



1996-97

7506.0

AGRICULTURAL INDUSTRIES FINANCIAL STATISTICS

AUSTRALIA
PRELIMINARY

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INQUIRIES

- For information about other statistics and services, please refer to the back cover of this publication.
- For further information about these and related statistics, contact Lee Williams on Hobart (03) 6222 5939.

NOTES

SYMBOLS AND OTHER
USAGES

ABS Australian Bureau of Statistics
AFS Agricultural Finance Survey
p preliminary
SE percentage standard error
* subject to sampling variability too high for most practical purposes
— nil or rounded to zero

W. McLennan
Australian Statistician

SUMMARY OF FINDINGS

TURNOVER

The total estimated farm business turnover in 1996-97 was \$26,112m, a 2.3% decrease on 1995-96. Of the components of turnover, sales of crops continued to be buoyant, mainly due to a record wheat crop. Sales of livestock fell 12.3% to \$5,562m, mainly due to lower beef prices throughout the financial year. Sales of livestock products increased marginally to \$5,245m.

Estimated turnover

| State | 1995-96 | 1996-97 | Change from |
|-------------------|---------|---------|-------------|
| | \$m | \$m | 1995-96 |
| New South Wales | 7 463.9 | 7 190.6 | -3.7 |
| Victoria | 5 187.0 | 5 087.8 | -1.9 |
| Queensland | 5 982.9 | 6 394.8 | 6.9 |
| South Australia | 2 857.6 | 2 603.2 | -8.9 |
| Western Australia | 4 394.3 | 4 085.7 | -7.0 |
| Tasmania | 693.4 | 607.9 | -12.3 |

Turnover in the beef cattle industry fell 17.9% to \$2,502m and by 16.4% to \$1,245m in the sheep-beef cattle industry. Beef prices were substantially lower for the year, following a significant fall in 1995-96. The sugar and cotton industries continued to experience strong returns. Turnover of \$1,315m for sugar was little changed from the previous two years, while the cotton industry recorded a steady increase to \$1,193m.

Average turnover per farm business in 1996-97 was \$246,600, unchanged from the previous year.

In 1996-97, there were 22,800 farm businesses with turnover of more than \$300,000.

- They represented 21.5% of all farm businesses.
- They accounted for 64.4% of turnover.
- They accounted for 62.4% of gross indebtedness.

In 1996-97, an estimated 24.8% of farm businesses had turnover less than \$50,000 and contributed only 2.9% of the total farm business turnover.

CASH OPERATING SURPLUS

Estimated farm business cash operating surplus in 1996-97 was \$5,553m compared to a 1995-96 cash operating surplus of \$6,429m. The beef cattle and fruit industries experienced significant falls. The profit margin (cash operating surplus as a percentage of turnover) in 1996-97 was 21.3%, compared with 24.1% in 1995-96.

Average cash operating surplus per farm business in 1996-97 was \$52,400 compared with \$59,300 in 1995-96.

Farm businesses with turnover of \$300,000 or more accounted for 62.8% of farm business cash operating surplus.

SUMMARY OF FINDINGS *continued*

GROSS INDEBTEDNESS

Gross indebtedness of farm businesses declined in 1996-97. At \$19,075m, it was 2.6% lower than at the end of 1995-96. However, despite this lower debt level, the interest coverage ratio (the number of times the interest bill could be paid out of cash operating surplus before the deduction of interest) deteriorated from 4.9 in 1995-96 to 4.2 in 1996-97. The turnover to debt ratio for 1996-97 was 1:0.73, that is, for each dollar of turnover made there was 73 cents of debt.

Details of main items

| <i>Agriculture all industries</i> | 1996-97p | Change from 1995-96 |
|-----------------------------------|----------|------------------------|
| | \$m | % |
| Sales from crops | 12 971.0 | -1.4 |
| Sales from livestock | 5 562.0 | -12.3 |
| Sales of livestock products | 5 245.2 | 5.4 |
| Cash operating surplus | 5 553.1 | -13.6 |
| Gross indebtedness | 19 074.5 | -2.6 |
| Interest paid | 1 739.0 | 4.3 |

