

Farm financial performance – Tasmania

Estimates of financial performance are available for all broadacre, beef, sheep, dairy and vegetable farms in Tasmania.

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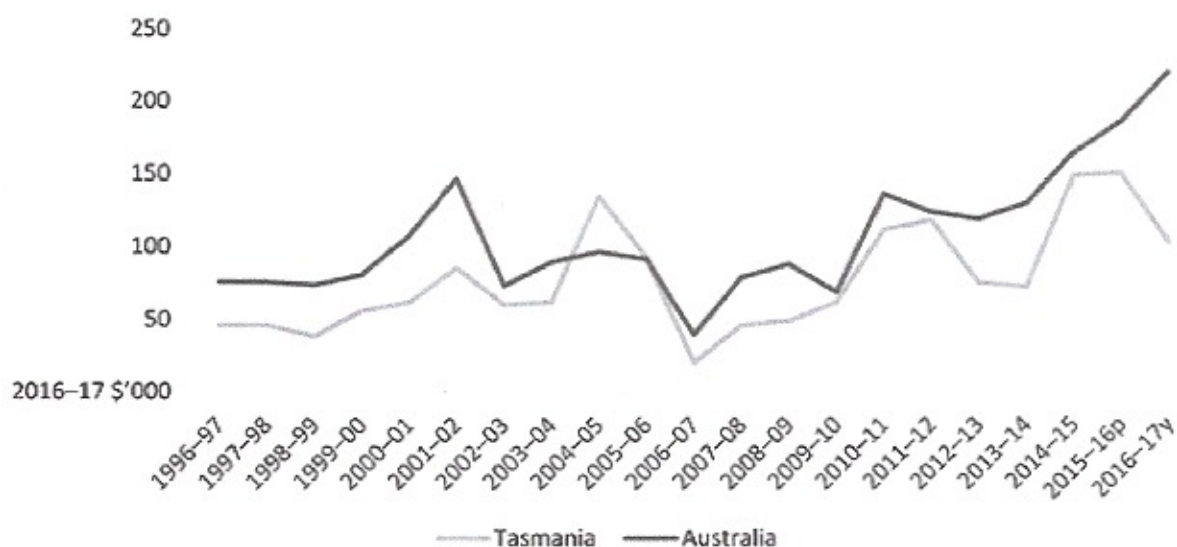
Performance of broadacre farms

In 2015–16 average farm cash income for Tasmanian broadacre farms was similar to that recorded in 2014–15. Dry seasonal conditions throughout 2015 resulted in reduced crop and wool production and a further increase in beef cattle turn-off, following an increase in 2014–15. Crop, sheep and wool receipts declined and beef cattle receipts increased due to higher turn-off and higher beef cattle prices.

In 2016–17 average farm cash incomes are estimated to have decreased in Tasmania as beef cattle and sheep turn-off reduced and farms rebuilt beef cattle herds and sheep flocks in response to improved seasonal conditions. Overall, crop receipts are expected to have been lower as a result of lower grain prices.

On average, farm cash income for broadacre farms in Tasmania is estimated to have declined to \$103,000 per farm in 2016–17 (Figure 1). This is lower than the average recorded in 2015–16 but still around 27 per cent above the 10-year average to 2015–16.

Figure 1 Real farm cash income, broadacre industries, 1996–97 to 2016–17 average per farm



Note: y Provisional estimate.

Source: ABARES Australian Agricultural and Grazing Industries Survey

Table 1 Financial performance, all broadacre industries, Tasmania, 2014–15 to 2016–17 average per farm

Measure	Unit	2014–15	2015–16p	RSE	2016–17y
Total cash receipts	\$	428,250	437,400	(6)	375,000
Total cash costs	\$	283,760	289,600	(7)	271,000
Farm cash income	\$	144,490	147,800	(9)	103,000
Farms with negative farm cash income	%	9	4	(58)	26
Farm business profit	\$	24,940	11,500	(142)	30,000
Profit at full equity					

