group at 39 cents.
- Benchmark group has less equity – technically almost nil at \$88,000 but average group is only \$408,000.
- Total cost of production is lower by 61 cents kg/ms – a key difference.

**SHAREMILKER - IRRIGATED  
SURVEY - 2009 YEAR**

	OVERALL AVERAGE 2005	OVERALL AVERAGE 2006	OVERALL AVERAGE 2007	OVERALL AVERAGE 2008	OVERALL AVERAGE 2009	BENCHMARK GROUP 2009
Effective Grazing Area (ha) (EGA)	204	199	209	201	211	198
Average Cows Milked (ACM)	636	663	711	692	729	732
ACM/EGA	3.1	3.3	3.4	3.4	3.5	3.7
Milk Revenue	\$514,979	\$548,112	\$570,976	\$938,055	\$656,784	\$676,126
Milk Solids Production (kg)	240,996	252,465	273,586	283,949	285,745	287,486
Average Value of Milk Solid Sales (Kg)	\$2.11	\$2.15	\$2.08	\$3.41	\$2.35	\$2.32
Milk Solid Revenue/ACM	\$810	\$832	\$802	\$1,383	\$919	\$938
Milk Solid Revenue/EGA	\$2,485	\$2,747	\$2,761	\$4,707	\$3,130	\$3,359
Milk Solids/ACM (kg)	386	383	385	405	391	392
Milk Solids/EGA (kg)	1,177	1,264	1,324	1,395	1,351	1,429
Milk Solids as a % of GFI	83.5%	80.7%	82.4%	87.3%	92.4%	91.9%
Gross Farm Income (GFI)	\$624,069	\$677,342	\$695,747	\$1,114,628	\$757,028	\$790,251
Farm Working Expenses (FWE)	\$392,830	\$436,029	\$472,957	\$507,612	\$638,132	\$541,764
FWE as a % of GFI	60.4%	63.4%	69.3%	45.1%	88.4%	70.0%
FWE/ACM	\$607	\$653	\$665	\$729	\$892	\$749
Wages/ACM	\$138	\$145	\$146	\$162	\$192	\$186
Animal Health/ACM	\$59	\$57	\$56	\$70	\$69	\$72
Livestock Improvement/ACM	\$30	\$31	\$29	\$34	\$32	\$35
Stockfood/ACM	\$163	\$146	\$132	\$240	\$358	\$289
R & M/ACM	\$18	\$21	\$19	\$25	\$25	\$20
Vehicle Expenses & Fuel/ACM	\$37	\$44	\$41	\$46	\$47	\$40
Dairy Shed Expenses/ACM	\$15	\$19	\$17	\$14	\$18	\$15
Interest & Rent Paid	\$57,209	\$95,675	\$91,524	\$85,633	\$111,860	\$115,473
Interest & Rent Paid as a % of GFI	8.9%	14.1%	13.2%	7.2%	14.0%	11.9%
Net Farm Profit	\$157,324	\$116,699	\$123,592	\$495,168	(\$29,400)	\$109,417
Net Farm Profit as a % of GFI	27.8%	18.1%	16.7%	45.1%	-	14.6%
Net Plant Purchases	\$38,097	\$43,228	\$40,034	\$45,817	\$49,874	\$47,799
Personal Drawings (excl Allowances)	\$38,672	\$39,864	\$41,015	\$50,187	\$50,800	\$58,570
Est Total Farm Capital (TFC)	\$966,583	\$1,598,077	\$1,189,361	\$2,117,813	\$1,430,029	\$981,630
Est TFC per kg Milk Solids	\$3.95	\$6.27	\$4.68	\$8.14	\$5.41	\$3.47
Est Interest on TFC	16.2%	8.7%	13.8%	25.1%	-	11.6%
Total Term Debt	\$540,933	\$644,393	\$841,482	\$719,671	\$1,021,326	\$893,397
Term Debt as % of TFC	58.2%	43.5%	53.8%	35.9%	67.8%	71.3%
GFI to Plant Ownership Ratio	6.3	5.7	7.0	9.1	4.7	4.5
Earnings Before Interest, Rent & Tax (EBIT)	\$215,144	\$212,374	\$207,945	\$580,801	\$82,460	\$224,890
EBIT/ACM	\$352	\$340	\$303	\$860	\$106	\$314
EBIT/EGA	\$1,083	\$1,132	\$1,049	\$2,932	\$382	\$1,112
EBIT/kg Milk Solids	\$0.92	\$0.88	\$0.77	\$2.10	\$0.25	\$0.76
Net Profit / kg Milk Solids	\$0.67	\$0.47	\$0.43	\$1.78	-	\$0.41
Total Cost of Production/KG MS	\$1.92	\$2.23	\$2.13	\$2.22	\$2.82	\$2.28
"Misery Index"	69%	77%	82%	52%	102%	82%