Change of turnover and cash operating surplus

| <i>Industry</i> | CHANGE BETWEEN 1995-96 AND 1996-97..... | |
|-----------------------|--|------------------------------------|
| | <i>Turnover</i> % | <i>Cash operating surplus</i> % |
| Fruit | -11.8 | -30.6 |
| Vegetables | -3.1 | -0.3 |
| Grain | -5.7 | -19.3 |
| Grain-sheep/beef | 5.3 | -16.5 |
| Sheep-beef cattle | -16.4 | 84.6 |
| Sheep | -4.3 | -6.6 |
| Beef cattle | -17.9 | -75.5 |
| Dairy cattle | 5.3 | -0.9 |
| Pigs | 8.5 | 26.7 |
| Sugar | -0.9 | -11.9 |
| Cotton | 8.9 | -15.2 |
| Other agriculture | 17.2 | 40.1 |
| All industries | -2.3 | -13.6 |

| | 1994-95 | 1995-96 | 1996-97 ^p | SE |
|---------------------------------|---------|---------|----------------------|----|
| | \$m | \$m | \$m | % |
| FRUIT (0114-0119) | | | | |
| Sales from crops | 1 519.4 | 1 744.5 | 1 518.9 | 8 |
| Sales from livestock | 37.5 | 30.7 | 19.9 | 38 |
| Sales from livestock products | 13.7 | 11.4 | 20.9 | 48 |
| Turnover | 1 773.6 | 1 949.0 | 1 718.7 | 8 |
| Purchases and selected expenses | 814.4 | 882.9 | 816.5 | 9 |
| Value added(a) | 948.0 | 1 055.9 | 894.9 | 9 |
| Adjusted value added(a) | 835.2 | 960.4 | 786.1 | 10 |
| Gross operating surplus(a) | 488.4 | 610.6 | 431.9 | 13 |
| Interest paid | 87.8 | 88.7 | 85.3 | 16 |
| Cash operating surplus(b) | 435.7 | 549.8 | 381.4 | 14 |
| Gross indebtedness | 1 172.7 | 921.2 | 882.4 | 15 |
| Total net capital expenditure | 88.6 | 152.7 | 150.0 | 24 |

| | | | | |
|---------------------------------|---------|---------|---------|----|
| VEGETABLES (0113) | | | | |
| Sales from crops | 1 266.9 | 1 348.7 | 1 266.2 | 9 |
| Sales from livestock | 62.8 | 73.3 | 112.1 | 18 |
| Sales from livestock products | 61.8 | 59.5 | 19.8 | 30 |
| Turnover | 1 493.3 | 1 589.3 | 1 539.8 | 8 |
| Purchases and selected expenses | 781.5 | 860.4 | 830.5 | 7 |
| Value added(a) | 709.8 | 718.1 | 692.4 | 11 |
| Adjusted value added(a) | 653.0 | 645.3 | 623.7 | 12 |
| Gross operating surplus(a) | 410.9 | 401.9 | 396.6 | 15 |
| Interest paid | 55.0 | 65.3 | 72.8 | 12 |
| Cash operating surplus(b) | 354.1 | 354.6 | 353.7 | 17 |
| Gross indebtedness | 630.2 | 833.9 | 864.2 | 14 |
| Total net capital expenditure | 125.8 | 157.0 | 101.5 | 16 |

| | | | | |
|---------------------------------|---------|---------|---------|----|
| GRAIN (0121) | | | | |
| Sales from crops | 2 119.4 | 4 331.4 | 4 093.4 | 5 |
| Sales from livestock | 284.7 | 467.5 | 388.9 | 11 |
| Sales from livestock products | 217.4 | 236.3 | 200.5 | 11 |
| Turnover | 2 790.0 | 5 332.2 | 5 027.9 | 5 |
| Purchases and selected expenses | 1 607.1 | 2 751.1 | 2 836.1 | 5 |
| Value added(a) | 1 169.4 | 2 634.2 | 2 102.1 | 6 |
| Adjusted value added(a) | 1 003.4 | 2 366.2 | 1 846.1 | 7 |
| Gross operating surplus(a) | 855.0 | 2 154.6 | 1 614.5 | 7 |
| Interest paid | 156.3 | 283.0 | 253.1 | 13 |
| Cash operating surplus(b) | 731.3 | 1 882.1 | 1 518.7 | 8 |
| Gross indebtedness | 2 015.6 | 2 982.7 | 2 962.8 | 9 |
| Total net capital expenditure | 363.6 | 705.5 | 620.5 | 11 |

