

Agribusiness Association of Australia

Characteristics of Australian Farms

In 1999-2000 there were 146,371 establishments undertaking agricultural activity with an estimated value of agricultural operations (EVAO) greater than \$5,000. For the majority of these establishments (144,560) their primary activity was agriculture. While the remainder were undertaking some form of agricultural activity, their main activity was not in agriculture. The majority of agricultural establishments were engaged in either beef cattle farming (35,236), mixed grain/sheep/beef farming (18,232), grain growing (16,463), sheep farming (14,302) or dairy cattle farming (13,820).

ESTABLISHMENTS UNDERTAKING AGRICULTURAL ACTIVITY - At 30 June 2000

	NSW	Vic.	Qld	SA	WA	Tas.	NT	ACT	Aust.
- Plant nurseries	974	395	754	131	163	56	16	6	2,496
- Cut flower and flower seed growing	295	260	206	131	177	59	6	-	1,134
- Vegetable growing	986	1,099	1,455	573	584	602	13	2	5,313
- Grape growing	1,175	2,233	*143	2,406	474	85	3	3	6,522
- Apple and pear growing	233	374	117	118	246	140	-	1	1,229
- Stone fruit growing	465	250	104	252	165	*20	-	-	1,257
- Kiwi fruit growing	1	**	*3	-	**	-	-	-	*20
- Fruit growing n.e.c.	2,001	498	2,267	571	309	57	90	-	5,794
- Grain growing	4,206	3,181	2,112	3,653	3,282	24	3	1	16,463
- Grain-sheep/beef cattle farming	7,205	3,380	1,730	2,757	3,113	46	-	1	18,232
- Sheep-beef cattle farming	4,036	2,471	804	939	618	363	-	22	9,253
- Sheep farming	5,457	4,521	576	1,567	1,438	719	-	24	14,302
- Beef cattle farming	10,806	8,528	11,458	990	2,131	1,088	211	24	35,236
- Dairy cattle farming	1,943	8,133	1,842	770	386	743	1	2	13,820
- Poultry farming (meat)	351	197	145	78	64	10	1	-	845
- Poultry farming (eggs)	131	108	128	47	73	13	5	2	508
- Pig farming	328	193	340	147	111	24	1	-	1,145
- Horse farming	770	452	499	109	126	59	2	4	2,021
- Deer farming	*56	*75	**	*29	**	*16	-	-	196
- Livestock farming n.e.c.	415	*262	*202	*118	107	*54	1	-	1,158
- Sugar cane growing	489	-	4,534	-	*5	-	-	-	5,029
- Cotton growing	490	-	484	-	1	-	-	-	974
- Crop and plant growing n.e.c.	248	369	455	326	61	146	8	1	1,614
Total agriculture	43,063	36,988	30,367	15,712	13,653	4,324	361	93	144,560
Establishments mainly engaged in other industries, but also with some agricultural activity	591	316	331	193	265	106	6	3	1,811
Total establishments undertaking agricultural activity	43,654	37,304	30,698	15,905	13,917	4,430	367	96	146,371

Source: Agricultural Commodities, Australia, 1999-2000 (7121.0).