## **HIGHLIGHTS – DAIRY OWNER - WITH 50:50 SHAREMILKER SURVEY - 2009 YEAR**

### **Comments on overall average figures:**

- A small sample – real care required in any analysis.
- MS production quite similar over the last four years.
- MS per ACM and EGA also similar over the last five years.
- FWE per ACM at \$702 is 65% higher than 2005 year.
- Interest + rent paid at \$254,987 has increased steadily – 119% higher than 2005 year.
- Interest + rent paid to GFI ratio has averaged 25.2% over the five years.
- Cost of production per kg/ms steadily increasing.
- Loss for 2009 year of (\$20,685) similar to average sharemilker loss.
- Average net profit for the 2008 – 2009 years was \$193,539 – quite sound.
- Net capital plant purchases of \$74,765 – a significant cost.
- Substantial TFC employed of \$8,925,000 – valuable land some close in.
- Term debt of \$3,437,850.
- Net equity of around \$5.5 million.
- Personal drawings of \$74,134.
- Benchmark group has lower TFC due to lower value land.
- Benchmark group has higher MS per ACM and per EGA and higher expenses but lower term debt.
- Both groups have a similar cost of production per kg/ms of \$2.87 - \$2.89.

**DAIRY OWNER - WITH 50:50 SHAREMILKER  
SURVEY - 2009 YEAR**

	OVERALL AVERAGE 2005	OVERALL AVERAGE 2006	OVERALL AVERAGE 2007	OVERALL AVERAGE 2008	OVERALL AVERAGE 2009	BENCHMARK GROUP 2009
Effective Grazing Area (ha) (EGA)	193	213	203	200	205	178
Average Cows Milked (ACM)	599	706	647	657	684	656
ACM/EGA	3.14	3.25	3.19	3.31	3.30	3.68
Milk Revenue	\$517,844	\$612,380	\$583,271	\$1,024,720	\$708,563	\$743,217
Milk Solids Production (kg)	230,669	292,611	265,579	272,236	273,434	274,433
Average Value of Milk Solid Sales	\$2.24	\$2.07	\$2.30	\$3.83	\$2.76	\$2.78
Milk Solid Revenue/ACM	\$855	\$842	\$938	\$1,575	\$1,056	\$1,130
Milk Solid Revenue/EGA	\$2,690	\$2,756	\$2,988	\$5,277	\$3,486	\$4,141
Milk Solids/ACM (kg)	381	407	407	411	388	408
Milk Solids/EGA (kg)	1,202	1,334	1,315	1,380	1,291	1,497
Milk Solids as a % of GFI	96.2%	95.6%	88.3%	94.6%	92.0%	86.7%
Gross Farm Income (GFI)	\$536,778	\$623,382	\$708,539	\$1,082,540	\$764,876	\$867,203
Farm Working Expenses (FWE)	\$255,218	\$343,598	\$318,961	\$423,729	\$482,003	\$503,311
FWE as a % of GFI	48.0%	55.3%	49.3%	38.6%	60.1%	57.0%
FWE/ACM	\$426	\$492	\$550	\$640	\$702	\$775
Stockfood/ACM	\$141	\$113	\$148	\$220	\$224	\$265
Fertiliser/ACM	\$103	\$126	\$115	\$145	\$173	\$162
R & M/ACM	\$55	\$94	\$68	\$91	\$83	\$110
Vehicle Expenses & Fuel/ACM	\$15	\$24	\$27	\$38	\$31	\$22
Interest & Rent Paid	\$116,501	\$197,629	\$205,005	\$223,004	\$254,987	\$269,874
Interest & Rent Paid as a % of GFI	21.8%	27.4%	28.8%	18.7%	29.3%	26.7%
Cost of Prodn per KGMS (excl Interes & Rent)	\$1.27	\$1.37	\$1.60	\$1.67	\$1.99	\$2.06
Net Farm Profit	\$134,820	\$36,285	\$95,675	\$407,763	(\$20,685)	\$44,962
Net Farm Profit as a % of GFI	24.0%	10.1%	14.6%	40.5%	-	10.9%
Net Plant Purchases	\$18,215	\$55,523	\$13,427	\$55,193	\$74,765	\$99,833
Personal Drawings (excl Allowances)	\$43,098	\$58,772	\$58,096	\$74,894	\$74,134	\$69,402
Est Total Farm Capital (TFC)	\$5,193,125	\$7,724,375	\$7,487,500	\$8,542,108	\$8,925,000	\$7,387,500
Est TFC per kg Milk Solids	\$22.85	\$26.90	\$27.95	\$31.32	\$42.95	\$28.67
Est Interest on TFC	4.4%	2.3%	2.5%	6.9%	2.9%	3.1%
Total Term Debt	\$1,374,514	\$2,201,453	\$2,331,940	\$2,420,387	\$3,437,850	\$2,892,360
Term Debt as % of TFC	24.5%	23.2%	27.0%	24.3%	28.9%	32.4%
GFI to Plant Ownership Ratio	5.0	4.3	4.6	5.7	3.9	3.9
Earnings Before Interest, Rent & Tax (EBIT)	\$251,320	\$233,914	\$300,680	\$630,767	\$234,302	\$314,837
EBIT/ACM	\$411	\$334	\$466	\$1,002	\$402	\$479
EBIT/EGA	\$1,281	\$1,092	\$1,562	\$3,399	\$1,324	\$1,751
EBIT/kg Milk Solids	\$1.07	\$0.82	\$1.13	\$2.41	\$1.09	\$1.18
Net Profit / kg Milk Solids	\$0.56	\$0.23	\$0.39	\$1.65	\$0.21	\$0.35
Total Cost of Production per KG MS	\$1.78	\$1.95	\$2.35	\$2.42	\$2.87	\$2.89
"Misery Index"	70%	83%	78%	57%	90%	84%

