



1999–2000

7506.0

AGRICULTURAL INDUSTRIES

AUSTRALIA
PRELIMINARY

FINANCIAL STATISTICS

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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).



CHANGES IN THIS ISSUE

This issue contains preliminary estimates of employment in the agricultural industry in Table 4.

There will be no issue of this publication in 2002, as collection of the AFS has been suspended for 2001.



ABBREVIATIONS

\$m	million dollars
*	relative standard error of 25% to 50%
**	relative standard error over 50%, estimate not published
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
n.y.a.	not yet available
p	preliminary
RSE	relative standard error
SE	standard error

Dennis Trewin
Australian Statistician

SUMMARY OF FINDINGS

TURNOVER

The preliminary estimate of farm business turnover in 1999–2000 was \$28.5 billion, a 3% increase on the 1998–99 value of \$27.6 billion. Increases in the value of sales of livestock, up by 11% to \$7.1 billion, and the value of sales of livestock products, up by 3% to \$5.2 billion, were partially offset by a slight decrease in the value of sales from crops, down by 4% to \$13.1 billion. At the State level, turnover increased in New South Wales, Victoria and Queensland and remained steady in South Australia and Tasmania.

Western Australia was the only State to report a significant decrease in turnover which was primarily a result of a fall in the estimate of sales of crops. This is partially the result of changed payment procedures for some grain crops, where early payments from some grain marketing authorities are now regarded as loans rather than payments. It has not yet been possible to quantify the effect of these changed payment procedures on Western Australian turnover figures.

Turnover increased for the sheep-beef, pig, cotton and other agriculture industries. The sugar industry was the only industry to experience a significant fall in turnover which occurred as a result of falling sugar prices. The preliminary estimates of the remaining industries showed no significant changes.

In 1999–2000 an estimated 12% of farm businesses reported a turnover of \$500,000 or more. These businesses accounted for 51% of national turnover. At the other end of the scale an estimated 18% of farm businesses reported turnover of less than \$50,000. These accounted for 2% of national turnover.

ESTIMATED TURNOVER

State	1998–99	1999–2000p	Change from 1998–99
	\$m	\$m	%
New South Wales(a)	7 538.8	8 671.0	15.0
Victoria	5 463.2	5 715.0	4.6
Queensland	6 634.7	6 828.2	2.9
South Australia	2 938.9	2 894.4	–1.5
Western Australia	4 182.7	3 459.8	–17.3
Tasmania	676.4	682.5	0.9

(a) See Explanatory Notes, paragraph 2.

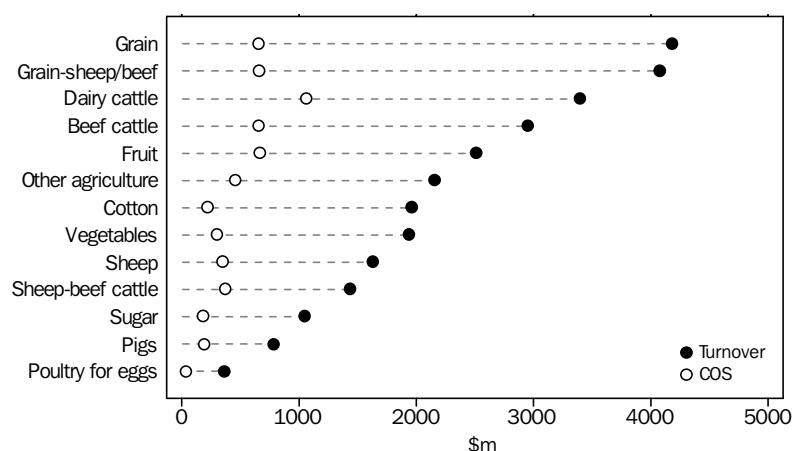
CASH OPERATING SURPLUS

The preliminary estimate of farm business cash operating surplus (COS) in 1999–2000 increased by 6% to \$5.8 billion. The profit margin in 1999–2000 (that is, COS as a percentage of turnover) was 20%, the same as in 1998–99. The sheep, sheep-beef, dairy cattle, poultry for eggs, pig and other agriculture industries all reported significant increases in COS while the sugar industry reported a significant decrease. The remaining industries showed little or no real change in COS.

Farm businesses with an estimated turnover of \$500,000 or more accounted for 50% of COS while those with an estimated turnover of less than \$50,000 accounted for less than 1% of COS.

