

AGRICULTURAL INDUSTRIES

AUSTRALIA
PRELIMINARY

FINANCIAL STATISTICS

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- For further information about these and related statistics, contact Douglas Clow on Hobart 03 6222 5795, or Client Services in any ABS office as shown on the back cover of this publication.

NOTES

ABOUT THIS PUBLICATION

This publication contains preliminary information based on the Agricultural Finance Survey (AFS). The survey, conducted annually since 1986–87, is the most comprehensive source of financial statistics relating to Australian farm businesses.

Final data from this collection will be published in *Agriculture, Australia* (Cat. no. 7113.0).

.....

ABBREVIATIONS

\$b	billion (thousand million) dollars
\$m	million dollars
*	data subject to sampling variability between 25% and 50%
**	data subject to sampling variability greater than 50%
ABS	Australian Bureau of Statistics
AFS	Agricultural Finance Survey
ANZSIC	Australian and New Zealand Standard Industrial Classification
COS	cash operating surplus
EVAO	estimated value of agricultural operations
GDP	gross domestic product
IGP	industry gross product
IVA	industry value added
p	preliminary
RSE	relative standard error
SE	standard error

W. McLennan
Australian Statistician

SUMMARY OF FINDINGS

TURNOVER

The 1998–99 preliminary estimate of farm business turnover was \$26.6b. Decreases in turnover in the grain-sheep/beef, sheep and poultry for eggs industries (largely as a result of falls in the sales of livestock products by 11% to \$4.9b) were offset by small increases in other industries, with the result that the 1998–99 turnover figure remained little changed from the previous year. Sales from crops and sales from livestock remained steady at \$13.2b and \$6.1b respectively.

Turnover in Western Australia fell by 13% to \$3.9b mainly due to a 17% decrease in crop sales, notably wheat. This is reflected in the Australian grain industry turnover, which fell 10% to \$4.6b.

In 1998–99 an estimated 21% of farm businesses reported a turnover of \$300,000 or more. They accounted for 65% of national turnover and 61% of gross indebtedness.

In 1998–99 an estimated 21% of farm businesses reported turnover of less than \$50,000 and contributed 3% of the national turnover.

ESTIMATED TURNOVER

	1997–98	1998–99 ^p	<i>Change from 1997–98</i>
<i>State</i>	\$m	\$m	%
New South Wales(a)	7 559.3	7 334.3	–3.0
Victoria	5 126.2	5 383.9	5.0
Queensland	6 389.5	6 305.3	–1.3
South Australia	2 881.9	2 830.6	–1.8
Western Australia	4 436.2	3 850.4	–13.2
Tasmania	726.3	658.3	–9.4

(a) See Explanatory Notes, paragraph 2.

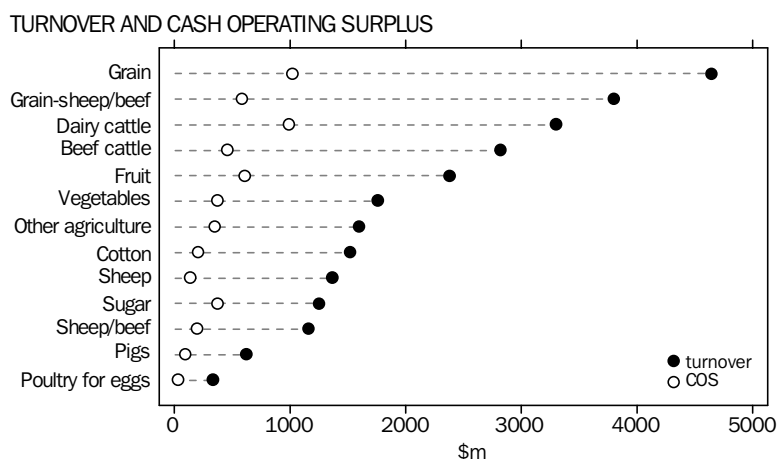
CASH OPERATING SURPLUS

The estimated farm business cash operating surplus (COS) in 1998–99 declined 10% to \$5.5b. Significant decreases were reported in the grain, grain-sheep/beef, cotton and sheep industries whilst increases were reported in the dairy cattle, beef cattle and vegetable industries.