## **HIGHLIGHTS – SHEEP AND BEEF HILL COUNTRY SURVEY - 2009 YEAR**

### **Comments on overall average figures:**

- Average su scale at 6,511 has come down from 7,285 in 2008 (drop of 11%) – due probably to drier conditions.
- Average grazing rate of five su per ha also very similar over the five years.
- GFI at \$472,350 is \$89,820 or 23% higher than 2008 year but 2008 year was insufficient GFI and net overall loss.
- GFI per su at \$69.97 is easily the highest of the last five years.
- FWE at \$288,415 is very similar to the two previous years.
- FWE per su at \$41.50 is increasing slowly but steadily – is \$7.59 or 22% higher than 2005 year.
- Interest and rent paid at \$98,210 is also increasing slowly but steadily.
- Interest and rent payments represent 24.2% of GFI – high enough.
- Net Farm Profit of \$62,992; previous year was a loss of \$13,363.
- Three of the last five year's net profits have been a long way from viability.
- Average lamb sale value of \$73.77 – substantially higher than previous four years.
- Wool income is 21% of GFI – total wool weights are unchanged over the five years.
- Gross profit per sheep su of \$66.90 – easily the highest of the last five years.
- Sound contribution from deer at \$100.01 per su.
- Fertiliser expenditure increased by 88¢ to \$6.07 per su.
- Personal drawings very similar to earlier years.
- Capital plant purchases of \$51,250 – easily the highest of the five years.
- TFC similar over the last three years.
- The Net Farm Profit of \$62,992 would be the absolute minimum to balance the overall cash flow.
- Total term debt at \$894,651 has increased by 24% since \$721,000 in 2005 year.
- The 'Misery' Index at 87% is 7% too high for the longer term.

