

AGRICULTURE IN AUSTRALIA – IMPORTANT FACTORS

IMPORTANT TRADE AGREEMENTS

The following are the major trade agreements which play an increasingly important role in Australian broadacre agriculture.

EUROPEAN COMMUNITY (EC) REFORMS

In May 1992 the European Community announced changes to its Common Agricultural Policy (CAP). However, it is expected that these changes will have a marginal impact on the market for Australian agriculture.

The changes are worth about \$180-400 m a year to Australia's grain exporters after the full production and export responses have been taken into account. This is an increase of 7-16% relative to recent levels.

GENERAL AGREEMENT ON TARIFF AND TRADE (GATT) URUGUAY ROUND

Agreements under this Round has a fair greater effect on Australian agricultural exporters. The Blair House Accord reached between the EC and the US in November 1992 is a good indicator of the final agreement in the Round on agriculture. If agreements are reached on that basis; ABARE estimates that the overall effect will be to increase the value of Australia's agricultural exports by about \$900m a year by the turn of the century.

Table 1 shows the overall proportion of land in Australia by general land uses:

TABLE 1 AGRICULTURAL LAND USE IN AUSTRALIA

	AREA OF				TOTAL	
	<i>Crops(a)</i> mill ha	<i>Sown pastures and grasses</i> mill ha	<i>Area of establishments land with agricultural activity</i> mill ha	<i>Balance(b)</i> mill ha	<i>Proportion of Australia</i> Area(c) %	
1995	17.0 (d)	410.2	463.3	60.2		
1996	19.4	17.1	428.7	465.2	60.5	
1997	21.1	19.0	422.0	462.2	60.1	
1998	21.5	22.8	419.5	463.8	60.3	
1999	23.3	22.5	407.9	453.7		59.0
2000	23.8	23.8	407.9	455.5		59.2

(a) Pastures and grasses harvested for hay and seed are included in 'Sown pastures and grasses'.

(b) Includes areas of arid or rugged land held under grazing licences but not always used for grazing, and also variable amounts of fallow land.

(c) About 769,203,000 ha.

(d) Collected in the Northern Territory only.

Source: Agriculture, Australia (7113.0).

TRENDS IN AUSTRALIAN AGRICULTURE

Table 2 illustrates the downturn in the rural sector in recent years:

TABLE 2 AREA OF ESTABLISHMENTS WITH AGRICULTURAL ACTIVITY

	NSW	VIC	QLD	SA	WA	TAS	NT	AUST(a)
	mill ha							
1995	60.3	12.7	149.7	56.1	114.0	1.9	68.6	463.3
1996	61.0	12.8	149.7	56.9	114.5	1.9	68.3	465.2
1997	60.9	12.7	149.6	56.2	112.5	1.9	68.3	462.2
1998	60.3	12.7	148.2	57.5	115.8	1.9	67.3	463.8
1999	59.3	12.8	140.3	59.4	113.1	1.9	66.9	453.7
2000	62.1	13.3	145.4	59.9	105.6	1.8	67.5	455.5

- Including ACT.

Source: Agriculture, Australia (7113.0).

APPARENT CONSUMPTION OF FOODSTUFFS

Estimates of the consumption of foodstuffs in Australia are compiled by taking the production of a commodity, adding to it any imports, deducting from it any exports, and taking account of changes in the levels of stocks. Because consumption of foodstuffs is measured, in general, at producer level, no allowance is made for consumer wastage, which results in overstating consumption to some extent.

The estimates of consumption per capita have been obtained by using the mean resident population for the period. See table 3:

**TABLE 3
APPARENT PER CAPITA CONSUMPTION OF FOODSTUFFS**

AVERAGE THREE YEARS ENDED									
COMMODITY UNITS									
1938-39	1948-49	1958-59	1968-69	1978-79	1988-89	1996-97	1997-98	1998-99	
MEAT (CARCASS EQUIVALENT WEIGHT)									
- Beef kg									
n.a.	n.a.	n.a.	n.a.	n.a.	38.3	37.8	36.2	34.9	
- Veal kg									
n.a.	n.a.	n.a.	n.a.	n.a.	1.7	1.8	1.9	1.5	
- Beef and veal kg									
63.6	49.5	56.2	40.0	64.8	40.0	39.6	38.1	36.4	
- Lamb kg									
6.8	11.4	13.3	20.5	14.4	14.9	11.1	11.0	11.8	
- Mutton kg									
27.2	20.5	23.1	18.8	3.6	7.3	6.0	5.7	4.5	
- Pigmeat kg									
3.9	3.2	4.6	6.7	13.3	17.5	17.6	18.5	19.0	
- Total meat kg									
101.5	84.6	97.2	85.9	96.1	79.8	74.2	73.3	71.6	
- Offal and meat net kg									
3.8	4.0	5.2	5.1	5.9	3.1	0.9	n.a.	n.a.	
TOTAL MEAT AND MEAT PRODUCTS (CARCASS EQUIVALENT WEIGHT)									
- kg									
118.5	103.0	112.4	98.8	102.0	82.8	75.1	n.a.	n.a.	
Canned meat (canned weight)									
kg									
1.0	1.2	1.9	2.2	1.6	n.a.	n.a.	n.a.	n.a.	
Bacon and ham (cured carcass weight)									
kg									
4.6	5.3	3.2	3.6	6.0	6.9	8.5	8.7	8.7	
POULTRY (DRESSED WEIGHT)(A)									
KG									
na.	na.	na.	8.3	17.1	24.1	27.8	29.6	30.8	
MILK AND MILK PRODUCTS									
- Market milk (fluid whole litres)									
106.4	138.7	128.7	128.2	100.5	101.7	104.2	103.0	102.4	
- Cheese (natural equivalent weight)									

- kg									
- 2.0	2.5	2.6	3.5	5.3	8.8	10.6	10.7	10.7	

OILS AND FATS

- Butter kg									
- 14.9	11.2	12.3	9.8	5.1	3.2	2.8	2.8	2.9	
- Margarine kg									
- 2.2	2.8	n.a.	4.9	8.5	9.0	6.6	6.7	6.4	
- Table margarine kg									
- 0.4	0.4	n.a.	1.5	5.4	6.8	4.7	4.4	4.5	
- Other margarine kg									
- 1.8	2.4	2.2	3.4	3.1	2.2	1.9	2.3	1.9	

BEVERAGES

- Tea kg									
- 3.1	2.9	2.7	2.3	1.7	1.2	0.8	0.8	0.9	
- Coffee kg									
- 0.3	0.5	0.6	1.2	1.6	2.0	2.0	2.3	2.4	
- Aerated and carbonated waters									
- L									
- n.a.	n.a.	n.a.	47.3	67.4	87.4	114.4	109.0	113.0	
- Beer L									
- 53.2	76.8	99.7	113.5	133.2	113.1	95.5	94.5	93.2	
- Wine L									
- 2.7	5.9	5.0	8.2	14.7	20.2	19.0	19.7	19.8	
- Spirits (litres alcohol) L									
- 0.5	0.8	0.7	0.9	1.2	1.2	1.2	1.3	1.2	

(a) Excludes Tasmania, the Northern Territory and the Australian Capital Territory.

Source: Apparent Consumption of Foodstuffs, Australia (4306.0); the Australian Dairy Corporation

See exchange rates

See interest rates

See farm investment measures

See farm business profit

See distribution of broadacre farm cash income

See debt and equity

See debt servicing ratio (dsr)

See farm investment

See changes in broadacre production