The profit margin (COS as a percentage of turnover) was 20.6%, which is slightly less than the 1997–98 profit margin of 22.3%.

Farm businesses with an estimated turnover of \$300,000 or more accounted for 68% of farm business COS.

SUMMARY OF FINDINGS *continued*



GROSS INDEBTEDNESS

In 1998–99 the estimate of gross indebtedness of farm businesses of \$22.2b showed little change from the previous year. The interest paid estimate of \$1.5b was also little changed from the 1997–98 figure.

The interest coverage ratio (the number of times the interest bill could be paid out of COS before the deduction of interest) was 4.6 in 1998–99 compared with 4.8 the previous year. The turnover to debt ratio for 1998–99 was 1:0.83, that is, for each dollar of turnover made there was 83 cents of debt.

DETAILS OF MAIN ITEMS

	1997–98	1998–99 ^p	Change from 1997–98
<i>Agriculture all industries</i>	\$m	\$m	%
Sales from crops	13 493.1	13 161.6	-2.5
Sales from livestock	5 922.0	6 069.3	2.5
Sales of livestock products	5 556.5	4 922.4	-11.4
Interest paid	1 595.1	1 501.7	-5.9
Cash operating surplus	6 091.7	5 468.4	-10.2
Gross indebtedness	21 630.8	22 193.2	2.6

SELECTED FINANCIAL STATISTICS, Farm Businesses—By Industry

	1996-97	1997-98	1998-99 ^p
	\$m	\$m	\$m
FRUIT (0114-0119)			
Sales from crops	1 839.8	1 942.9	2 079.9
Sales from livestock	28.2	29.4	*46.3
Sales from livestock products	15.6	7.8	**1.9
Turnover	2 015.6	2 144.6	2 386.3
Purchases and selected expenses	996.6	952.3	1 038.3
Value added(a)	1 013.9	1 190.6	1 344.3
Industry value added(a)(b)	931.3	1 083.3	1 325.4
Gross operating surplus	509.5	606.2	690.1
Interest paid	91.4	108.1	110.0
Cash operating surplus(c)	444.4	518.0	610.2
Total net capital expenditure	159.4	194.1	287.5
Gross indebtedness	1 037.4	1 371.7	1 971.2
VEGETABLES (0113)			
Sales from crops	1 346.1	1 317.2	1 485.7
Sales from livestock	102.4	118.2	87.0
Sales from livestock products	21.8	46.0	*22.5
Turnover	1 610.8	1 613.4	1 762.9
Purchases and selected expenses	907.3	930.3	951.1
Value added(a)	690.9	681.6	809.5
Industry value added(a)(b)	639.6	586.2	713.5
Gross operating surplus	381.7	302.0	401.1
Interest paid	70.9	68.5	46.6
Cash operating surplus(c)	338.2	242.3	376.8
Total net capital expenditure	121.0	108.4	123.7
Gross indebtedness	903.8	854.0	670.5
GRAIN (0121)			
Sales from crops	4 555.1	4 174.0	3 554.6
Sales from livestock	536.7	413.8	497.9
Sales from livestock products	267.8	204.8	212.3
Turnover	5 768.3	5 171.5	4 642.2
Purchases and selected expenses	3 222.1	2 837.7	2 814.7
Value added(a)	2 442.9	2 279.9	1 870.0
Industry value added(a)(b)	2 196.5	2 024.9	1 665.1
Gross operating surplus	1 890.8	1 748.6	1 315.4
Interest paid	347.7	269.2	245.9
Cash operating surplus(c)	1 727.4	1 574.1	1 023.4
Total net capital expenditure	634.2	666.4	687.2
Gross indebtedness	4 062.0	3 667.6	3 938.4

^p preliminary.

* data subject to sampling variability between 25% and 50%.

** data subject to sampling variability greater than 50%.

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

(b) See Explanatory Notes, para 8.

(c) Excludes an estimate for the change in the value of livestock.