### **Benchmark group compared to average group:**

- 14% more scale in su.
- 23% higher gross income per su at \$85.82.
- Higher wool price and higher cattle sale values.
- 6% lower FWE per su at \$38.18.
- Higher average lamb price by \$5 per head and higher lambing percentage by 11%.
- Lower fertiliser cost by \$1.64 per su.
- Net profit higher by \$89,000.
- Net capital purchases higher by \$54,000.
- Total term debt at \$1,866,320 is just on \$1 million higher and debt as a percentage of TFC is 14% higher at 37%.
- Net profit per su is \$20.60 compared with \$9.67 in overall average.
- Net equity at around \$3.4 million is below the overall average of \$4.5 million.

**SHEEP AND BEEF HILL COUNTRY  
SURVEY - 2009 YEAR**

	OVERALL AVERAGE 2005	OVERALL AVERAGE 2006	OVERALL AVERAGE 2007	OVERALL AVERAGE 2008	OVERALL AVERAGE 2009	BENCHMARK GROUP 2009
Total Area Grazed (ha)	2,726	2,662	2,768	2,628	2,525	2,338
Stock Units (SU) Carried	6,900	7,157	7,167	7,285	6,511	7,398
SU per Grazed Area	4.8	5.1	4.9	5.0	5.0	5.7
Gross Farm Income (GFI)	\$412,981	\$397,842	\$410,060	\$382,530	\$472,350	\$619,446
GFI per SU	\$58.54	\$55.07	\$54.03	\$50.21	\$69.97	\$85.82
Farm Working Expenses (FWE)	\$245,522	\$263,499	\$282,311	\$279,989	\$288,415	\$283,594
FWE as a % of GFI	60.3%	69.1%	73.1%	76.7%	62.8%	43.6%
FWE per SU	\$33.91	\$36.14	\$36.62	\$37.42	\$41.50	\$38.18
Interest & Rent Paid	\$65,786	\$74,004	\$81,579	\$94,088	\$98,210	\$159,703
Interest & Rent Paid as a % of GFI	18.8%	22.5%	23.8%	29.1%	24.2%	29.8%
Net Farm Profit	\$76,921	\$34,540	\$22,412	(\$13,363)	\$62,992	\$152,213
Net Farm Profit as a % of GFI	14.1%	8.7%	5.5%	(3.5%)	13.3%	24.6%
Gross Profit Sheep Account	\$204,478	\$184,345	\$177,562	\$147,487	\$231,897	\$309,783
Lambing %	110%	109%	103%	104%	107%	118%
Ave Sale Value Lambs	\$56.88	\$47.64	\$47.62	\$43.97	\$73.77	\$79.13
Ave Sale Value Ewes	\$53.59	\$44.39	\$40.83	\$31.08	\$49.62	\$44.16
Gross Wool Revenue	\$107,918	\$102,547	\$113,673	\$116,499	\$101,329	\$108,046
Wool Production (kg)	24,126	25,213	25,874	25,578	22,839	24,851
Ave Value of Wool Sold per Kg	\$3.79	\$3.39	\$3.76	\$4.05	\$3.78	\$4.12
GP Sheep & Wool per Sheep SU	\$59.06	\$50.78	\$50.79	\$46.36	\$66.90	\$75.25
Gross Profit Cattle Account	\$90,045	\$96,605	\$103,602	\$102,594	\$108,050	\$111,882
Ave Sale Value Calves	\$434	\$425	\$411	\$333	\$446	\$574
Ave Sale Value Steers	\$796	\$811	\$801	\$798	\$835	\$957
Ave Sale Value Heifers	\$788	\$657	\$625	\$642	\$749	\$824
GP Cattle per Cattle SU	\$52.70	\$46.92	\$49.08	\$45.52	\$55.83	\$61.28
Gross Profit Deer Account	\$33,893	\$38,663	\$20,422	\$70,614	\$109,771	\$100,193
GP Deer per Deer SU	\$30.93	\$39.09	\$24.66	\$56.61	\$100.01	\$112.09
Fertiliser Expenditure	\$38,668	\$38,866	\$40,936	\$41,893	\$47,042	\$37,143
Fertiliser Expense per SU	\$4.78	\$4.88	\$4.80	\$5.19	\$6.07	\$4.43
Personal Drawings (excl Allowances)	\$32,954	\$36,432	\$38,012	\$38,781	\$37,972	\$49,768
Net Plant Purchases	\$37,430	\$30,812	\$18,752	\$23,134	\$51,250	\$105,247
Est Total Farm Capital (TFC)	\$4,496,788	\$5,107,630	\$5,864,667	\$5,939,677	\$5,640,466	\$5,317,000
Est TFC per SU	\$646	\$785	\$869	\$965	\$857	\$748
Est Interest on TFC	2.7%	2.0%	1.8%	0.6%	3.0%	4.7%
Total Term Debt	\$721,169	\$771,340	\$900,509	\$963,078	\$894,651	\$1,866,320
Term Debt as % of TFC	17.2%	16.2%	17.3%	21.1%	23.3%	37.0%
GFI to Plant Ownership	4.3	3.8	4.4	4.1	5.9	8.5
Earnings Before Interest, Rent & Tax (EBIT)	\$142,707	\$108,544	\$103,991	\$80,726	\$162,172	\$311,916
EBIT per SU	\$20.64	\$14.50	\$12.39	\$7.74	\$24.71	\$44.79
"Misery Index"	79%	92%	96%	105%	87%	73%