| | | | | |
|---------------------------------|---------|---------|---------|----|
| GRAIN-SHEEP/BEEF (0122) | | | | |
| Sales from crops | 1 624.8 | 2 301.0 | 2 272.9 | 7 |
| Sales from livestock | 726.3 | 874.8 | 874.0 | 10 |
| Sales from livestock products | 815.8 | 574.2 | 741.4 | 8 |
| Turnover | 3 397.3 | 4 007.8 | 4 218.8 | 5 |
| Purchases and selected expenses | 2 059.3 | 2 227.5 | 2 516.7 | 5 |
| Value added(a) | 1 249.1 | 1 806.1 | 1 530.6 | 7 |
| Adjusted value added(a) | 1 012.1 | 1 572.6 | 1 225.3 | 9 |
| Gross operating surplus(a) | 820.5 | 1 343.3 | 952.9 | 11 |
| Interest paid | 286.7 | 300.3 | 286.0 | 11 |
| Cash operating surplus(b) | 616.5 | 1 052.8 | 878.8 | 9 |
| Gross indebtedness | 3 151.8 | 3 526.8 | 3 165.7 | 11 |
| Total net capital expenditure | 377.2 | 416.6 | 412.8 | 10 |

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

(b) Excludes an estimate for the value of the increase in livestock.

| | 1994-95 | 1995-96 | 1996-97 ^p | SE |
|---------------------------------|---------|---------|----------------------|----|
| | \$m | \$m | \$m | % |
| SHEEP-BEEF CATTLE (0123) | | | | |
| Sales from crops | 126.0 | 111.5 | 53.2 | 29 |
| Sales from livestock | 890.0 | 780.8 | 647.2 | 6 |
| Sales from livestock products | 698.4 | 469.0 | 482.8 | 9 |
| Turnover | 1 857.3 | 1 489.4 | 1 244.8 | 4 |
| Purchases and selected expenses | 1 084.0 | 897.9 | 644.5 | 4 |
| Value added(a) | 665.2 | 598.0 | 501.8 | 11 |
| Adjusted value added(a) | 509.7 | 456.6 | 394.4 | 13 |
| Gross operating surplus(a) | 363.5 | 306.6 | 274.0 | 19 |
| Interest paid | 144.8 | 131.7 | 104.7 | 15 |
| Cash operating surplus(b) | 346.3 | 189.2 | 349.3 | 21 |
| Gross indebtedness | 1 585.1 | 1 336.2 | 1 132.5 | 14 |
| Total net capital expenditure | 102.8 | 66.4 | 71.4 | 16 |
| SHEEP (0124) | | | | |
| Sales from crops | 105.0 | 159.6 | 107.2 | 25 |
| Sales from livestock | 392.0 | 424.4 | 373.1 | 10 |
| Sales from livestock products | 1 060.1 | 776.5 | 839.2 | 7 |
| Turnover | 1 652.1 | 1 498.9 | 1 434.0 | 4 |
| Purchases and selected expenses | 863.6 | 895.6 | 827.3 | 7 |
| Value added(a) | 658.1 | 924.9 | 655.7 | 9 |
| Adjusted value added(a) | 513.8 | 792.3 | 535.9 | 11 |
| Gross operating surplus(a) | 373.0 | 652.0 | 381.7 | 16 |
| Interest paid | 134.3 | 120.7 | 141.5 | 36 |
| Cash operating surplus(b) | 372.1 | 242.6 | 226.7 | 37 |
| Gross indebtedness | 1 417.0 | 1 403.6 | 1 663.4 | 36 |
| Total net capital expenditure | 148.3 | 98.7 | 127.2 | 17 |
| BEEF CATTLE (0125) | | | | |
| Sales from crops | 119.1 | 159.1 | 204.3 | 24 |
| Sales from livestock | 2 617.4 | 2 398.1 | 1 973.6 | 5 |
| Sales from livestock products | 77.5 | 25.8 | 36.2 | 25 |
| Turnover | 3 163.9 | 3 046.7 | 2 502.1 | 5 |
| Purchases and selected expenses | 2 002.6 | 1 898.9 | 1 675.4 | 6 |
| Value added(a) | 954.0 | 265.6 | 262.8 | 36 |
| Adjusted value added(a) | 723.6 | 4.8 | 33.1 | * |
| Gross operating surplus(a) | 473.7 | -248.2 | -186.6 | 45 |
| Interest paid | 221.4 | 249.9 | 331.1 | 8 |
| Cash operating surplus(b) | 503.1 | 450.7 | 110.3 | 64 |
| Gross indebtedness | 3 071.2 | 3 299.4 | 2 874.6 | 11 |
| Total net capital expenditure | 285.3 | 156.4 | 183.1 | 16 |
| DAIRY CATTLE (0130) | | | | |
| Sales from crops | 39.6 | 43.9 | 28.3 | 51 |
| Sales from livestock | 310.7 | 307.5 | 268.3 | 12 |
| Sales from livestock products | 2 285.4 | 2 419.7 | 2 600.0 | 5 |
| Turnover | 2 718.2 | 2 858.5 | 3 010.6 | 5 |
| Purchases and selected expenses | 1 674.6 | 1 705.9 | 1 818.0 | 6 |
| Value added(a) | 1 375.4 | 1 115.5 | 1 167.1 | 7 |
| Adjusted value added(a) | 1 232.0 | 992.9 | 1 025.1 | 8 |
| Gross operating surplus(a) | 1 071.4 | 857.4 | 866.2 | 10 |
| Interest paid | 185.7 | 205.7 | 214.6 | 10 |
| Cash operating surplus(b) | 546.9 | 711.8 | 705.7 | 10 |
| Gross indebtedness | 1 995.9 | 2 061.0 | 2 221.2 | 10 |
| Total net capital expenditure | 227.2 | 193.5 | 351.1 | 18 |

