

EMBARGO: 8.00 pm Tuesday August 16th, 2005

Farm numbers decline while sector diversity increases.

The Australian farm sector is becoming more diversified, Australian farm businesses are steadily increasing in size and decreasing in number, and in future the sector will rely on more efficient use of land, water and human resources, and on finding ways to enhance the value of farm outputs, to achieve real growth in profitability.

These are the key findings of a major report on Australian farm sector demography to be released tomorrow by the Australian Farm Institute.

The report details the findings of a research project carried out for the Institute by Synapse Research and Consulting and Bob Hudson consulting. The objective of the research was to analyse the changing demography of the farm sector in Australia, and to consider the impact of those changes on issues such as rural labour supplies and other farm policy issues.

Among key findings are;

- the number of farm business in Australia has declined by 10% over the past decade, with the greatest reduction being in high rainfall zones,
- the proportion of large turnover (> \$2m pa) farm businesses is greatest in the horticulture sector, whilst the extensive livestock sector has the highest proportion of low turnover (< \$25,000 pa) businesses.
- The number of horticulture (fruit and vegetable) businesses increased by 10% over the decade, and the number of people employed in horticulture increased by 40%.
- Almost 40% of Australian farm businesses had an annual turnover of less than \$100,000, and the operators of these farms generated 91% of their annual net income from off-farm sources.

These changes are not unique to Australia, with similar changes being observed amongst farm populations in other developed countries.

‘The research highlights the increasing diversity that exists in Australia’s farm sector. This diversity applies to the increasing range of commodities being produced, but also to the motivations and beliefs of the people who operate Australian farms.’ explained Mick Keogh, Executive Director of the Australian Farm Institute.

‘A person operating a small-scale beef enterprise in the high rainfall zone who works full-time off-farm during the week has vastly different interests and motivations to the operator of a large-scale, intensively managed horticulture enterprise.’

There is an increasing need to consider and foster this diversity in developing farm policies, rather than to assume that Australian farming consists of a relatively uniform population of broadacre crop and livestock enterprises.

In considering the implications of these ongoing demographic changes for specific farm policy issues, a key challenge is the ability of the farm sector to compete with other sectors of the economy for labour.

The report concludes that over the medium to longer-term, a substantial shift will need to occur in how farmers manage the rural workforce. The focus on keeping rural wages low will need to change, and a greater focus will need to be placed on ‘professionalising’ the rural workforce by developing training and career structures.

“Farmers will need to recognise that in order to successfully produce the quality of outputs that are demanded by consumers in higher-value markets, a skilled and motivated workforce is essential.”

In examining natural resource policies, the report concludes that given the diversity of farmers and farm businesses, increased reliance on accreditation and incentive schemes in combination with an increased investment in natural resource monitoring seems more likely to motivate farmers and generate positive outcomes than current regulatory approaches.

Further information: Mick Keogh 02 96901388 (ah) 0418256066