SUMMARY OF FINDINGS *continued*

TURNOVER AND CASH OPERATING SURPLUS



GROSS INDEBTEDNESS

The preliminary estimate of gross indebtedness of farm businesses in 1999–2000 was \$24.6 billion and showed little change from the previous year. Likewise, the estimate of interest paid (\$1.7 billion) was little changed from the 1998–99 figure. The interest coverage ratio (the number of times the interest bill could be paid out of COS before the deduction of interest) was 4.4 in 1999–2000, the same as in the previous year. The turnover to debt ratio fell slightly from 1:0.88 in 1998–99 to 1:0.86 in 1999–2000 (that is for each dollar of turnover made there was 86 cents of debt).

Farm businesses with turnover of \$500,000 or more accounted for 43% of the national gross farm debt while the farm businesses reporting turnover of less than \$50,000 had 4% of the national gross farm debt.

DETAILS OF MAIN ITEMS

	1998–99	1999–2000p	Change from 1998–99
<i>Agriculture all industries</i>	\$m	\$m	%
Sales from crops	13 564.3	13 079.1	–3.6
Sales from livestock	6 373.4	7 103.2	11.5
Sales from livestock products	4 986.5	5 156.0	3.4
Interest paid	1 645.3	1 702.0	3.4
Cash operating surplus	5 529.1	5 833.8	5.5
Gross indebtedness	24 295.4	24 587.7	1.2

EMPLOYMENT IN AGRICULTURE

During the last pay period in June 2000 the estimated number of people working on farm businesses with an EVAO of over \$22,500 was 313,000, little changed from the previous year. The grain-sheep/beef and fruit industries continued to be the largest employing industries with preliminary estimates indicating they were employing 44,200 and 40,100 persons, respectively, at the last pay period in June 2000.

	1997-98	1998-99	1999-2000p
	\$m	\$m	\$m
FRUIT (0114-0119)			
Sales from crops	1 942.9	2 307.4	2 149.6
Sales from livestock	29.4	*43.4	*107.4
Sales from livestock products	*7.8	*5.2	**
Turnover	2 144.6	2 588.5	2 516.3
Purchases and selected expenses	952.3	1 109.4	1 033.7
Value added(a)	1 190.6	1 473.7	1 527.2
Industry value added(a)(b)	1 083.3	1 442.9	n.y.a.
Gross operating surplus	606.2	784.6	833.4
Interest paid	108.1	113.9	143.7
Cash operating surplus(c)	518.0	701.6	*668.6
Total net capital expenditure	194.1	297.1	214.8
Gross indebtedness	1 371.7	1 976.0	2 160.9
VEGETABLES (0113)			
Sales from crops	1 317.2	1 497.1	1 790.1
Sales from livestock	118.2	69.3	52.6
Sales from livestock products	*46.0	*21.1	*6.5
Turnover	1 613.4	1 749.2	1 939.0
Purchases and selected expenses	930.3	996.9	1 127.8
Value added(a)	681.6	752.0	817.0
Industry value added(a)(b)	586.2	656.5	n.y.a.
Gross operating surplus	302.0	367.4	343.6
Interest paid	68.5	45.2	50.8
Cash operating surplus(c)	242.3	334.0	*300.1
Total net capital expenditure	108.4	147.7	*185.5
Gross indebtedness	854.0	702.1	947.9
GRAIN (0121)			
Sales from crops	4 174.0	3 488.8	2 969.8
Sales from livestock	413.8	429.4	470.8
Sales from livestock products	204.8	203.5	219.2
Turnover	5 171.5	4 517.7	4 185.9
Purchases and selected expenses	2 837.7	2 726.8	2 796.5
Value added(a)	2 279.9	1 861.3	1 489.6
Industry value added(a)(b)	2 024.9	1 633.6	n.y.a.
Gross operating surplus	1 748.6	1 304.5	983.4
Interest paid	269.2	251.1	274.4
Cash operating surplus(c)	1 574.1	992.9	*656.6
Total net capital expenditure	666.4	635.2	380.1
Gross indebtedness	3 667.6	3 874.8	4 360.4
GRAIN-SHEEP-BEEF (0122)			
Sales from crops	2 241.3	2 275.8	1 949.6
Sales from livestock	947.1	1 071.2	970.2
Sales from livestock products	789.4	639.3	792.5
Turnover	4 390.0	4 340.7	4 082.7
Purchases and selected expenses	2 607.2	2 716.3	2 590.2
Value added(a)	1 689.7	1 703.3	1 680.2
Industry value added(a)(b)	1 375.5	1 460.5	n.y.a.
Gross operating surplus	1 072.4	1 010.5	1 136.2
Interest paid	281.7	327.0	320.2
Cash operating surplus(c)	923.3	661.0	663.1
Total net capital expenditure	481.2	416.4	331.6
Gross indebtedness	3 518.8	4 531.5	4 371.5