Measure	Unit	2014–15	2015–16p	RSE	2016–17y
– excluding cap. appreciation	\$	59,990	43,100	(37)	60,000
– including cap. appreciation	\$	137,950	189,400	(16)	na
Farm capital at 30 June a	\$	4,302,650	4,338,100	(8)	na
Net capital additions	\$	-30,480	600	(10747)	na
Farm debt at 30 June b	\$	534,650	445,900	(16)	465,000
Change in debt – 1 July to 30 June b	%	1	-1	(322)	4
Equity at 30 June bc	\$	3,633,270	3,533,400	(8)	na
Equity ratio bd	%	87	89	(2)	na
Farm liquid assets at 30 June b	\$	147,690	191,600	(22)	na
Farm management deposits (FMDs) at 30 June b	\$	66,020	80,900	(40)	na
Share of farms with FMDs at 30 June b	%	24	27	(35)	na
Rate of return e					
– excluding cap. appreciation	%	1.4	1.0	(38)	1.4
– including cap. appreciation	%	3.2	4.5	(17)	na
Off-farm income of owner manager and spouse b	\$	23,210	25,800	(15)	na

a Excludes leased plant and equipment. b Excludes capital appreciation. c Farm capital minus farm debt. d Equity expressed as a percentage of farm capital. e Rate of return to farm capital at 1 July. p Preliminary estimate. y Provisional estimate. RSE Figures in parentheses are standard error expressed as a percentage of the estimate provided. na Not available.

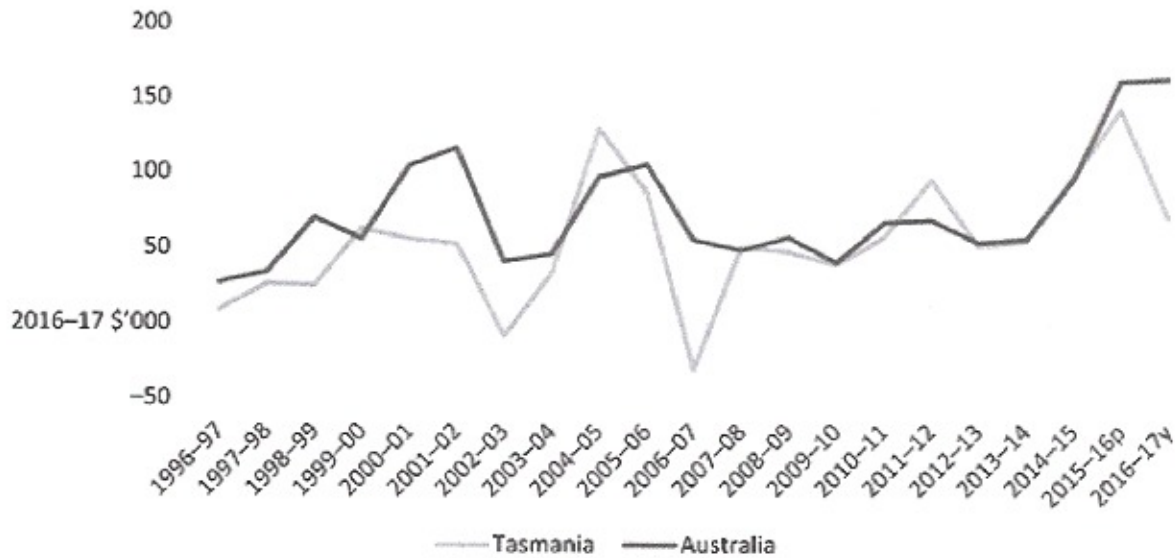
Source: ABARES Australian Agricultural and Grazing Industries Survey

Performance of beef industry farms

Average farm cash incomes of Tasmanian beef industry farms increased from \$98,200 to \$142,600 per farm in 2015–16 (Figure 2), as a result of higher average prices received for beef cattle.

In 2016–17 farm cash income of Tasmanian beef industry farms is estimated to have decreased to average \$71,000 per farm, as farmers reduced beef cattle turn-off and began to rebuild herd numbers. Receipts from the sale of cattle is estimated to have decline despite further increases in saleyard prices for beef cattle. Despite this reduction, average farm cash income of Tasmanian beef industry farms is still estimated to be around 16 per cent above the 10–year average to 2015–16 of \$60,700 per farm.