SELECTED FINANCIAL STATISTICS, Farm Businesses—By Industry *continued*

	1996-97	1997-98	1998-99 ^p
	\$m	\$m	\$m
.....			
GRAIN-SHEEP-BEEF (0122)			
Sales from crops	2 162.6	2 241.3	1 998.1
Sales from livestock	1 076.4	947.1	879.9
Sales from livestock products	726.0	789.4	612.0
Turnover	4 276.9	4 390	3 803.3
Purchases and selected expenses	2 624.7	2 607.2	2 350.8
Value added(a)	1 546.9	1 689.7	1 542.1
Industry value added(a)(b)	1 280.1	1 375.5	1 330.9
Gross operating surplus	986.5	1 072.4	916.6
Interest paid	274.3	281.7	271.4
Cash operating surplus(c)	860.9	923.3	586.6
Total net capital expenditure	461.3	481.2	360.0
Gross indebtedness	2 974.8	3 518.8	3 612.3
.....			
SHEEP-BEEF CATTLE (0123)			
Sales from crops	32.1	24.6	**102.5
Sales from livestock	607.2	633.4	662.7
Sales from livestock products	369.7	393.4	288.5
Turnover	1 075.3	1 135.9	1 159.5
Purchases and selected expenses	623.6	663.7	658.5
Value added(a)	429.8	400.7	646.4
Industry value added(a)(b)	365.2	317.8	559.8
Gross operating surplus	209.0	179.9	398.0
Interest paid	98.9	83.7	78.7
Cash operating surplus(c)	187.9	188.7	197.9
Total net capital expenditure	49.9	88.6	83.7
Gross indebtedness	1 122.4	1 217.8	1 080.0
.....			
SHEEP (0124)			
Sales from crops	138.7	113.3	*209.5
Sales from livestock	398.4	432.3	416.4
Sales from livestock products	881.7	879.5	644.5
Turnover	1 577.4	1 563.8	1 374.5
Purchases and selected expenses	855.7	898.4	839.1
Value added(a)	785.3	532.7	612.0
Industry value added(a)(b)	690.9	423.5	509.0
Gross operating surplus	488.8	244.5	328.4
Interest paid	129.7	111.9	126.7
Cash operating surplus(c)	330.1	291.7	*144.8
Total net capital expenditure	108.3	119.0	66.4
Gross indebtedness	1 555.1	1 535.4	1 711.8

p preliminary.
 * data subject to sampling variability between 25% and 50%.
 ** data subject to sampling variability greater than 50%.
 (a) Includes an estimate for the change in the value of livestock.
 (b) See Explanatory Notes, para 8.
 (c) Excludes an estimate for the change in the value of livestock.

SELECTED FINANCIAL STATISTICS, Farm Businesses—By Industry *continued*

	1996-97	1997-98	1998-99 ^p
	\$m	\$m	\$m
BEEF CATTLE (0125)			
Sales from crops	192.6	81.6	74.1
Sales from livestock	2 068.1	2 191.2	2 388.5
Sales from livestock products	29.9	19.1	21.2
Turnover	2 570.1	2 573.4	2 821.7
Purchases and selected expenses	1 676.3	1 664.0	1 766.9
Value added(a)	518.6	1 548.2	1 474.4
Industry value added(a)(b)	330.3	1 339.3	1 247.4
Gross operating surplus	72.2	1 095.0	1 027.4
Interest paid	240.1	214.5	195.0
Cash operating surplus(c)	278.8	289.4	*465.9
Total net capital expenditure	162.1	219.4	235.3
Gross indebtedness	3 053.6	3 164.0	2 715.3

DAIRY CATTLE (0130)			
Sales from crops	62.1	58.7	**92.9
Sales from livestock	243.3	294.0	269.7
Sales from livestock products	2 675.7	2 647.0	2 778.7
Turnover	3 069.5	3 136.8	3 305.2
Purchases and selected expenses	1 877.9	1 856.4	1 855.9
Value added(a)	1 076.1	1 228.3	1 502.6
Industry value added(a)(b)	970.8	1 109.9	1 392.0
Gross operating surplus	735.1	905.2	1 215.5
Interest paid	223.9	213.7	201.7
Cash operating surplus(c)	669.9	793.0	993.6
Total net capital expenditure	383.2	235.9	207.7
Gross indebtedness	2 446.1	2 537.2	2 452.6

POULTRY FOR EGGS (0142) (d)			
Sales from crops	np	8.2	11.4
Sales from livestock	np	45.0	51.8
Sales from livestock products	np	395.8	257.8
Turnover	np	476.8	338.1
Purchases and selected expenses	np	331.0	237.1
Value added(a)	np	145.0	110.7
Industry value added(a)(b)	np	130.2	*57.4
Gross operating surplus	np	71.0	*55.5
Interest paid	np	12.8	11.2
Cash operating surplus(c)	np	60.6	*35.6
Total net capital expenditure	np	20.3	9.9
Gross indebtedness	np	199.0	185.7

np not available for publication but included in totals where applicable, unless otherwise indicated.

p preliminary.

