



**AUSTRALIAN ASSOCIATION OF
AGRICULTURAL CONSULTANTS**
WESTERN AUSTRALIA INCORPORATED

www.aaacwa.com.au

 [austassocagriculturalconsultantswa](https://www.facebook.com/austassocagriculturalconsultantswa)  [aaac_wa](https://twitter.com/aaac_wa)

The Future of Farms

David Williams

Director, BJW Agribusiness

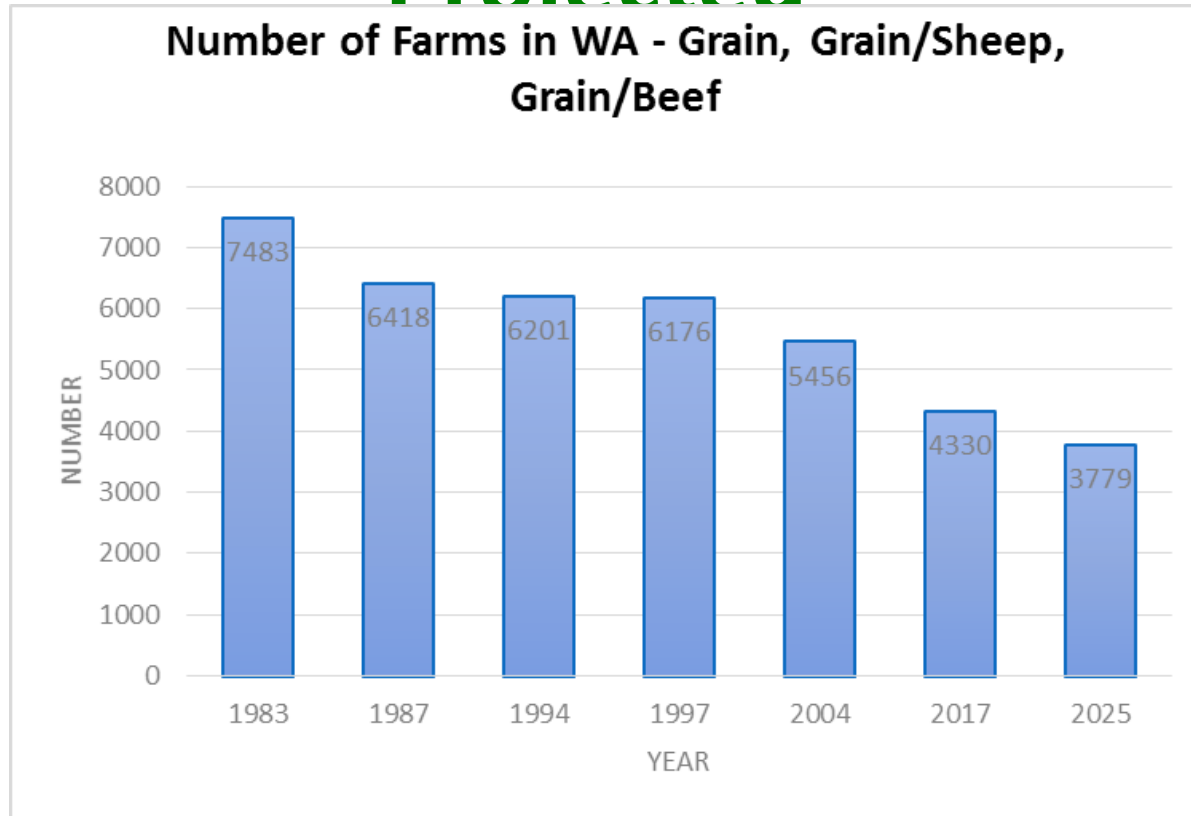


The Future of Farms

- Farm numbers in WA
 - today and present
 - trends in declining numbers
 - who owns the farm?
- Age of Farmers
- Productivity
- Existing farm businesses – what do they look like?
- Predictions for the next decade