Financial statistics of farm businesses

FARM BUSINESSES, Selected Financial Aggregates

	1994-95 \$m	1995-96 \$m	1996-97 \$m	1997-98 \$m	1998-99 \$m	1999-2000 \$m
Sales from crops	9,804.2	13,159.6	13,581.2	13,493.1	13,564.3	13,110.9
Sales from livestock	6,279.1	6,339.7	5,964.7	5,922.0	6,373.4	7,300.9
Sales from livestock products	5,596.3	4,975.1	5,403.3	5,556.5	4,986.5	5,143.7
Turnover	23,516.3	26,724.9	27,122.3	27,300.1	27,606.6	28,525.6
Purchases and selected expenses	13,517.0	14,948.6	15,692.3	15,472.4	15,908.7	15,313.7
Value added(a)	9,768.1	11,185.3	10,797.4	12,034.4	12,181.4	14,145.8
Adjusted value added(b)	8,234.3	9,552.5	9,103.2	10,145.0	10,191.0	12,059.8
Gross operating surplus(a)	6,006.0	7,176.6	6,588.3	7,608.1	7,359.1	9,290.1
Interest paid	1,508.9	1,666.7	1,719.9	1,595.1	1,645.3	1,866.3
Cash operating surplus(c)	4,835.7	6,429.3	5,906.3	6,091.7	5,529.1	6,915.8
Net capital expenditure	2,090.8	2,307.9	2,480.7	2,624.7	2,573.1	2,197.1
Gross indebtedness	18,267.7	19,592.7	20,464.2	21,630.8	24,295.4	26,195.4

(a) Includes an estimate for the increase (or decrease) in the value of livestock.

(b) The estimate of value added less the estimates of rates and taxes, insurance payments and other expenses.

(c) Excludes an estimate for the increase (or decrease) in the value of livestock.

Source: Agriculture, Australia (7113.0).

FARM BUSINESSES, Selected Financial Aggregates by State - 1999-2000

	NSW(a) \$m	Vic. \$m	Qld \$m	SA \$m	WA \$m	Tas. \$m	Aust.(b) \$m
Sales from crops	4,041.2	2,149.8	3,270.5	1,432.4	1,960.8	191.7	13,110.9
Sales from livestock	2,171.9	1,131.0	2,449.6	595.0	627.8	180.6	7,300.9
Sales from livestock products	1,441.5	1,975.7	517.0	386.3	619.9	201.7	5,143.7
Turnover	8,460.7	5,929.7	6,899.8	2,765.2	3,557.4	675.1	28,525.6
Purchases and selected expenses	4,577.2	3,113.6	3,709.9	1,407.7	2,027.9	356.5	15,313.7
Value added(c)	4,285.8	2,955.9	3,367.8	1,502.1	1,586.6	348.9	14,145.8
Adjusted value added(d)	3,607.8	2,554.7	2,934.4	1,269.7	1,307.4	302.7	12,059.8
Gross operating surplus(c)	2,820.5	1,901.9	2,211.1	1,019.3	1,063.8	219.0	9,290.1
Interest paid	553.0	336.4	431.1	225.0	274.1	39.3	1,866.3
Cash operating surplus(e)	1,985.1	1,474.0	1,766.5	684.3	783.4	155.7	6,915.8
Net capital expenditure	582.7	396.5	539.9	255.6	353.2	52.0	2,197.1
Gross indebtedness	7,499.7	4,341.8	6,422.9	3,093.2	4,029.0	610.0	26,195.4

(a) Includes the Australian Capital Territory.

(b) Includes the Northern Territory

(c) Includes an estimate for the increase (or decrease) in the value of livestock.

(d) The estimate of value added less the estimates of rates and taxes, insurance payments and other expenses.

(e) Excludes an estimate for the increase (or decrease) in the value of livestock.

Source: Agriculture, Australia, 1999-2000 (7113.0).

Turnover

Turnover is the sum of gross proceeds from the sales of crops, livestock, livestock products and other miscellaneous revenue, and is a good guide to the level of farm business activity. The average turnover per farm business increased by 2% to \$275,000 during 1999-2000 and was due to an increase in total turnover, since the estimated number of farm businesses had increased for the first time in several years (table 16.9).

In 1999-2000, 24,000 or 23% of Australian farm businesses had a turnover of \$300,000 or more, and contributed 66% of the total turnover of all Australian farms. Their average turnover was \$778,000 and the average cash operating surplus (a measure of profitability) was \$138,000. The farm business profit margin (the ratio of cash operating surplus to turnover) for these businesses was 18%.

At the other end of the scale, 19,000 farms (18%) had a turnover of less than \$50,000. These farm businesses contributed only 2% of the total turnover, at an average of \$33,000. These farms had an average cash operating surplus of \$1,000 per farm, which equated to a farm business profit margin of 3%.