* data subject to sampling variability between 25% and 50%.

** data subject to sampling variability greater than 50%.

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

(b) See Explanatory Notes, para 8.

(c) Excludes an estimate for the change in the value of livestock.

(d) See Explanatory Notes, para 4.

SELECTED FINANCIAL STATISTICS, Farm Businesses—By Industry *continued*

	1996-97	1997-98	1998-99 ^p
	\$m	\$m	\$m
PIGS (0151)			
Sales from crops	26.5	33.3	*28.4
Sales from livestock	628.2	549.4	553.8
Sales from livestock products	15.4	6.5	*9.5
Turnover	706.8	624.0	623.6
Purchases and selected expenses	474.8	464.3	414.6
Value added(a)	271.9	144.9	204.5
Industry value added(a)(b)	250.0	119.5	174.1
Gross operating surplus	174.1	45.6	115.1
Interest paid	15.3	20.3	21.4
Cash operating surplus(c)	123.0	42.5	99.4
Total net capital expenditure	46.6	35.4	21.5
Gross indebtedness	246.3	284.3	245.0

SUGAR (0161)			
Sales from crops	1 150.4	1 124.4	1 096.6
Sales from livestock	16.6	17.3	**15.2
Sales from livestock products	—	—	—
Turnover	1 264.9	1 262.2	1 255.9
Purchases and selected expenses	636.6	603.7	641.1
Value added(a)	620.0	672.2	608.8
Industry value added(a)(b)	590.5	612.4	551.5
Gross operating surplus	419.6	484.0	406.8
Interest paid	60.3	48.4	56.4
Cash operating surplus(c)	381.4	430.4	375.7
Total net capital expenditure	127.6	129.6	*107.7
Gross indebtedness	877.2	824.1	1 275.3

— nil or rounded to zero (including null cells).

p preliminary.

* data subject to sampling variability between 25% and 50%.

** data subject to sampling variability greater than 50%.

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

(b) See Explanatory Notes, para 8.

(c) Excludes an estimate for the change in the value of livestock.

SELECTED FINANCIAL STATISTICS, Farm Businesses—By Industry *continued*

	1996-97	1997-98	1998-99 ^p
	\$m	\$m	\$m
COTTON (0162)			
Sales from crops	1 293.5	1 481.3	1 351.9
Sales from livestock	59.6	76.7	72.3
Sales from livestock products	14.1	19.2	5.6
Turnover	1 466.0	1 658.7	1 518.9
Purchases and selected expenses	927.4	944.0	1 011.0
Value added(a)	527.4	701.6	517.8
Industry value added(a)(b)	463.5	634.1	472.9
Gross operating surplus	315.1	485.2	282.3
Interest paid	103.0	90.0	82.1
Cash operating surplus(c)	232.2	423.6	206.1
Total net capital expenditure	132.7	179.3	158.8
Gross indebtedness	1 405.1	1 455.0	1 525.4

OTHER AGRICULTURE (0111-0112,0141, 0152-0159,0169) (d)			
Sales from crops	781.8	892.4	1 076.1
Sales from livestock	199.8	174.2	127.9
Sales from livestock products	385.6	147.9	*67.8
Turnover	1 720.8	1 549.0	1 597.5
Purchases and selected expenses	869.3	719.3	720.6
Value added(a)	873.6	819.1	880.1
Industry value added(a)(b)	772.5	677.2	815.0
Gross operating surplus	405.7	368.5	401.6
Interest paid	64.2	72.1	54.4
Cash operating surplus(c)	332.0	314.1	352.4
Total net capital expenditure	94.3	147.1	**62.3
Gross indebtedness	780.2	1 001.9	809.6