Figure 2 Real farm cash income, beef industry, 1996–97 to 2016–17 average per farm



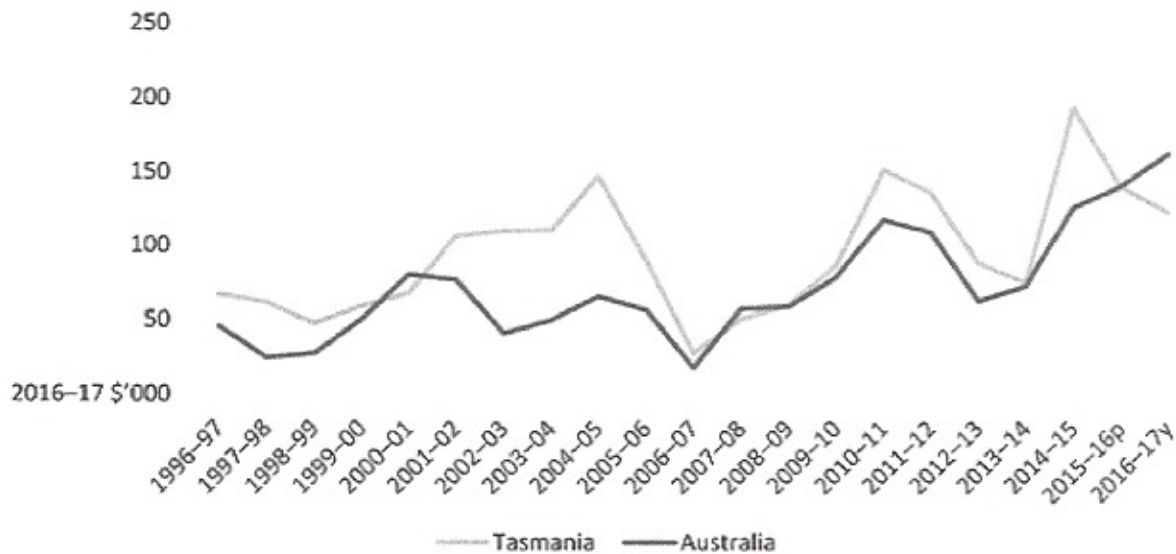
p Preliminary estimate. y Provisional estimate.
 Source: ABARES Australian Agricultural and Grazing Industries Survey

Performance of sheep industry farms

In 2015–16 farm cash income for sheep industry farms decreased to average \$140,600 per farm (Figure 3) as a result of reduced wool production and reduced sales of sheep and lambs.

In 2016–17 farm cash income for Tasmanian sheep industry farms is estimated to have decreased further to average \$123,000 per farm as a result of decreased sales of sheep and lambs, combined with decreased sales of beef cattle. Despite the reduction, average farm cash income is estimated to be around 22 per cent higher than the 10-year average to 2015–16.

Figure 3 Real farm cash income, sheep industry, 1996–97 to 2016–17 average per farm



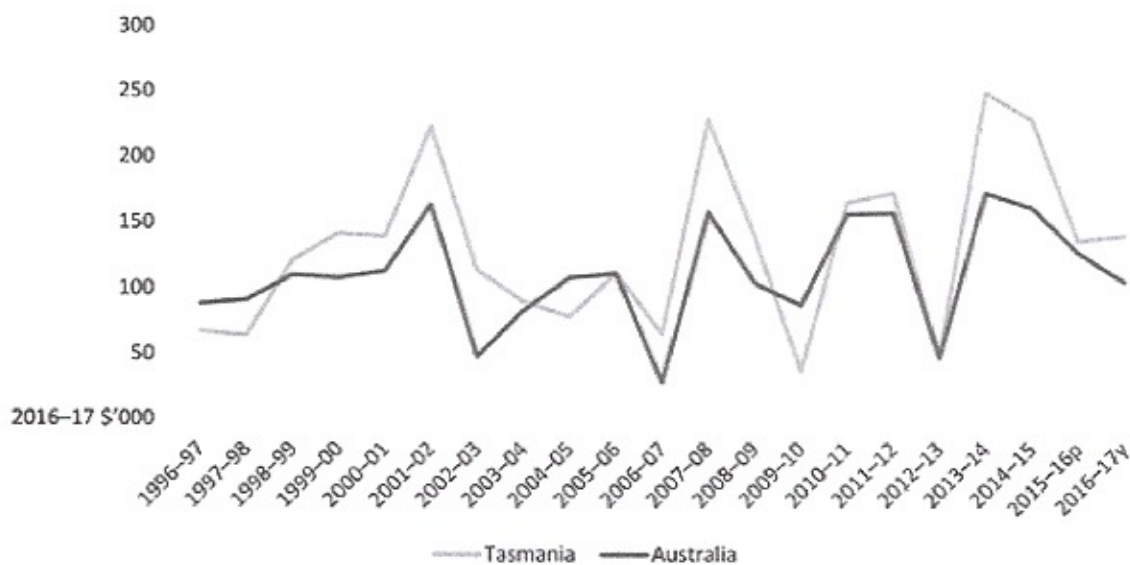
p Preliminary estimate. y Provisional estimate.
 Source: ABARES Australian Agricultural and Grazing Industries Survey