In 1999-2000, the overall farm business profit margin was 24%, up from 20% in 1998-99 (graph 16.10).

FARM BUSINESSES, By Size of Turnover

Size of turnover	Number of farm businesses				Total turnover			
	1996-97 '000	1997-98 '000	1998-99 '000	1999-2000 '000	1996-97 \$m	1997-98 \$m	1998-99 \$m	1999-2000 \$m
Less than \$50 000	20.4	22.5	20.0	19.2	618.6	620.9	607.2	625.1
\$50 000 to \$99 999	21.4	20.2	18.7	18.7	1,609.0	1,562.6	1,440.5	1,488.4
\$100 000 to \$149 999	13.8	13.3	15.0	16.1	1,787.3	1,666.2	1,887.2	1,944.4
\$150 000 to \$199 999	12.0	11.6	11.2	11.7	2,170.9	2,064.9	1,993.9	2,138.9
\$200 000 to \$249 999	9.7	6.7	8.0	8.3	2,184.8	1,514.8	1,830.6	1,886.5
\$250 000 to \$299 999	6.0	5.0	5.3	5.5	1,699.8	1,398.2	1,470.9	1,528.5
\$300 000 and over	22.9	25.0	24.2	24.3	17,051.9	18,472.5	18,376.4	18,913.8
Total	106.1	104.3	102.5	103.8	27,122.3	27,300.1	27,606.6	28,525.6

Source: Agriculture, Australia (7113.0).

Gross Indebtedness

Australian farm businesses owed a total of \$26.2b at 30 June 2000 (table 16.11), an 8% increase on 1998-99. The aggregate debt has risen steadily from \$11.5b in 1986-87 when the current series of agricultural finance surveys began. There was, however, a wide range of debt levels among individual farm businesses, with a third of all farm businesses having a debt of less than \$22,000 (with 20% reporting no debt), a third having between \$22,000 and \$200,000 and a third having more than \$200,000. Overall, the median debt per farm business was \$87,000 at 30 June 2000. The total interest bill for Australian farm businesses, at \$1.9b*, was 13%* higher than in 1998-99 (* these figures were revised on **21 March 2002**).

Graph 16.12 shows that the average debt to asset ratio for agricultural businesses has been trending down slowly. Graph 16.13 shows an increase in the average interest coverage of agricultural businesses, from 4.4 times in 1998-99 to 4.7 times in 1999-2000, reflecting the impact of a 25% increase in cash operating surplus and a 13% rise in interest paid.

AUSTRALIAN FARM BUSINESSES, Aggregate and Mean Gross Indebtedness

30 June	Gross indebtedness	
	Aggregate \$m	Mean debt per farm business \$
1995	18,267.7	170,266
1996	19,592.7	180,723
1997	20,464.2	192,815
1998	21,630.8	207,456
1999	24,295.4	237,012
2000	26,195.4	252,327

Source: Agriculture, Australia (7113.0).

Gross value of agricultural commodities produced

The contribution of agriculture to the Australian economy can be measured in a number of ways. The most direct measurement available is the gross value of agricultural production for the year ending 30 June. In 1999-2000, the gross value of agricultural production in current prices was \$30.2b.

Table 16.6 shows the gross value of agricultural commodities produced for the years 1994-95 to 1999-2000. The values shown are the values of recorded production at the wholesale prices realised in the principal market place. Also shown are chain volume indexes of the value of production, which provide an indication of the change in value after the direct effects of price change are eliminated.