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

(b) See Explanatory Notes, paragraph 7.

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

	1997-98	1998-99	1999-2000p
	\$m	\$m	\$m
SHEEP-BEEF CATTLE (0123)			
Sales from crops	24.6	**	*58.4
Sales from livestock	633.4	663.7	911.8
Sales from livestock products	393.4	298.6	329.4
Turnover	1 135.9	1 134.9	1 440.4
Purchases and selected expenses	663.7	664.1	784.7
Value added(a)	400.7	636.9	891.9
Industry value added(a)(b)	317.8	547.8	n.y.a.
Gross operating surplus	179.9	402.7	656.0
Interest paid	83.7	84.2	90.7
Cash operating surplus(c)	188.7	180.2	373.9
Total net capital expenditure	88.6	77.9	115.4
Gross indebtedness	1 217.8	1 259.6	1 221.9

SHEEP (0124)			
Sales from crops	113.3	252.4	150.6
Sales from livestock	432.3	477.0	513.3
Sales from livestock products	879.5	676.3	780.6
Turnover	1 563.8	1 526.6	1 633.5
Purchases and selected expenses	898.4	914.5	880.1
Value added(a)	532.7	649.5	879.5
Industry value added(a)(b)	423.5	538.3	n.y.a.
Gross operating surplus	244.5	328.8	607.9
Interest paid	111.9	139.8	146.3
Cash operating surplus(c)	291.7	*169.8	352.8
Total net capital expenditure	119.0	74.1	81.6
Gross indebtedness	1 535.4	1 643.3	1 602.8

BEEF CATTLE (0125)			
Sales from crops	*81.6	86.1	*100.8
Sales from livestock	2 191.2	2 472.6	2 467.6
Sales from livestock products	19.1	**	*32.0
Turnover	2 573.4	2 980.9	2 951.3
Purchases and selected expenses	1 664.0	1 782.2	1 743.4
Value added(a)	1 548.2	1 289.7	1 788.9
Industry value added(a)(b)	1 339.3	*1 078.1	n.y.a.
Gross operating surplus	1 095.0	*808.9	1 356.1
Interest paid	214.5	208.9	184.5
Cash operating surplus(c)	289.4	568.9	657.4
Total net capital expenditure	219.4	250.3	226.7
Gross indebtedness	3 164.0	3 010.5	2 476.0

DAIRY CATTLE (0130)			
Sales from crops	*58.7	*71.9	*61.1
Sales from livestock	294.0	295.0	508.5
Sales from livestock products	2 647.0	2 742.6	2 675.2
Turnover	3 136.8	3 268.1	3 397.1
Purchases and selected expenses	1 856.4	1 881.9	1 876.5
Value added(a)	1 228.3	1 418.7	1 475.4
Industry value added(a)(b)	1 109.9	1 283.3	n.y.a.
Gross operating surplus	905.2	1 069.0	1 179.0
Interest paid	213.7	214.8	189.3
Cash operating surplus(c)	793.0	856.6	1 065.0
Total net capital expenditure	235.9	222.6	208.7
Gross indebtedness	2 537.2	2 449.2	2 581.4

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

(b) See Explanatory Notes, paragraph 7.