Performance of dairy industry farms

Average farm cash income of Tasmanian dairy farms decreased from an average of \$221,750 per farm in 2014–15 to \$133,900 in 2015–16. The decrease in farm cash income was driven by a decline in average farmgate milk prices and a reduction in milk production.

In 2016–17 lower fodder and feed grain prices, together with favourable seasonal conditions in spring and early summer and increased availability of irrigation water, are estimated to have resulted in lower average cash costs for dairy farms. In Tasmania, the reduction in farm cash costs is estimated to have been sufficient to result in a small improvement in average farm cash income for dairy farms to \$140,000 per farm in 2016–17, still around a 5 per cent below the 10-year average to 2015–16.

Figure 4 Real farm cash income, dairy industry, 1996–97 to 2016–17 average per farm



p Preliminary estimate. y Provisional estimate.

Source: ABARES Australian Agricultural and Grazing Industries Survey

Table 2 Financial performance, Tasmania dairy industry 2014–15 to 2016–17 average per farm

Measure	Unit	2014–15	2015–16p	RSE	2016–17y
Total cash receipts	\$	1,162,600	1,030,500	(5)	958,000
Total cash costs	\$	940,850	896,600	(6)	818,000
Farm cash income	\$	221,750	133,900	(19)	140,000
Farms with negative farm cash income	%	6	20	(49)	20
Farm business profit	\$	112,620	-700	(80)	-33,000
Profit at full equity					
– excl. cap. appreciation	\$	256,790	107,000	(128)	78,000
– incl. cap. appreciation	\$	348,560	111,200	(41)	na
Farm capital at 30 June a	\$	6,405,890	6,062,300	(9)	na
Net capital additions	\$	79,840	110,600	(41)	na
Farm debt at 30 June b	\$	1,730,570	1,629,700	(11)	1,632,000
Change in debt – 1 July to 30 June b	%	2	5	(48)	1
Equity at 30 June bc	\$	4,674,920	4,205,200	(11)	na
Equity ratio bd	%	73	72	(4)	na
Farm liquid assets at 30 June b	\$	71,950	55,300	(20)	na

Measure	Unit	2014–15	2015–16 ^p	RSE	2016–17 ^y
Farm management deposits (FMDs) at 30 June ^b	\$	22,680	23,800	(33)	na
Share of farms with FMDs at 30 June ^b	%	7	11	(55)	na
Rate of return ^e					
– excl. cap. appreciation	%	4.1	1.8	(27)	1.3
– incl. cap. appreciation	%	5.6	1.9	(96)	na
Off-farm income of owner manager and spouse ^b	\$	35,700	9,800	(21)	na

^a Excludes leased plant and equipment. ^b Excludes capital appreciation. ^c Farm capital minus farm debt. ^d Equity expressed as a percentage of farm capital. ^e Rate of return to farm capital at 1 July. ^p Preliminary estimate. ^y Provisional estimate. **RSE** Figures in parentheses are standard error expressed as a percentage of the estimate provided. **na** Not available.

Source: ABARES Australian Dairy Industry Survey

Performance of vegetable industry farms

There were an estimated 270 vegetable growing farms in Tasmania in 2014–15. Most of these farms were located in the north of the state along the coastal fringe and through the northern midlands. The average area of vegetable farms in Tasmania in 2014–15 was around 367 hectares, of which 30 hectares was planted to vegetables.

Farm cash income is estimated to have increased in 2014–15 to average \$190,400 per farm. Lower overall vegetable receipts, mostly as a result of lower prices for potato, green peas and green bean, were more than offset by a reduction in estimated average total cash costs. Cash costs declined in 2014–15 relative to 2013–14, including hired labour, fertiliser, contracts paid and fuel.