## **HIGHLIGHTS – SHEEP AND BEEF - DOWNLANDS/FLATLANDS SURVEY - 2009 YEAR**

### **Comments on overall average figures:**

- Average stock units of 4,178 have remained flat over the six years – but benchmark group have always been 50% or more higher.
- GFI at \$381,907 has crept up gradually from \$315,143 in 2004 – increase of around 4.2% per year.
- GFI per su at \$103.65 is very sound – easily the highest of the last six years.
- Dairy grazing income has played a major role in the last few years.
- FWE per su at \$63.18 has increased sharply – up 49% since 2004 year.
- Interest + rent paid of \$77,884 is 21% of the GFI.
- Net farm profit at \$58,817 is better but is coming off three very unsound years and really needs to be \$75,000 plus.
- Average sale value for lambs of \$78.81 – easily the highest of the last six years.
- Wool income of \$33,882 and kgs of 13,268 – easily the lowest of the last six years.
- Sheep, Cattle + Deer Accounts all sound in the main.
- Fertiliser expense of \$40,993 represents \$10.96 per su – much higher than previous five years.
- Personal drawings at \$41,345 well controlled but still represent 70.3% of net farm profit.
- Net equity of around \$3.5 million – perhaps \$1 million higher than five years earlier.
- Term debt of \$674,165 – similar to two previous years – a comfortable debt.
- TFC per su looks high at \$1,378 but is a function of valuable land close to centres.
- 'Misery' Index at 86% still 5% - 10% too high.
- Major weakness is lack of scale (ie same as six years earlier) and high FWE per su.

### **Benchmark group compared to overall average group:**

- At 7,199 su has 3,021 more su or better scale by 72% - a key feature.
- Slightly higher GFI per su.
- FWE lower by \$10 per su.
- Interest + rent higher at \$93,454 but much lower at 14.6% as % of GFI.
- Net farm profit of \$273,736 – very solid result.
- Better lambing % - slightly better lamb price – similar wool data.
- Cattle enterprise more profitable.
- Deer enterprise similar to average group.
- Drawings very similar to average group.
- More hectares but much less valuable land – much further out.
- Term debt only \$100,000 higher.
- 'Misery' Index at 60% - anything under 75% is usually long term viable.