AGRICULTURE ALL INDUSTRIES			
Sales from crops	13 581.2	13 493.1	13 161.6
Sales from livestock	5 964.7	5 922.0	6 069.3
Sales from livestock products	5 403.3	5 556.5	4 922.4
Turnover	27 122.3	27 300.1	26 589.8
Purchases and selected expenses	15 692.3	15 472.4	15 299.6
Value added(a)	10 797.4	12 034.4	12 123.1
Industry value added(a)(b)	9 481.1	10 433.7	10 813.9
Gross operating surplus	6 588.3	7 608.1	7 553.9
Interest paid	1 719.9	1 595.1	1 501.7
Cash operating surplus(c)	5 906.3	6 091.7	5 468.4
Total net capital expenditure	2 480.7	2 624.7	2 411.4
Gross indebtedness	20 464.2	21 630.8	22 193.2

p preliminary.
 * data subject to sampling variability between 25% and 50%.
 ** data subject to sampling variability greater than 50%.
 (a) Includes an estimate for the change in the value of livestock.
 (b) See Explanatory Notes, para 8.
 (c) Excludes an estimate for the change in the value of livestock.
 (d) See Explanatory Notes, para 4.

FARM BUSINESSES, By Size of Turnover—All Industries

Size of turnover 1996-97 1997-98 1998-99p

NUMBER OF FARM BUSINESSES (no.)

Less than \$50,000	20 352	22 463	21 712
\$50,000-\$99,999	21 366	20 232	19 296
\$100,000-\$149,999	13 822	13 254	14 183
\$150,000-\$199,999	11 975	11 550	11 742
\$200,000-\$249,999	9 701	6 695	7 994
\$250,000-\$299,999	6 046	5 031	5 340
\$300,000-\$499,999	10 951	r13 399	10 985
\$500,000-\$999,999	8 344	8 192	7 574
\$1,000,000-\$1,999,999	2 777	2 533	2 429
2 million and over	799	917	728
All ranges	106 134	104 267	101 983

TOTAL TURNOVER (\$m)

Less than \$50,000	618.6	620.9	684.7
\$50,000-\$99,999	1 609.0	1 562.6	1 514.9
\$100,000-\$149,999	1 787.3	1 666.2	1 807.6
\$150,000-\$199,999	2 170.9	2 064.9	2 064.3
\$200,000-\$249,999	2 184.8	1 514.8	1 858.5
\$250,000-\$299,999	1 699.8	1 398.2	1 507.2
\$300,000-\$499,999	4 197.2	5 077.0	4 371.6
\$500,000-\$999,999	5 556.9	5 638.4	5 276.3
\$1,000,000-\$1,999,999	3 412.5	3 269.8	3 316.8
2 million and over	3 885.3	4 487.2	4 187.8
All ranges	27 122.3	27 300.1	26 589.8

TOTAL CASH OPERATING SURPLUS (\$m)

Less than \$50,000	-10.3	-51.8	** -82.3
\$50,000-\$99,999	320.0	343.3	264.6
\$100,000-\$149,999	391.9	411.3	*255.3
\$150,000-\$199,999	532.6	458.2	513.2
\$200,000-\$249,999	591.8	350.4	451.0
\$250,000-\$299,999	422.0	448.9	327.5
\$300,000-\$499,999	999.7	1 291.2	1 005.0
\$500,000-\$999,999	1 294.0	1 309.5	1 272.5
\$1,000,000-\$1,999,999	736.1	697.3	725.4
2 million and over	628.5	833.5	736.2
All ranges	5 906.3	6 091.7	5 468.4

TOTAL GROSS INDEBTEDNESS (\$m)

Less than \$50,000	858.5	860.9	781.7
\$50,000-\$99,999	1 239.8	1 366.5	1 727.5
\$100,000-\$149,999	1 483.0	1 277.1	1 726.6
\$150,000-\$199,999	1 759.7	1 581.8	1 569.6
\$200,000-\$249,999	1 522.6	1 340.8	1 589.0
\$250,000-\$299,999	1 187.2	1 135.1	1 311.2
\$300,000-\$499,999	3 062.4	3 925.3	3 865.7
\$500,000-\$999,999	4 296.0	4 858.6	4 260.0
\$1,000,000-\$1,999,999	2 496.8	2 178.7	2 711.0
2 million and over	2 558.2	3 106.1	2 650.8
All ranges	20 464.2	21 630.8	22 193.2

p preliminary.

r revised.