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

	1997-98	1998-99	1999-2000p
	\$m	\$m	\$m
POULTRY FOR EGGS (0142)			
Sales from crops	8.2	9.7	11.5
Sales from livestock	45.0	50.2	*48.1
Sales from livestock products	395.8	253.0	209.0
Turnover	476.8	328.3	*368.1
Purchases and selected expenses	331.0	249.0	*255.2
Value added(a)	145.0	87.9	114.3
Industry value added(a)(b)	130.2	72.4	n.y.a.
Gross operating surplus	71.0	*31.4	52.9
Interest paid	12.8	10.8	*13.7
Cash operating surplus(c)	60.6	**	*38.4
Total net capital expenditure	20.3	*17.7	27.8
Gross indebtedness	199.0	193.9	*222.3

PIGS (0151)			
Sales from crops	*33.3	*32.9	*40.9
Sales from livestock	549.4	601.3	696.1
Sales from livestock products	6.5	*12.3	**
Turnover	624.0	705.2	783.1
Purchases and selected expenses	464.3	470.6	461.9
Value added(a)	144.9	233.8	419.9
Industry value added(a)(b)	119.5	202.2	n.y.a.
Gross operating surplus	45.6	128.6	309.6
Interest paid	20.3	23.3	17.4
Cash operating surplus(c)	42.5	*107.6	195.3
Total net capital expenditure	35.4	27.8	15.9
Gross indebtedness	284.3	279.5	256.3

SUGAR (0161)			
Sales from crops	1 124.4	1 023.5	815.2
Sales from livestock	**	*13.5	**
Sales from livestock products	—	—	—
Turnover	1 262.2	1 267.9	1 054.2
Purchases and selected expenses	603.7	628.9	613.5
Value added(a)	672.2	637.4	445.8
Industry value added(a)(b)	612.4	575.4	n.y.a.
Gross operating surplus	484.0	425.2	261.8
Interest paid	48.4	73.8	*76.4
Cash operating surplus(c)	430.4	380.9	186.2
Total net capital expenditure	129.6	*133.4	*69.2
Gross indebtedness	824.1	1 443.1	*1 216.5

COTTON (0162)			
Sales from crops	1 481.3	1 394.4	1 633.2
Sales from livestock	76.7	64.8	*135.2
Sales from livestock products	19.2	13.7	5.7
Turnover	1 658.7	1 633.4	1 966.7
Purchases and selected expenses	944.0	1 061.4	1 347.3
Value added(a)	701.6	581.3	637.0
Industry value added(a)(b)	634.1	521.4	n.y.a.
Gross operating surplus	485.2	329.6	*341.9
Interest paid	90.0	85.6	118.4
Cash operating surplus(c)	423.6	248.1	**
Total net capital expenditure	179.3	174.9	144.1
Gross indebtedness	1 455.0	1 935.9	2 059.8

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

(b) See Explanatory Notes, paragraph 7.

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

	1997–98	1998–99	1999–2000p
	\$m	\$m	\$m
OTHER AGRICULTURE (0111–0112, 0141, 0152–0159, 0169)			
Sales from crops	*892.4	1 054.6	*1 348.3
Sales from livestock	*174.2	122.0	213.2
Sales from livestock products	147.9	*57.9	*83.2
Turnover	1 549.0	1 565.4	2 157.0
Purchases and selected expenses	719.3	706.7	916.2
Value added(a)	819.1	855.9	1 302.7
Industry value added(a)(b)	677.2	782.9	n.y.a.
Gross operating surplus	368.5	367.9	*585.5
Interest paid	72.1	*66.8	76.2
Cash operating surplus(c)	314.1	314.1	*455.1
Total net capital expenditure	147.1	*97.8	*144.0
Gross indebtedness	1 001.9	995.8	1 110.1

AGRICULTURE ALL INDUSTRIES

Sales from crops	13 493.1	13 564.3	13 079.1
Sales from livestock	5 922.0	6 373.4	7 103.2
Sales from livestock products	5 556.5	4 986.5	5 156.0
Turnover	27 300.1	27 606.6	28 475.1
Purchases and selected expenses	15 472.4	15 908.7	16 427.0
Value added(a)	12 034.4	12 181.4	13 469.4
Industry value added(a)(b)	10 433.7	10 795.2	n.y.a.
Gross operating surplus	7 608.1	7 359.1	8 647.5
Interest paid	1 595.1	1 645.3	1 702.0
Cash operating surplus(c)	6 091.7	5 529.1	5 833.8
Total net capital expenditure	2 624.7	2 573.1	2 145.4
Gross indebtedness	21 630.8	24 295.4	24 587.7

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

(b) See Explanatory Notes, paragraph 7.

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

Size of turnover 1997–98 1998–99 1999–2000^p

NUMBER OF FARM BUSINESSES (no.)