**SHEEP / BEEF - DOWNLANDS/FLATLANDS  
SURVEY - 2009 YEAR**

	OVERALL AVERAGE 2004	OVERALL AVERAGE 2005	OVERALL AVERAGE 2006	OVERALL AVERAGE 2007	OVERALL AVERAGE 2008	OVERALL AVERAGE 2009	BENCHMARK GROUP 2009
Total Effective Area Farmed (ha)	607	675	712	768	676	781	1,111
Stock Units (SU) Carried	4,387	4,172	4,365	4,527	4,256	4,178	7,199
SU per Effective Ha	8.2	8.0	8.2	7.9	8.1	7.5	8.8
Gross Farm Income (GFI)	\$315,143	\$315,493	\$297,847	\$312,213	\$311,128	\$381,907	\$732,219
GFI per SU	\$73.60	\$85.68	\$74.93	\$70.08	\$86.49	\$103.65	\$116.45
GFI per Effective Ha	\$627	\$663	\$613	\$611	\$743	\$802	\$1,040
Farm Working Expenses (FWE)	\$181,715	\$176,820	\$185,755	\$193,877	\$192,461	\$226,116	\$338,248
FWE as a % of GFI	58.3%	61.2%	64.6%	64.8%	65.6%	65.2%	45.8%
FWE per SU	\$42.35	\$48.70	\$47.53	\$47.81	\$53.42	\$63.18	\$53.58
Interest & Rent Paid	\$43,018	\$48,631	\$54,082	\$63,728	\$71,384	\$77,884	\$93,454
Interest & Rent Paid as a % of GFI	13.8%	17.1%	19.1%	21.6%	24.0%	21.0%	14.6%
Net Farm Profit	\$71,146	\$72,956	\$38,158	\$34,216	\$27,823	\$58,817	\$273,736
Net Farm Profit as a % of GFI	21.3%	14.3%	8.5%	22.7%	4.4%	6.4%	35.9%
Gross Profit Sheep Account	\$160,450	\$171,204	\$158,349	\$160,137	\$149,767	\$194,697	\$412,389
Lambing %	120%	130%	132%	128%	129%	125%	138%
Ave Sale Value Lambs	\$61.41	\$63.12	\$53.23	\$55.01	\$52.17	\$78.81	\$82.53
Ave Sale Value Ewes	\$46.57	\$52.10	\$42.17	\$39.72	\$33.34	\$50.99	\$57.97
Gross Wool Revenue	\$55,375	\$48,863	\$42,057	\$46,465	\$39,231	\$33,882	\$52,301
Wool Production (kg)	16,356	15,856	15,806	16,211	14,969	13,268	22,962
Ave Value of Wool Sold per Kg	\$3.31	\$3.23	\$2.67	\$2.76	\$2.53	\$2.81	\$2.46
GP Sheep & Wool per Sheep SU	\$69.90	\$72.55	\$66.80	\$62.96	\$66.82	\$83.51	\$95.22
Gross Profit Cattle Account	\$86,957	\$75,086	\$85,798	\$97,804	\$84,361	\$115,713	\$206,947
Ave Sale Value Calves	\$343	\$443	\$448	\$506	\$373	\$408	\$0
Ave Sale Value Steers	\$774	\$829	\$813	\$872	\$825	\$907	\$1,030
Ave Sale Value Heifers	\$589	\$645	\$653	\$675	\$678	\$746	\$819
GP Cattle per Cattle SU	\$60.52	\$70.84	\$67.75	\$60.29	\$60.76	\$81.84	\$112.01
Gross Profit Deer Account	\$39,979	\$37,675	\$38,310	\$48,881	\$51,944	\$80,597	\$152,803
GP Deer per Deer SU	\$52.67	\$51.74	\$57.87	\$51.69	\$75.40	\$104.91	\$108.54
Grazing/Lease Income	-	-	-	-	\$148,195	\$125,869	\$227,331
Grazing/Lease Income/Total Farm Area	-	-	-	-	\$706	\$663	\$609
Fertiliser Expenditure	\$28,779	\$29,426	\$31,588	\$29,974	\$28,977	\$40,993	\$76,436
Fertiliser Expense per SU	\$6.46	\$7.12	\$6.85	\$6.65	\$7.95	\$10.96	\$12.95
Personal Drawings (excl Allowances)	\$30,210	\$34,801	\$37,135	\$34,231	\$39,019	\$41,345	\$37,589
Net Plant Purchases	\$23,718	\$35,792	\$21,629	\$18,319	\$24,847	\$32,440	\$54,019
Est Total Farm Capital (TFC)	\$2,750,133	\$3,309,998	\$3,721,775	\$4,186,179	\$4,202,240	\$4,621,766	\$5,504,800
Est TFC per SU	\$711	\$959	\$1,003	\$1,017	\$1,242	\$1,378	\$758
Est Interest on TFC	2.7%	2.9%	1.8%	1.4%	1.3%	2.4%	5.8%
Total Term Debt	\$401,120	\$442,496	\$495,290	\$627,467	\$643,192	\$674,165	\$764,039
Term Debt as % of TFC	15.2%	13.2%	13.5%	15.5%	15.0%	15.1%	22.0%
GFI to Plant Ownership	3.5	3.9	3.4	3.4	3.6	4.1	6.7
Earnings Before Interest, Rent & Tax (EBIT)	\$114,164	\$121,111	\$92,325	\$94,578	\$97,621	\$139,138	\$367,190
EBIT per SU	\$28.97	\$31.61	\$21.36	\$18.99	\$26.22	\$30.80	\$58.39
"Misery Index"	72%	78%	84%	86%	90%	86%	60%