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

(b) Excludes an estimate for the value of the increase in livestock.

| | 1994-95 | 1995-96 | 1996-97 ^p | SE |
|--|---------|---------|----------------------|----|
| | \$m | \$m | \$m | % |
| PIGS (0151) | | | | |
| Sales from crops | 37.0 | 39.3 | 27.8 | 33 |
| Sales from livestock | 558.3 | 583.6 | 637.0 | 8 |
| Sales from livestock products | 25.6 | 12.6 | 13.2 | 12 |
| Turnover | 666.6 | 673.8 | 731.3 | 8 |
| Purchases and selected expenses | 495.3 | 476.7 | 497.1 | 11 |
| Value added(a) | 172.6 | 168.0 | 285.7 | 13 |
| Adjusted value added(a) | 142.9 | 140.4 | 253.9 | 14 |
| Gross operating surplus(a) | 84.9 | 83.7 | 182.6 | 20 |
| Interest paid | 26.7 | 23.4 | 18.5 | 27 |
| Cash operating surplus(b) | 56.4 | 91.6 | 116.1 | 25 |
| Gross indebtedness | 321.4 | 295.6 | 269.9 | 20 |
| Total net capital expenditure | 45.4 | 25.7 | 42.9 | 9 |
| SUGAR (0161) | | | | |
| Sales from crops | 1 246.2 | 1 188.8 | 1 211.8 | 12 |
| Sales from livestock | 12.4 | 15.0 | 20.9 | 95 |
| Sales from livestock products | — | — | — | — |
| Turnover | 1 375.2 | 1 326.9 | 1 314.5 | 12 |
| Purchases and selected expenses | 621.7 | 626.6 | 659.9 | 12 |
| Value added(a) | 754.7 | 697.0 | 633.1 | 13 |
| Adjusted value added(a) | 685.8 | 623.5 | 570.8 | 14 |
| Gross operating surplus(a) | 565.7 | 496.8 | 450.8 | 17 |
| Interest paid | 40.6 | 45.7 | 55.7 | 39 |
| Cash operating surplus(b) | 533.5 | 483.2 | 425.9 | 14 |
| Gross indebtedness | 754.4 | 743.1 | 805.0 | 27 |
| Total net capital expenditure | 140.6 | 154.7 | 145.7 | 27 |
| COTTON (0162) | | | | |
| Sales from crops | 676.9 | 893.1 | 1 033.4 | 9 |
| Sales from livestock | 17.0 | 56.9 | 29.3 | 29 |
| Sales from livestock products | 7.5 | 5.0 | 8.1 | 21 |
| Turnover | 790.1 | 1 095.2 | 1 192.7 | 8 |
| Purchases and selected expenses | 484.0 | 714.7 | 786.0 | 7 |
| Value added(a) | 313.0 | 381.4 | 402.4 | 13 |
| Adjusted value added(a) | 265.8 | 328.1 | 338.8 | 15 |
| Gross operating surplus(a) | 193.0 | 239.9 | 226.9 | 21 |
| Interest paid | 63.1 | 58.8 | 83.6 | 13 |
| Cash operating surplus(b) | 125.5 | 186.4 | 158.1 | 30 |
| Gross indebtedness | 890.4 | 910.1 | 1 208.8 | 14 |
| Total net capital expenditure | 80.4 | 91.0 | 94.9 | 17 |
| OTHER AGRICULTURE(c) (0111-0112, 0141-0142, 0152-0159, 0169) | | | | |
| Sales from crops | 924.0 | 838.9 | 1 153.5 | 17 |
| Sales from livestock | 370.1 | 327.1 | 217.6 | 31 |
| Sales from livestock products | 333.1 | 385.3 | 283.1 | 21 |
| Turnover | 1 838.9 | 1 857.2 | 2 176.9 | 15 |
| Purchases and selected expenses | 1 028.7 | 1 010.4 | 1 170.3 | 16 |
| Value added(a) | 798.9 | 820.6 | 1 008.2 | 14 |
| Adjusted value added(a) | 656.8 | 669.5 | 841.9 | 14 |
| Gross operating surplus(a) | 306.0 | 278.1 | 401.9 | 15 |
| Interest paid | 106.4 | 93.4 | 92.1 | 16 |
| Cash operating surplus(b) | 214.5 | 234.4 | 328.4 | 17 |
| Gross indebtedness | 1 261.8 | 1 279.0 | 1 024.1 | 16 |
| Total net capital expenditure | 105.6 | 89.6 | 108.3 | 15 |