Less than \$50,000	22 463	20 029	18 781
\$50,000–\$99,999	20 232	18 718	18 494
\$100,000–\$149,999	13 254	15 047	16 916
\$150,000–\$199,999	11 550	11 159	11 922
\$200,000–\$249,999	6 695	8 036	8 535
\$250,000–\$299,999	5 031	5 308	4 445
\$300,000–\$499,999	13 399	12 563	11 828
\$500,000–\$999,999	8 192	8 164	8 614
\$1,000,000–\$1,999,999	2 533	2 651	2 283
2 million and over	917	833	1 030

All ranges 104 267 102 510 102 848

TOTAL TURNOVER (\$m)

Less than \$50,000	620.9	607.2	604.3
\$50,000–\$99,999	1 562.6	1 440.5	1 435.3
\$100,000–\$149,999	1 666.2	1 887.2	2 024.1
\$150,000–\$199,999	2 064.9	1 993.9	2 117.0
\$200,000–\$249,999	1 514.8	1 830.6	1 926.2
\$250,000–\$299,999	1 398.2	1 470.9	1 240.5
\$300,000–\$499,999	5 077.0	4 862.9	4 642.0
\$500,000–\$999,999	5 638.4	5 542.7	5 951.8
\$1,000,000–\$1,999,999	3 269.8	3 504.9	2 941.2
2 million and over	4 487.2	4 465.8	5 592.7

All ranges 27 300.1 27 606.6 28 475.1

TOTAL CASH OPERATING SURPLUS (\$m)

Less than \$50,000	–51.8	–27.3	3.9
\$50,000–\$99,999	343.3	235.1	242.5
\$100,000–\$149,999	411.3	255.6	284.6
\$150,000–\$199,999	458.2	448.5	439.3
\$200,000–\$249,999	350.4	439.6	557.2
\$250,000–\$299,999	448.9	301.2	283.6
\$300,000–\$499,999	1 291.2	1 118.9	1 091.8
\$500,000–\$999,999	1 309.5	1 235.9	1 229.9
\$1,000,000–\$1,999,999	697.3	784.3	807.4
2 million and over	833.5	737.3	893.7

All ranges 6 091.7 5 529.1 5 833.8

TOTAL GROSS INDEBTEDNESS (\$m)

Less than \$50,000	860.9	755.2	914.2
\$50,000–\$99,999	1 366.5	1 488.6	1 462.3
\$100,000–\$149,999	1 277.1	1 815.7	1 944.0
\$150,000–\$199,999	1 581.8	1 727.0	2 324.3
\$200,000–\$249,999	1 340.8	1 606.2	1 599.3
\$250,000–\$299,999	1 135.1	1 088.5	1 042.9
\$300,000–\$499,999	3 925.3	4 351.9	4 682.0
\$500,000–\$999,999	4 858.6	4 506.3	5 081.5
\$1,000,000–\$1,999,999	2 178.7	3 411.0	1 858.9
2 million and over	3 106.1	3 544.9	3 678.4