## **HIGHLIGHTS – MIXED CROPPING SURVEY - 2009 YEAR**

### **Comments on overall average figures:**

- Scale in cropped area has only increased by 17% over the five years.
- GFI at \$1,074,901 is \$111,408 or 12% higher than 2008 year.
- FWE to GFI ratio at 61.2% - five year average is 61.7%.
- Interest + rent paid at \$205,130 is almost twice the 2005 year figure of \$120,019.
- Net farm profit of \$143,081 is easily the best of the last five years – the average though of the previous four years of \$78,635 was insufficient.
- Gross cropping income at \$756,802 is 70% of GFI.
- Gross cropping profit per ha at \$3,043 is very similar to 2008 year.
- Average lamb price of \$87.88 – Sheep Account still very important – gross sheep income \$112,404.
- Net capital plant purchases of \$135,808 – similar to previous year this statistic + the net farm profit are quite similar each year.
- Personal drawings at \$57,062 have not altered much over the five years.
- TFC at \$6,738,694 has increased by 50% over the five years.
- Total term debt of \$1,715,997 – has increased by 59% over the five years.
- Net equity is approximately \$5 million – very sound – a function of better land some close into provincial towns.
- Interest + rent paid to GFI at 19.1% is relatively comfortable.
- 'Misery' Index at 80% is long term workable but it does not want to be any higher.
- Some potential dairy conversions with higher milk solids payout.

### **Benchmark group compared to overall average group:**

- Significantly more scale – cropped area 61% higher.
- GFI almost 100% higher.
- FWE to GFI ratio at 55.1% - this lower ratio by 6.1% is a key issue.
- Higher term debt but is more than offset by the increased scale.
- Lamb price around \$6 higher.
- Gross profit from Cropping Account is 122% higher.
- Gross profit from cropping per ha is \$4,942 compared to average of \$3,043.
- Net capital plant purchases very significant at \$240,013 but represent less of net profit than the overall average group.
- Net equity approximately \$500,000 higher.
- Interest on capital of 7.9% is twice most earlier years – sound.
- 'Misery' index at 69% is very workable.
- Net profit is 218% higher than overall average group.