Farm Numbers – Trend and Projected

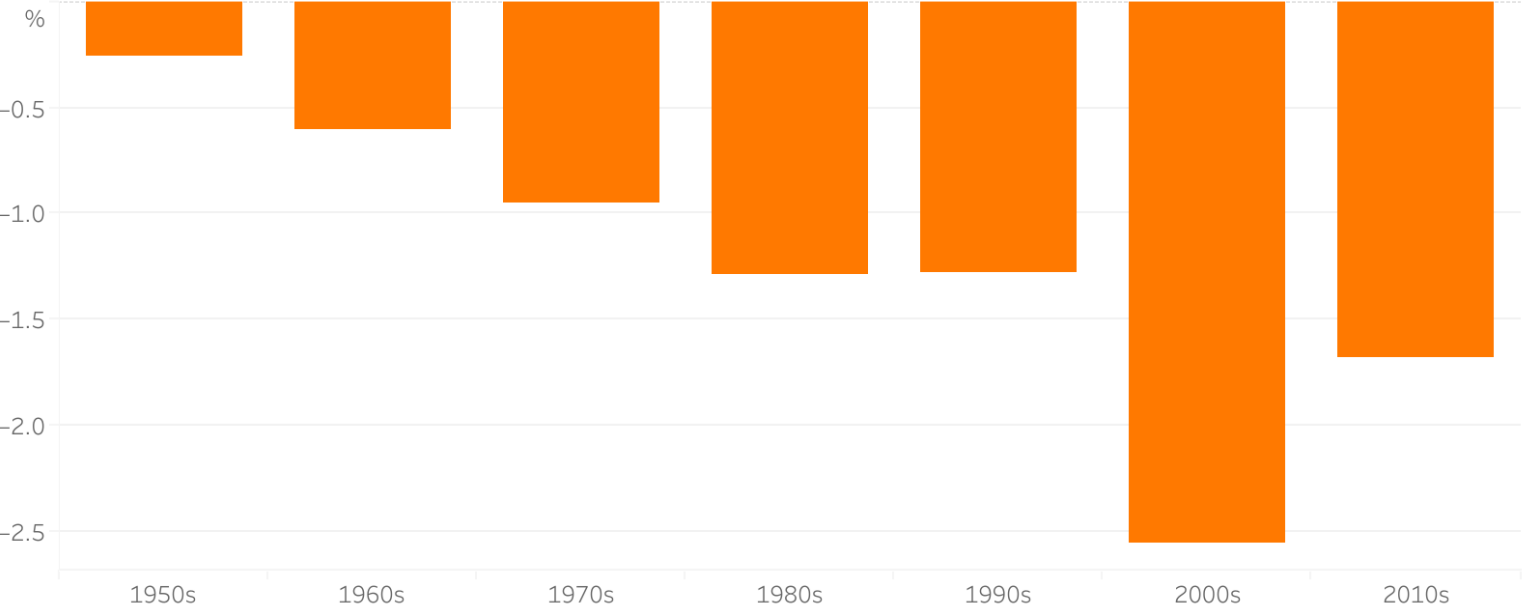


Trends in Declining Farm Numbers

- 1982/83 to 1990/91 decline of 1% per year
- 1993/94 to 2002/03 declined at a faster rate of 1.2% per year
- 2002/03 to 2017/18 declined at a faster rate of 1.6% per year
- Prediction Outlook 2004 was 1.5% decline to 2025 with number of farmers 3900



Figure 2 Average annual change in number of farm businesses, by decade, Australia



Source: ABS (2018)



Who Owns the Farm?

- Vast majority of farming enterprises are family owned in Australia – 99%
- Increase presence of larger capital investments in WA from external sources – foreign and Australian
- Approximately 13% of land area across Australia is owned by foreign interests, 16% in WA
- Trend is flat nationally but increasing in WA



Area of agricultural land with a level of foreign interest – 30 June 2018

State/ Territory	Foreign interests (‘000 ha)			Australian agricultural land (‘000 ha)	Foreign interests (%)
	2015-2016	2016-2017	2017-2018	2016-2017 REACS	2017-2018
NSW/ACT	2,375	2,487	2,553	55,439	4.6
VIC	607	634	660	10,852	6.1
QLD	17,658	15,748	15,758	137,955	11.4
WA	8,841	12,809	13,699	83,770	16.4
SA	7,156	4,796	4,933	49,720	9.9
TAS	342	354	362	1,480	24.5
NT	15,169	13,686	14,637	54,580	26.8
Total	52,147	50,515	52,602	393,797	13.4

Age of Farmers - ABS

FARM MANAGEMENT, Australia, year ended 30 June 2017

	Aust.	NSW	Vic.	Qld	SA	WA	Tas.	NT	ACT
Average age of provider (yrs)	57	58	58	57	55	56	56	52	57
Average time provider involved in farming (yrs)	37	37	36	38	35	36	35	26	30
Male providers (%)	79	79	80	74	83	82	81	66	74
Female providers (%)	21	21	20	26	17	18	19	33	26



Age of Farmers

- Aggregated data for age does not tell the full story
- Larger viable farm businesses tend to have younger owner/managers involved in the running of the business
- Conclusions from Agknowledge report to DPIRD was - key decision makers were 10 years younger than ABS, there is a more even mix of genders and these managers are keen to adopt new technologies and innovations
- Consultants observation – most successful farm businesses have two generations and sometimes three involved in the business.