All ranges 21 630.8 24 295.4 24 587.7

	1997-98	1998-99	1999-2000p
	\$m	\$m	\$m
NEW SOUTH WALES (a)			
Sales from crops	3 681.5	3 819.1	4 006.6
Sales from livestock	1 660.6	1 869.2	2 143.9
Sales from livestock products	1 629.9	1 208.8	1 574.8
Turnover	7 559.3	7 538.8	8 671.0
Purchases and selected expenses	4 319.0	4 477.9	5 228.2
Cash operating surplus(b)	1 648.6	1 276.9	1 608.4
VICTORIA			
Sales from crops	1 800.2	1 978.5	2 118.1
Sales from livestock	936.3	962.8	1 127.0
Sales from livestock products	2 010.6	2 006.8	1 870.6
Turnover	5 126.2	5 463.2	5 715.0
Purchases and selected expenses	2 918.4	3 099.8	2 999.6
Cash operating surplus(b)	1 159.4	1 088.4	1 467.7
QUEENSLAND			
Sales from crops	3 463.1	3 190.8	3 340.8
Sales from livestock	1 823.6	2 144.9	2 355.2
Sales from livestock products	567.0	577.2	484.1
Turnover	6 389.5	6 634.7	6 828.2
Purchases and selected expenses	3 544.8	3 723.8	3 812.8
Cash operating surplus(b)	1 399.1	1 453.0	1 511.9
SOUTH AUSTRALIA			
Sales from crops	1 655.7	1 840.2	1 473.8
Sales from livestock	562.1	482.8	593.5
Sales from livestock products	440.1	385.7	366.6
Turnover	2 881.9	2 938.9	2 894.4
Purchases and selected expenses	1 543.3	1 531.3	1 578.3
Cash operating surplus(b)	720.2	779.3	*658.7
WESTERN AUSTRALIA			
Sales from crops	2 649.8	2 471.2	1 883.4
Sales from livestock	642.2	659.8	583.2
Sales from livestock products	698.2	616.9	681.2
Turnover	4 436.2	4 182.7	3 459.8
Purchases and selected expenses	2 617.2	2 603.5	2 343.7
Cash operating surplus(b)	1 049.3	769.2	365.6
TASMANIA			
Sales from crops	231.8	236.1	192.1
Sales from livestock	148.3	154.8	168.4
Sales from livestock products	207.9	189.6	176.8
Turnover	726.3	676.4	682.5
Purchases and selected expenses	409.7	378.2	349.4
Cash operating surplus(b)	108.5	135.1	161.7
AUSTRALIA(a)			
Sales from crops	13 493.1	13 564.3	13 079.1
Sales from livestock	5 922.0	6 373.4	7 103.2
Sales from livestock products	5 556.5	4 986.5	5 156.0
Turnover	27 300.1	27 606.0	28 475.1
Purchases and selected expenses	15 472.4	15 908.7	16 427.0
Cash operating surplus(b)	6 091.7	5 529.1	5 833.8

(a) See Explanatory Notes, paragraph 2

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

ANZSIC code	Description	1998 no.	1999 no.	2000p no.
TOTAL EMPLOYMENT				
0114–0119	Fruit	33 467	36 869	40 083
0113	Vegetables	22 390	24 011	22 261
0121	Grain growing	33 832	38 770	38 332
0122	Grain-sheep/beef cattle farming	47 341	47 786	44 244
0123	Sheep-beef cattle farming	14 939	16 519	19 419
0124	Sheep farming	28 449	29 669	28 872
0125	Beef cattle farming	34 320	33 412	33 315
0130	Dairy cattle farming	35 020	34 671	34 235
0142	Poultry farming (eggs)	3 051	2 638	*3 751
0151	Pig farming	5 451	4 246	4 224
0161	Sugar cane growing	12 669	11 943	11 055
0162	Cotton growing	5 893	6 126	7 091
0111–0112, 0141, 0152–0159, 0169	Other agriculture	24 031	24 491	25 801
01	All agriculture	300 853	311 148	312 684

(a) Includes persons working on farm businesses during the last pay period in June.

EXPLANATORY NOTES

INTRODUCTION

- 1** The estimates in this publication have been derived from the 1999–2000 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 68% 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 Nikolas Petrushevski on Hobart 03 6222 5891.
- 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.

SAMPLE ERROR

- 4** 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.
- 5** 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. *24.3) the RSE lies between 25% and 50%. If an estimate is identified by a double asterisk (i.e. **) the RSE is above 50% and the estimate is not published.
- 6** Some of the RSEs 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. Separate indication of the RSEs of all estimates is available on request. A table with RSEs for main items is included below.

EXPLANATORY NOTES continued

RELATIVE STANDARD ERRORS OF SELECTED PRELIMINARY FINANCIAL STATISTICS—Year ended 30 June 2000

	NSW	VIC	QLD	SA	WA	TAS	AUST.
	%	%	%	%	%	%	%
Sales from crops	9	10	10	10	10	13	5
Sales from livestock	8	6	6	10	8	12	4
Sales from livestock products	10	6	12	12	9	20	4
Turnover	6	5	6	8	6	11	3
Purchases and selected expenses	8	4	5	6	6	10	3
Cash operating surplus	15	12	13	25	24	16	7

CHANGES TO DEFINITIONS

7 Commencing with estimates for 1997–98, under new international standards, contribution to gross domestic product (GDP) by agricultural industries was to 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

8 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

9 Users may wish to refer to the publication, *Agriculture, Australia* (Cat. no. 7113.0).

10 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 gross operating surplus less an estimate of the value of increase in livestock, less estimates of interest paid, less an estimate of bad and doubtful debts, 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 before 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 2000.
Gross operating surplus	Estimate of the adjusted value added 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 contributions to GDP.
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. 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.
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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