**MIXED CROPPING  
SURVEY - 2009 YEAR**

	OVERALL AVERAGE 2005	OVERALL AVERAGE 2006	OVERALL AVERAGE 2007	OVERALL AVERAGE 2008	OVERALL AVERAGE 2009	BENCHMARK GROUP 2009
Total Effective Area Farmed (ha) (EGA)	297	303	307	321	316	456
Area Cropped Grain & Seeds (Ha)	199	206	205	217	232	373
Gross Farm Income (GFI)	\$745,911	\$783,497	\$853,446	\$963,493	\$1,074,901	\$1,952,995
Farm Working Expenses (FWE)	\$448,391	\$491,881	\$519,031	\$599,183	\$642,485	\$1,059,356
FWE as a % of GFI	58.9%	63.3%	63.0%	62.3%	61.2%	55.1%
Interest & Rent Paid	\$120,019	\$142,652	\$164,705	\$181,635	\$205,130	\$271,643
Interest & Rent Paid as a % of GFI	15.8%	19.1%	18.8%	20.0%	19.1%	13.5%
Net Farm Profit	\$113,985	\$73,245	\$101,331	\$104,613	\$143,081	\$455,233
Net Farm Profit as a % of GFI	16.3%	7.1%	14.7%	9.0%	11.4%	24.0%
Gross Profit Cropping Account	\$505,751	\$591,829	\$648,775	\$748,097	\$756,802	\$1,679,288
Gross Profit Cropping per Ha	\$2,608	\$2,586	\$2,751	\$3,088	\$3,043	\$4,942
Gross Profit Cropping as a % of GFI	65.3%	66.8%	65.3%	69.5%	64.1%	83.8%
Gross Profit Sheep	\$94,991	\$97,753	\$94,726	\$92,659	\$112,404	\$170,435
Ave Sale Value Lambs	\$66.20	\$69.96	\$65.08	\$61.97	\$87.88	\$93.58
Gross Wool Revenue	\$19,103	\$21,159				
Wool Production (kg)	4,722	7,519				
Net Plant Purchases	\$115,866	\$102,921	\$106,710	\$136,769	\$135,808	\$240,013
GFI To Plant Ownership	2.7	2.1	2.0	2.6	2.6	3.5
Weed & Pest per Cropped Area	\$342	\$332	\$355	\$372	\$381	\$452
Fertiliser per Total EGA	\$210	\$211	\$248	\$325	\$383	\$426
Personal Drawings (excl Allowances)	\$52,239	\$52,712	\$55,444	\$59,739	\$57,062	\$79,988
Est Total Farm Capital (TFC)	\$4,519,323	\$5,095,827	\$5,818,778	\$6,387,337	\$6,738,694	\$7,942,222
Est TFC/EGA	\$15,340	\$17,068	\$19,173	\$21,238	\$22,607	\$18,378
Est Interest on TFC	4.0%	3.1%	3.2%	3.2%	3.7%	7.9%
Total Term Debt	\$1,081,665	\$1,221,291	\$1,357,366	\$1,618,086	\$1,715,997	\$2,301,746
Term Debt as % of TFC	23.2%	23.6%	21.3%	23.8%	25.6%	32.7%
Earnings Before Interest, Rent & Tax (EBIT)	\$234,004	\$215,897	\$266,036	\$286,248	\$348,212	\$726,876
EBIT as a % of GFI	32.1%	26.3%	28.9%	29.1%	30.5%	68.6%
EBIT/EGA	\$779	\$667	\$795	\$923	\$1,032	\$1,712
"Misery Index"	75%	82%	82%	82%	80%	69%

## GLOSSARY OF TERMS AND TERMINOLOGY

<b>SU</b>	=	<i>Stock Units (or Ewe Equivalents)</i>
<b>GFI</b>	=	<i>Gross Farm Income</i>
<b>FWE</b>	=	<i>Farm Working Expenses</i>
<b>Personal Drawings (excluding allowances)</b>	=	<i>Personal Drawings but excluding</i> <ul style="list-style-type: none"><li>• <i>Life Assurance</i></li><li>• <i>Personal Insurances</i></li><li>• <i>Superannuation</i></li><li>• <i>Taxation</i></li><li>• <i>Personal Insurance, Electricity &amp; Car Allowances</i></li><li>• <i>School Fees</i></li><li>• <i>Health &amp; Sickness Insurance</i></li><li>• <i>Personal ACC Levies</i></li></ul>
<b>Net Plant Purchases</b>	=	<i>Gross Capital Plant Purchases less Capital Plant Sales/Trade-ins</i>
<b>TFC</b>	=	<i>Estimated Total Farm Capital Employed in the farming operation in the form of Land, Stock &amp; All Plant (+ Dairy Shares where relevant)</i>
<b>EGA</b>	=	<i>Effective Grazing or Milking Area (in hectares)</i>
<b>ACM</b>	=	<i>Average Cows Milked (usually taken at or around early to mid January each year)</i>
<b>MS (kg)</b>	=	<i>Milk Solids (kg)</i>
<b>EBIT</b>	=	<i>Earnings before interest and tax = Gross Farm Income less all expenses except Interest and/or Rent</i>
<b>Net Farm Profit</b>	=	<i>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).</i>
<b>GFI to Plant Ownership</b>	=	<i>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.</i>
<b>Total Term Debt</b>	=	<i>Includes all external debt and family debt. Some family debt may involve a low to nil interest cost.</i>
<b>Interest Earned on Total Farm Employed (TFC)</b>	=	<i>The net farm profit plus added back interest and/or rent paid less a capital 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, an estimate of its value is included in the TFC.</i>
<b>Farm Sector Groups</b>	=	<i>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.</i>
<b>'Misery Index'</b>	=	<i>The sum of the FWE to GFI ratio and the interest and/or rent paid to GFI ratio. Where the sum is above 75% - 80% it almost invariably means trouble because it means more than one key benchmark is being broken at any one point in time.</i>
<b>BG</b>	=	<i>Benchmark Group</i>