Commodity	AGRICULTURAL COMMODITIES PRODUCED, Gross Value and Chain Volume Index(a)					
	1994-95 \$m	1995-96 \$m	1996-97 \$m	1997-98 \$m	1998-99 \$m	1999-2000 \$m
	GROSS VALUE OF COMMODITIES PRODUCED (CURRENT PRICES)					
Crops						
- Barley for grain	622.2	1,276.4	1,308.0	1,032.0	835.5	864.8
- Oats for grain	165.8	289.4	226.6	223.3	156.6	118.4
- Wheat for grain	2,127.2	4,304.7	4,877.9	3,801.5	4,011.0	4,831.2
- Other cereal grains	580.2	733.0	764.9	702.1	810.9	750.4
- Sugar cane cut for crushing	1,207.7	1,168.7	1,186.4	1,247.7	1,044.1	881.9
- Fruit and nuts	1,426.4	1,498.8	1,667.8	1,586.8	1,763.0	1,761.1
- Grapes	511.0	714.4	721.4	998.2	1,200.1	1,118.2
- Vegetables	1,491.6	1,616.1	1,662.3	1,812.3	1,864.4	1,861.9
- All other crops(b)	2,999.6	3,729.0	3,580.5	3,904.3	4,540.7	4,735.1
- Total crops	11,131.7	15,330.5	15,995.8	15,308.2	16,226.3	16,923.0
Livestock slaughterings and other disposals						
- Cattle and calves	4,213.5	3,575.9	3,597.0	4,138.2	4,476.6	5,050.9
- Sheep and lambs	836.8	1,035.7	1,042.6	1,066.2	1,053.5	1,053.9
- Pigs(c)	630.6	597.8	764.8	709.8	689.7	791.7
- Poultry(c)	902.0	948.1	932.0	1,053.6	1,018.5	1,031.0
- Total livestock slaughterings and other disposals(d)	6,618.8	6,192.7	6,376.3	6,991.9	7,255.8	7,946.9
Livestock products						
- Wool	3,319.3	2,559.7	2,621.2	2,753.9	2,141.0	2,149.2
- Milk(e)	2,419.1	2,848.3	2,808.9	2,817.0	2,899.6	2,845.2
- Eggs(e)	230.6	256.9	274.9	347.5	337.1	321.4
- Total livestock products(e)(f)	5,995.0	5,707.3	5,758.7	5,957.8	5,411.8	5,353.7
Total value of agricultural commodities produced(g)	23,754.8	27,242.0	28,130.8	28,258.0	28,893.9	30,223.6

CHAIN VOLUME INDEX OF GROSS VALUE OF COMMODITIES PRODUCED

Crops						
- Barley for grain	57.9	115.7	133.1	127.8	119.0	100.0
- Oats for grain	82.6	167.7	147.9	145.8	160.8	100.0
- Wheat for grain	37.3	68.6	95.3	76.1	89.2	100.0
- Other cereal grains	63.2	81.4	93.0	81.7	103.5	100.0
- Legumes for grain	59.6	102.5	102.8	93.1	100.4	100.0
- Oilseeds	15.8	25.8	33.0	36.4	75.7	100.0
- Sugar cane cut for crushing	85.1	86.2	93.2	98.5	92.6	100.0
- Cotton	51.1	59.0	92.6	100.0	96.7	100.0
- Nursery production	88.8	96.7	81.8	72.2	94.2	100.0
- Fruit and nuts	84.3	84.6	91.1	87.9	86.0	100.0
- Grapes	65.5	92.6	80.1	79.1	97.4	100.0
- Vegetables	80.3	89.0	88.6	91.6	96.3	100.0
- All other crops(b)	68.8	102.0	76.7	86.3	97.5	100.0
- Total crops	56.9	77.8	89.6	84.1	93.6	100.0
Livestock slaughterings and other disposals						
- Cattle and calves	85.3	86.4	92.9	96.8	99.5	100.0
- Sheep and lambs	89.3	87.9	88.3	91.5	92.8	100.0
- Pigs(c)	96.0	97.0	95.2	94.4	99.5	100.0
- Poultry(c)	76.7	80.1	82.8	91.7	95.5	100.0
- Total livestock slaughterings and other disposals(d)	85.7	86.8	90.7	94.9	97.8	100.0
Livestock products						
- Wool	104.6	98.7	104.6	98.4	98.1	100.0
- Milk(e)	75.7	80.4	83.2	87.0	93.8	100.0
- Eggs(e)	97.2	95.6	97.3	98.8	103.9	100.0
- Total livestock products(e)(f)	89.5	89.0	93.1	92.7	96.0	100.0
Total agricultural commodities produced(g)	69.9	82.0	90.6	88.3	95.1	100.0

(a) Chain volume indexes are compiled by linking together (compounding) movements in volumes, calculated using the average prices of the previous financial year, and applying the compounded movements to the current price estimates of the reference year, which for these estimates is 1999-2000.