* data subject to sampling variability between 25% and 50%.

** data subject to sampling variability greater than 50%.

SELECTED FINANCIAL STATISTICS, Farm Businesses—All States

	1996-97	1997-98	1998-99 ^p
	\$m	\$m	\$m
NEW SOUTH WALES (a)			
Sales from crops	3 826.6	3 681.5	3 614.0
Sales from livestock	1 846.9	1 660.6	1 844.9
Sales from livestock products	1 463.4	1 629.9	1 274.2
Turnover	7 711.6	7 559.3	7 334.3
Purchases and selected expenses	4 574.4	4 319.0	4 363.6
Cash operating surplus(b)	1 575.1	1 648.6	1 278.9
VICTORIA			
Sales from crops	1 887.9	1 800.2	1 857.9
Sales from livestock	994.4	936.3	969.0
Sales from livestock products	2 058.0	2 010.6	2 003.4
Turnover	5 245.9	5 126.2	5 383.9
Purchases and selected expenses	3 046.5	2 918.4	3 061.5
Cash operating surplus(b)	1 159.8	1 159.4	1 137.4
QUEENSLAND			
Sales from crops	3 587.4	3 463.1	3 351.6
Sales from livestock	1 732.1	1 823.6	1 868.7
Sales from livestock products	507.1	567.0	530.3
Turnover	6 456.6	6 389.5	6 305.3
Purchases and selected expenses	3 644.6	3 544.8	3 571.2
Cash operating surplus(b)	1 350.6	1 399.1	1 307.7
SOUTH AUSTRALIA			
Sales from crops	1 615.0	1 655.7	1 854.9
Sales from livestock	483.8	562.1	450.4
Sales from livestock products	467.8	440.1	350.5
Turnover	2 724.2	2 881.9	2 830.6
Purchases and selected expenses	1 460.2	1 543.3	1 515.3
Cash operating surplus(b)	735.5	720.2	725.4
WESTERN AUSTRALIA			
Sales from crops	2 365.2	2 649.8	2 200.8
Sales from livestock	609.5	642.2	662.9
Sales from livestock products	731.7	698.2	581.3
Turnover	4 084.7	4 436.2	3 850.4
Purchases and selected expenses	2 441.4	2 617.2	2 305.8
Cash operating surplus(b)	954.2	1 049.3	820.4
TASMANIA			
Sales from crops	290.4	231.8	244.9
Sales from livestock	139.2	148.3	150.0
Sales from livestock products	172.2	207.9	181.1
Turnover	701.8	726.3	658.3
Purchases and selected expenses	397.6	409.7	356.1
Cash operating surplus(b)	113.7	108.5	164.5
AUSTRALIA (a)			
Sales from crops	13 581.2	13 493.1	13 161.6
Sales from livestock	5 964.7	5 922.0	6 069.3
Sales from livestock products	5 403.3	5 556.5	4 922.4
Turnover	27 122.3	27 300.1	26 589.8
Purchases and selected expenses	15 692.3	15 472.4	15 299.6
Cash operating surplus(b)	5 906.3	6 091.7	5 468.4

^p preliminary.

(a) See Explanatory Notes, para 2.

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

EXPLANATORY NOTES

INTRODUCTION

1 The estimates in this publication have been derived from the 1998–99 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 69% of these farm businesses. Selections were made for each State and Territory and a special selection was made to cover multi-State farm businesses. In the tables, estimates for the Northern Territory are included in Australian totals. Estimates for the Australian Capital Territory are included with New South Wales. For further details on this issue, contact Douglas Clow on Hobart 03 6222 5795.

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 (ANZSIC), with an Estimated Value of Agricultural Operations (EVAO) 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 reclassification of significant units involved in meat poultry from agriculture to manufacturing. For this reason, the meat poultry industry has been combined with 'Other Agriculture'. In 1995–96 and 1996–97, both poultry for meat and poultry for eggs were included in 'Other Agriculture'. In 1997–98 and 1998–99 poultry for eggs has been classified separately.