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

(b) Excludes an estimate for the value of the increase in livestock.

(c) See Explanatory Notes, paragraph 4.

| | 1994-95 | 1995-96 | 1996-97 ^p | SE |
|---------------------------------|----------|----------|----------------------|----|
| | \$m | \$m | \$m | % |
| AGRICULTURE ALL INDUSTRIES | | | | |
| Sales from crops | 9 804.2 | 13 159.6 | 12 971.0 | 3 |
| Sales from livestock | 6 279.1 | 6 339.7 | 5 562.0 | 3 |
| Sales from livestock products | 5 596.3 | 4 975.1 | 5 245.2 | 3 |
| Turnover | 23 516.3 | 26 724.9 | 26 112.0 | 2 |
| Purchases and selected expenses | 13 517.0 | 14 948.6 | 15 078.0 | 2 |
| Value added(a) | 9 768.1 | 11 185.3 | 10 136.7 | 3 |
| Adjusted value added(a) | 8 234.3 | 9 552.5 | 8 475.2 | 3 |
| Gross operating surplus(a) | 6 006.0 | 7 176.6 | 5 993.2 | 4 |
| Interest paid | 1 508.9 | 1 666.7 | 1 739.0 | 5 |
| Cash operating surplus(b) | 4 835.7 | 6 429.3 | 5 553.1 | 4 |
| Gross indebtedness | 18 267.7 | 19 592.7 | 19 074.5 | 5 |
| Total net capital expenditure | 2 090.8 | 2 307.9 | 2 409.4 | 5 |

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

(b) Excludes an estimate for the value of the increase in livestock..

