

## **AGRICULTURE IN AUSTRALIA – GENERAL TRENDS**

### **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.

In spite of Australia's harsh environment, agriculture is the most extensive form of land use. At 30 June 2003, the estimated total area of establishments with agricultural activity was 439.5 million hectares (ha), representing about 57% of the total land area (tables 14.1 and 14.2). The remainder of the land area consists of unoccupied land (mainly desert in western and central Australia), Aboriginal land reserves (mainly located in the Northern Territory and Western Australia), forests, mining leases, national parks and urban areas.

There has been a small decline in the overall area of establishments with agricultural activity in recent years. The reasons for this are varied. They include the resumption of some private land for national parks; the splitting up of farms, some to smaller farms (urban sprawl is a part of

this process); the conversion of agricultural land to other business activities, such as forestry; and the transfer of land to Aboriginal ownership, some of which is no longer used for agricultural purposes.

Livestock grazing accounts for the largest area of land use in agriculture, with approximately 340 million ha, or in excess of 75% of all agricultural land, being used for this activity. In the higher rainfall and irrigated areas, livestock grazing has led to the replacement of large areas of native vegetation with more productive introduced pastures and grasses, many of which have now become naturalised.

At 30 June 2003 approximately 5% of total agricultural land was under crops, with a further 5% under sown pastures and grasses.

The table below 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>	<i>Sown pastures and grasses</i>	<i>Area of establishments with agricultural activity</i>	<i>Balance(b)</i>	<i>Proportion of Australia</i>	
	mill ha	mill ha	mill ha	mill ha	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	
2001	24.5		455.7		59.2	
2002	24.1		447.0		58.1	
2003	23.6		439.5		57.1	

(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 up to 2000:

**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
2001	61.0	13.2	146.0	57.3	109.2	1.9	67.1	455.7
2002	63.4	12.8	141.4	53.5	109.0	1.8	65.2	447.0
2003	65.1	13.4	139.0	54.1	102.7	1.8	63.3	439.5

- 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	
<b>MEAT (CARCASS EQUIVALENT WEIGHT)</b>									
-	<b>Beef kg</b>								
-	n.a.	n.a.	n.a.	n.a.	n.a.	38.3	37.8	36.2	34.9
-	<b>Veal kg</b>								
-	n.a.	n.a.	n.a.	n.a.	n.a.	1.7	1.8	1.9	1.5
-	<b>Beef and veal kg</b>								
-	63.6	49.5	56.2	40.0	64.8	40.0	39.6	38.1	36.4
-	<b>Lamb kg</b>								
-	6.8	11.4	13.3	20.5	14.4	14.9	11.1	11.0	11.8
-	<b>Mutton kg</b>								
-	27.2	20.5	23.1	18.8	3.6	7.3	6.0	5.7	4.5
-	<b>Pigmeat kg</b>								
-	3.9	3.2	4.6	6.7	13.3	17.5	17.6	18.5	19.0
-	<b>Total meat kg</b>								
-	101.5	84.6	97.2	85.9	96.1	79.8	74.2	73.3	71.6
-	<b>Offal and meat net kg</b>								
-	3.8	4.0	5.2	5.1	5.9	3.1	0.9	n.a.	n.a.
<b>TOTAL MEAT AND MEAT PRODUCTS (CARCASS EQUIVALENT WEIGHT)</b>									
-	<b>kg</b>								
-	118.5	103.0	112.4	98.8	102.0	82.8	75.1	n.a.	n.a.
<b>Canned meat (canned weight)</b>									
	<b>kg</b>								
	1.0	1.2	1.9	2.2	1.6	n.a.	n.a.	n.a.	n.a.
<b>Bacon and ham (cured carcass weight)</b>									
	<b>kg</b>								
	4.6	5.3	3.2	3.6	6.0	6.9	8.5	8.7	8.7
<b>POULTRY (DRESSED WEIGHT)(A)</b>									

<b>KG</b>									
	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

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(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**