SAMPLE ERROR

5 The estimates in this publication are based on information obtained from a sample drawn from the total farm population in scope of the collections, and are subject to sampling variability; that is, they may differ from the figures that would have been produced if all farms or farm businesses had been included in the AFS. One measure of the likely difference is given by the standard error (SE), which indicates the extent to which an estimate might have varied by chance because only a sample was taken. There are about two chances in three that a sample estimate will differ by less than one SE from the figure that would have been obtained if all farms or farm businesses had been included, and about nineteen chances in twenty that the difference will be less than two SEs.

6 In this publication, sampling variability of the estimates is measured by the relative standard error (RSE) which is obtained by expressing the SE as a percentage of the estimate to which it refers. Most published estimates have RSEs less than 5%. For some estimates, RSEs are greater than 25%. If an estimate is identified by a single asterisk (e.g. *2) the RSE lies between 25% and 50%. If an estimate is identified by a double asterisk (e.g. **1) the RSE is above 50%. Separate indication of the RSEs of all estimates is available on request.

7 Some of the percentage SEs 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*

CHANGES TO DEFINITIONS

8 Commencing with estimates for 1997–98, under new international standards, contribution to gross domestic product (GDP) by agricultural industries will be measured by the item 'Industry Value Added' (IVA). Previously the corresponding contribution to GDP was measured by the item 'Industry Gross Product (IGP)'. It should be noted that IVA is not the same item as 'value added'. The relationship between IVA estimates and IGP estimates is: IVA equals IGP plus selected indirect taxes (for agricultural industries, the main types are fringe benefit tax, payroll tax, land rates and land taxes). Some further conceptual differences exist between IGP and IVA (particularly in relation to income from and expenditure on royalties for intellectual property and computer software not capitalised by the business). However, taking these items into account would have virtually no effect on the estimates of IVA in this publication and no attempt has been made to measure them for agricultural industries.

GENERAL 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 publication, *Agriculture, Australia* (Cat. no. 7113.0).

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

Cash operating surplus (COS)	Estimate of the gross operating surplus less an estimate of the change in the value of livestock, less estimates of interest, plus estimates of interest and land rent received. Depreciation and income tax have not been deducted
Estimated value of agricultural operations (EVAO)	Three-year average weighted prices are applied to livestock turnoff and livestock numbers on the farm, and to area and production data for crops. The resultant aggregation of these commodity values is the EVAO. It is not an indicator of the value of receipts of individual farms but rather an indicator of the extent of agricultural activity.
Gross domestic product (GDP)	The total market value of goods and services produced in Australia after deducting the costs of goods and services used up (intermediate consumption) in the process of production, but deducting allowances for the consumption of fixed capital (depreciation).
Gross indebtedness	Refers to the amounts owed to all sources by farm businesses at 30 June 1999.
Gross operating surplus	Estimate of value added less the estimate of rates, taxes and other expenses, less the estimate of wages, salaries and supplements.
Industry value added	Represents the value added by an industry to the intermediate inputs used by the industry. From 1997–98, IVA has replaced Industry Gross Product (IGP) as the measure of industry contribution to GDP.
Interest paid	Includes interest paid on loans by banks, pastoral finance companies, insurance companies and government agencies, interest paid on loans under hire-purchase and other instalment credit and interest paid on 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. As with turnover, expenditure need not necessarily relate to agricultural production for a particular year but rather to payments made during the year. Livestock purchases have been included under purchases and selected expenses, rather than capital expenditure.
Sales from crops	Includes proceeds from sales of cereal grains and other crops (oilseeds, cotton, sugar cane, tobacco, etc.) and fruit and vegetables. Included also are premiums and amounts received from pools.
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	Sum of net capital expenditure on vehicles, machinery and equipment and on buildings, structures and other developments.
Turnover	Includes all proceeds received during the year from the sale of crops, livestock, livestock products and other miscellaneous revenue. Proceeds are the gross receipts obtained by farm businesses prior to deductions by agents or marketing boards. They are those receipts obtained during the financial year and do not necessarily relate to the production of that year. For example, receipts from wheat could include the first advance payment on the current season's crop and pool payments received during the year for previous crops.
Value added	Estimate of turnover plus an estimate of the value of increase in livestock less the estimate of purchases and selected expenses. Value added is a measure of an industry's contribution to total economic activity.

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