3

SELECTED FINANCIAL STATISTICS, Farm Businesses—All States

| Items | 1994-95 | 1995-96 | 1996-97 ^p | SE |
|---------------------------------|----------|----------|----------------------|----|
| | \$m | \$m | \$m | % |
| NEW SOUTH WALES | | | | |
| Sales from crops | 2 102.6 | 3 471.9 | 3 531.7 | 7 |
| Sales from livestock | 2 029.0 | 1 965.5 | 1 663.1 | 8 |
| Sales from livestock products | 1 687.6 | 1 349.8 | 1 352.2 | 7 |
| Turnover | 6 321.3 | 7 463.9 | 7 190.6 | 4 |
| Purchases and selected expenses | 3 834.8 | 4 365.4 | 4 316.8 | 5 |
| Cash operating surplus | 912.0 | 1 413.5 | 1 381.6 | 13 |
| VICTORIA | | | | |
| Sales from crops | 1 307.1 | 1 840.1 | 1 850.9 | 9 |
| Sales from livestock | 1 072.5 | 1 098.4 | 965.7 | 7 |
| Sales from livestock products | 1 885.5 | 1 849.8 | 2 000.5 | 5 |
| Turnover | 4 584.8 | 5 187.0 | 5 087.8 | 4 |
| Purchases and selected expenses | 2 574.2 | 3 012.5 | 2 913.3 | 5 |
| Cash operating surplus | 988.1 | 1 208.2 | 1 211.8 | 8 |
| QUEENSLAND | | | | |
| Sales from crops | 3 028.4 | 3 079.8 | 3 465.3 | 7 |
| Sales from livestock | 1 874.7 | 1 828.7 | 1 621.5 | 4 |
| Sales from livestock products | 555.5 | 486.2 | 544.4 | 13 |
| Turnover | 6 004.9 | 5 982.9 | 6 394.8 | 6 |
| Purchases and selected expenses | 3 406.3 | 3 273.3 | 3 618.6 | 6 |
| Cash operating surplus | 1 351.6 | 1 455.7 | 1 176.2 | 8 |
| SOUTH AUSTRALIA | | | | |
| Sales from crops | 1 206.0 | 1 734.5 | 1 469.5 | 6 |
| Sales from livestock | 501.9 | 557.1 | 480.9 | 7 |
| Sales from livestock products | 454.6 | 373.1 | 486.0 | 13 |
| Turnover | 2 353.8 | 2 857.6 | 2 603.2 | 5 |
| Purchases and selected expenses | 1 279.2 | 1 403.1 | 1 366.0 | 5 |
| Cash operating surplus | 570.7 | 953.2 | 729.7 | 7 |
| WESTERN AUSTRALIA | | | | |
| Sales from crops | 1 937.5 | 2 754.8 | 2 393.2 | 4 |
| Sales from livestock | 574.6 | 618.0 | 598.5 | 6 |
| Sales from livestock products | 806.5 | 708.4 | 699.5 | 7 |
| Turnover | 3 529.9 | 4 394.3 | 4 085.7 | 4 |
| Purchases and selected expenses | 2 033.8 | 2 417.0 | 2 427.5 | 4 |
| Cash operating surplus | 875.7 | 1 276.5 | 951.3 | 7 |
| TASMANIA | | | | |
| Sales from crops | 193.2 | 262.8 | 245.7 | 16 |
| Sales from livestock | 124.8 | 155.3 | 118.7 | 8 |
| Sales from livestock products | 201.0 | 205.3 | 159.4 | 20 |
| Turnover | 570.6 | 693.4 | 607.9 | 9 |
| Purchases and selected expenses | 320.4 | 399.6 | 351.0 | 8 |
| Cash operating surplus | 97.8 | 109.6 | 78.6 | 22 |
| AUSTRALIA | | | | |
| Sales from crops | 9 804.2 | 13 159.6 | 12 971.0 | 3 |
| Sales from livestock | 6 279.1 | 6 339.7 | 5 562.0 | 3 |
| Sales from livestock products | 5 596.3 | 4 975.1 | 5 245.2 | 3 |
| Turnover | 23 516.3 | 26 724.9 | 26 112.0 | 2 |
| Purchases and selected expenses | 13 517.0 | 14 948.6 | 15 078.0 | 2 |
| Cash operating surplus | 4 835.7 | 6 429.3 | 5 553.1 | 4 |

EXPLANATORY NOTES

INTRODUCTION

- 1** The estimates in this publication have been derived from the 1996-97 Agricultural Finance Survey (AFS). It consists of approximately 2,500 farm businesses, selected from all in-scope farm businesses. A farm business is the highest level accounting unit within a business, having regard for industry homogeneity, for which accounts are maintained.
- 2** The results in this publication are early estimates based on a response rate of approximately 60% of these farm businesses.
- 3** The population for the AFS consists of all farm businesses classified to an industry class within Subdivision 01 'Agriculture' of the Australian and New Zealand Standard Industrial Classification with an estimated value of agricultural operations of \$22,500 or more. The financial details collected in the AFS relate to the agricultural and non-agricultural business activities of the selected farm business. Any farm business which was predominantly engaged in non-agricultural activity is excluded.
- 4** Vertical integration, particularly in the meat poultry industry, and a lack of separate accounts at the various stages of production, have led to re-classification of significant units involved in meat poultry from agriculture to manufacturing. For this reason the poultry industry has been combined with 'Other Agriculture'.
- 5** Detailed explanatory notes for the current survey will be included in the publication *Agricultural Industries, Financial Statistics, Australia, 1996-97* (Cat. no. 7507.0) and are compatible with previous editions of that publication.

