



**Australian
Farm Institute**

MEDIA RELEASE

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AUSTRALIA'S FARM-DEPENDENT ECONOMY

Australian agriculture is at the core of a sector of the national economy that generates more than 12% of national GDP each year, according to a detailed report that has just been released by the Australian Farm Institute.

The research, co-funded by Horticulture Australia Ltd and the Australian Farm Institute, was carried out by economic consultants Econtech Pty Ltd.

The project set out to quantify the full scope of economic activity associated with the agricultural sector in Australia. It measured all the economic activity within the farm sector, as well as within industries providing goods and services to farmers, and within the industries using farm produce to manufacture or market products for consumption. The researchers termed this Australia's "Farm Dependent Economy".

The report to be launched on Monday 14th March by the Deputy Prime Minister, John Anderson, was commissioned to provide a better understanding of the economic significance of the country's farming industries.

It has found that Australia's Farm Dependent Economy contributed an average of 12.1% of national GDP for the six years up to 2004. This is nearly 4 times the simple measure of the value of commodities at the farm-gate.

AFI Executive Director, Mick Keogh, says the Report's finding that agriculture drives 12% of the nation's economic activity should make politicians and policy makers sit up and take notice.

"It highlights that policy changes impacting on agriculture have a much greater impact on the whole economy than has ever been recognized.

"For example, Australia's farm dependent economy accounts for more than 17% of all employment nationally, and more than 30% of employment in some areas of regional Australia.

This highlights why a downturn in agriculture due to a drought or other economic shocks very quickly translates into significant job losses in a broad range of non-farm sectors, as has been the experience during the recent drought.'

"In other findings, the report also shows that 50% of the employment generated in the farm dependent economy is actually in our major capital cities."

The report also investigates the impacts on the economy of a range of other 'shock' events, such as abolishing tariffs, disease outbreaks and drought.

Mr Keogh says the AFI decided to commission the research after similar work conducted in the USA, Canada and the UK also found that agriculture was much more significant to the national economy than had previously been acknowledged.

The report is not just constrained to big-picture economic effects. It also drills down into the impacts of policy changes and natural disasters on employment, living standards and economic activity in Australia's regional areas.

The Australian Farm Institute is an independent farm policy research institute which publishes a quarterly journal and commissions reports and investigations on significant issues impacting agricultural industries. This inaugural report, The 'Farm Dependent Economy' is being officially launched on Monday evening, at Parliament House in Canberra.

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