Productivity – ABARE From 2005

Presentation

Total Factor Productivity 1977/78 to 2001/02

	Output	Input	Total Factor Productivity
Sheep Farm	1.20%	0.30%	0.90%
Sheep/Crop	4.20%	1.70%	2.50%
Crop Farm	4.80%	1.50%	3.30%



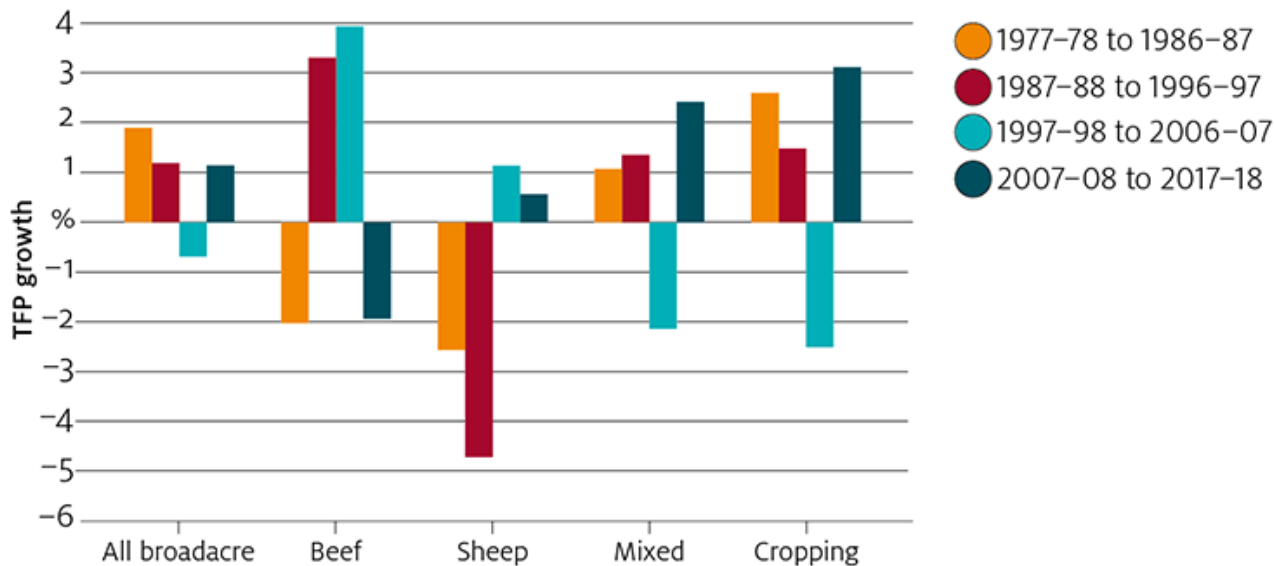
Productivity - ABARE

Total Factor Productivity 1977/78 to 2017/18

	Output	Input	Total Factor Productivity
Sheep Farm	-2.6%	-2.9%	0.30%
Sheep/ Crop	-0.9%	-1.8%	0.9%
Crop Farm	2.6%	1.10%	1.5%



Total Factor Productivity Decade Comparison - ABARE



10 Year Analysis – Planfarm Survey Data

WA Farm Business Statistics - 10 years			
	2009/10	2018/19	% Change
Average Area ha	4045	4606	114%
Labour - Permanent	2.2	2.5	114%
Labour - Casual	12.2	22.5	184%
Plant Investment \$/ha Crop	\$435	\$552	127%
Plant \$ Total	\$991,000	\$1,611,000	163%
Return on Capital – Top 25%	11.16%	10.1%	



Conclusions

- Number of Farms in WA continuing to decline
 - Average decline will slow over next 10 years – 1.2%/year
 - Scale and viability of WA broadacre farm businesses continues to improve
 - Return on capital remains strong for both average and top 25% of businesses
- External capital will continue to come into ownership of land
 - Opportunities for families to lease land
 - External funds have fixed investment horizon and often land comes back on the market
- Age of farmers is not an impediment to growth and development
- Productivity will improve in livestock industry compared with history
- Family farm businesses will continue to be the dominant future of our industry