Selected physical and financial results, Australian vegetable-growing farms, by state, 2014–15 and 2015–16, average per farm

Indicator	2014–15 ^p	RSE	% change from 2013–14	2015–16 ^y	% change from 2014–15
Vegetable cash receipts (\$)	439,700	(12)	54	539,000	22
Area planted to vegetables (hectares)	30	(8)	21	31	6
Quantity of vegetables produced (tonnes)	1,527	(10)	44	1,690	11
Farm cash income (\$)	190,400	(18)	97	267,000	40

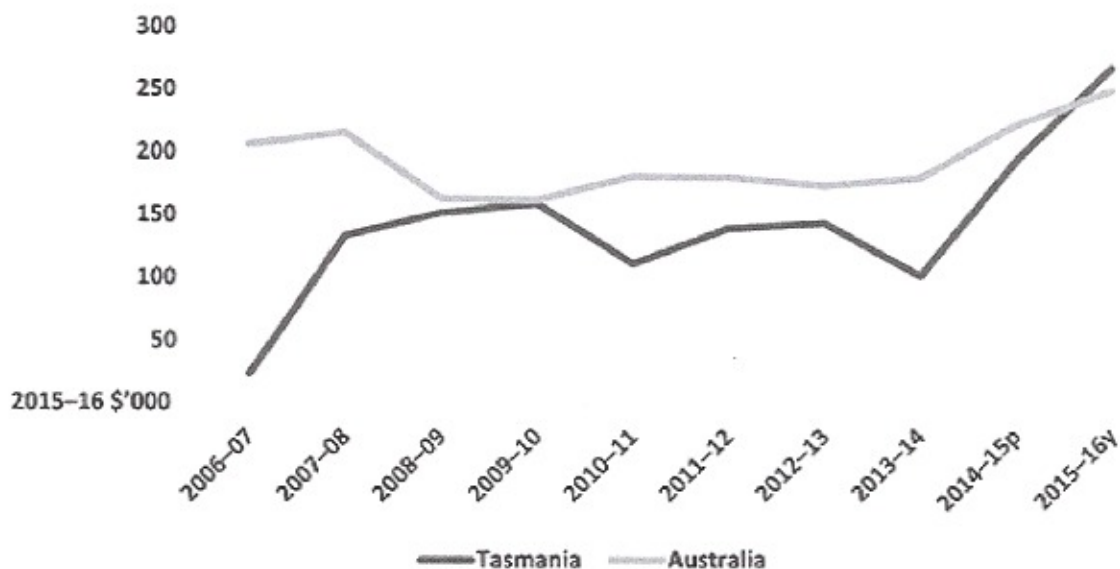
^p Preliminary estimate. ^y Provisional estimate.

Note: Figures in parentheses are standard errors expressed as a percentage of the estimate.

Source: ABARES Australian vegetable-growing farms survey

Average farm cash income of vegetable growing farms in Tasmania is estimated to have increased in 2015–16 to around \$267,000. This was the result of an increase in area planted to vegetables and higher prices received.

Real farm cash income, vegetable industry, 2005–06 to 2015–16
average per farm



Note: y Provisional estimate.

Source: ABARES Australian Vegetable Growing Farms Survey

Definitions

Major financial performance indicators

- **Total cash receipts:** total revenues received by the business during the financial year.
- **Total cash costs:** payments made by the business for materials and services and for permanent and casual hired labour (excluding owner manager, partner and family labour).
- **Farm cash income:** *total cash receipts - total cash costs*
- **Farm business profit:** *farm cash income + changes in trading stocks - depreciation - imputed labour costs*
- **Profit at full equity:** return produced by all the resources used in the business, *farm business profit + rent + interest + finance lease payments - depreciation on leased items*
- **Rate of return:** return to all capital used, *profit at full equity * 100 / total opening capital*
- **Equity ratio:** Farm capital minus farm debt expressed as a percentage of farm capital

Industry types

- **Grains:** farms mainly engaged in producing broadacre crops such as wheat, coarse grains, oilseeds and pulses, and including farms running sheep and/or beef cattle in conjunction with substantial broadacre crop activity.
- **Sheep:** farms mainly engaged in running sheep.
- **Beef:** farms mainly engaged in running beef cattle.
- **Dairy:** farms mainly engaged in milk production.
- **Vegetable:** farms mainly engaged in growing vegetables.