(b) Includes pastures and grasses. Excludes crops for green feed or silage.

(c) Excludes pigs and poultry in Tasmania and the Northern Territory, prior to 1997-98.

(d) Excludes pigs and poultry in the Northern Territory, prior to 1997-98.

(e) Includes honey and beeswax.

(f) Excludes the Northern Territory prior to 1997-98.

(g) Includes pigs and poultry slaughterings in Tasmania and the Northern Territory, and livestock products in the Northern Territory.

Source: Agriculture, Australia (7113.0); ABS data available upon request, Australian National Accounts.

SELECTED CROPS, Area, Production and Gross Value

Crop	Area(a)			Production			Gross value		
	1997-98 '000 ha.	1998-99 '000 ha.	1999-2000 '000 ha.	1997-98 '000 t	1998-99 '000 t	1999-2000 '000 t	1997-98 \$m	1998-99 \$m	1999-2000 \$m
Cereals for grain									
- Barley	3,521	3,167	2,596	6,482	5,987	5,032	1032	835	865
- Grain sorghum	507	587	622	1,081	1,891	2,116	183	282	260
- Maize	57	64	82	272	338	406	55	60	62
- Oats	937	909	584	1,634	1,798	1,118	223	157	118
- Rice	147	148	131	1,324	1,362	1,084	341	360	289
- Wheat	10,441	11,543	12,168	19,227	21,465	24,757	3,802	4,011	4,831
Lupins for grain	1,425	1,406	1,347	1,561	1,696	1,968	306	242	286
Crops cut for hay									
- Cereal crops for hay	401	425	357	1,567	1,827	1,429	194	196	146
- Non-cereal crops for hay	59	45	47	170	126	159	20	14	25
Other Crops									
- Sugar cane cut for crushing	415	402	428	39,531	38,534	38,165	1,248	1,044	882
- Tobacco	3	3	3	8	7	8	46	40	49
- Cotton lint(b)	381	446	435	564	634	698	1,228	1,353	1,416
- Peanuts (in shell)	19	21	20	32	47	40	22	31	27
- Soybean	32	55	56	54	107	104	22	44	36
- Canola	698	1,247	1,911	855	1,690	2,460	330	643	760
- Sunflower	90	195	162	84	220	170	34	81	64
Orchard fruit									
- Oranges	n.a.	n.a.	n.a.	500	446	510	258	296	276
- Apples	n.a.	n.a.	n.a.	309	334	320	273	321	274
- Pears (excluding Nashi)	n.a.	n.a.	n.a.	153	157	156	108	112	72
- Peaches	n.a.	n.a.	n.a.	65	66	86	53	65	74
Other fruit									
- Bananas	10	11	12	223	225	257	230	266	284
- Pineapples	3	3	3	123	131	139	37	39	44
Grapes	78	95	111	1,112	1,266	1,311	998	1200	1,118
Vegetables									
- Carrots	7	7	7	267	257	283	151	167	154
- Potatoes	43	41	37	1,372	1,327	1,200	493	438	382
- Tomatoes	8	9	8	380	394	414	167	192	190
Total all crops (excluding pastures and grasses)	21,595	23,264	23,769	14,695	15,520	16,316

(a) Area is productive area.

(b) Value of cotton includes value of cotton seed.

Source: Agriculture, Australia (7113.0); ABS data available on request, Agricultural Commodities Survey, Agricultural Census, Value of Agricultural Commodities Produced.