RELIABILITY OF ESTIMATES

- 6** Since the estimates are based on information obtained from a sample of farm businesses, the estimates are subject to sampling variability; that is, they may differ from the figures that would have been produced if all units had been included in the AFS. One measure of the likely difference is given by the *standard error*, which indicates the extent to which an estimate might have varied by chance because only a sample of farm businesses was included. There are about two chances in three that a sample estimate will differ by less than one standard error from the figure that would have been obtained if all farm businesses had been included, and about 19 chances in 20 that the difference will be less than two standard errors. In this publication the relative standard error is shown as a percentage of the estimate to which it refers. For the published figures, the standard error of change between two years is also approximately equal to the standard error shown.
- 7** Standard error of change between two successive years is 1.3 times the standard error of the estimate (except for the All industries estimate where it is equal to the standard error of the estimate). Standard error of change between estimates two years apart could be as high as 1.8 times the standard error of the estimate (except for the All industries estimate where it could be 1.5 times the standard error of the estimate).
- 8** Some of the standard errors associated with estimates contained in this publication are relatively high. It is important for users to check that the estimates are reliable enough for the particular purpose for which they require the statistics. It is left to the user to exercise the necessary caution in using the estimates in this publication.

EXPLANATORY NOTES *continued*

ACKNOWLEDGMENT

9 ABS publications draw extensively on information provided freely by individuals, businesses, governments and other organisations. Their continued cooperation is very much appreciated: without it, the wide range of statistics published by the ABS would not be available. Information received by the ABS is treated in strict confidence as required by the *Census and Statistics Act 1905*.

RELATED PUBLICATIONS

10 Users may wish to refer to the following publications:

- *Agricultural Industries, Financial Statistics, Australia*, (Cat. no. 7507.0) — issued annually
- *Value of Agricultural Commodities Produced, Australia*, (Cat. no. 7503.0) — issued annually

11 Current publications produced by the ABS are listed in the *Catalogue of Publications and Products* (Cat. no. 1101.0). The ABS also issues, on Tuesdays and Fridays, a *Release Advice* (Cat. no. 1105.0) which lists publications to be released in the next few days. The Catalogue and Release Advice are available from any ABS office.

GLOSSARY

| | |
|--|--|
| Adjusted value added | Is the estimate of the value added less the estimate of rates and taxes, insurance payments and other expenses. |
| Cash operating surplus | Is the estimate of gross operating surplus less an estimate of the value of increase in livestock, less estimates of interest and land rent paid, plus estimates of interest and land rent received. Depreciation and income tax have not been deducted. |
| Gross indebtedness | Refers to the amounts owed to all sources by farm businesses at 30 June 1997. |
| Gross operating surplus | Is the estimate of the adjusted value added less the estimate of wages, salaries and supplements, plus the value of the increase in livestock. |
| Interest paid | Includes interest paid on loans and other amounts owing. |
| Purchases and selected expenses | Refers to cash payments made during the year by agricultural farm businesses for goods and services relating to either agricultural or non-agricultural activity, including livestock purchases. |
| Sales from crops | Includes proceeds from sales of cereal grains and other crops (oilseeds, cotton, sugar cane, tobacco, etc.) and fruit and vegetables. |
| Sales from livestock | Includes proceeds from sales of sheep, cattle, etc. Excluded are proceeds from livestock services and artificial insemination. |
| Sales from livestock products | Includes proceeds from sales of wool, milk, skins, eggs, etc. |
| Total net capital expenditure | Is the sum of net capital expenditure on vehicles, machinery and equipment and on buildings, structures and other developments. |
| Turnover | Includes proceeds received during the year from the sale of crops, livestock, livestock products and other miscellaneous revenue. |
| Value added | Is the estimate of turnover plus an estimate of the value of increase in livestock less the estimate of purchases and selected expenses. |

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For more information . . .

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