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Agriculture and Food



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A decadal assessment of farm performance: any learnings

Ross Kingwell, Lucy Anderton, Nazrul Islam,
Vilaphonh Xayavong and David Feldman



NCCARF
National
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Research Facility



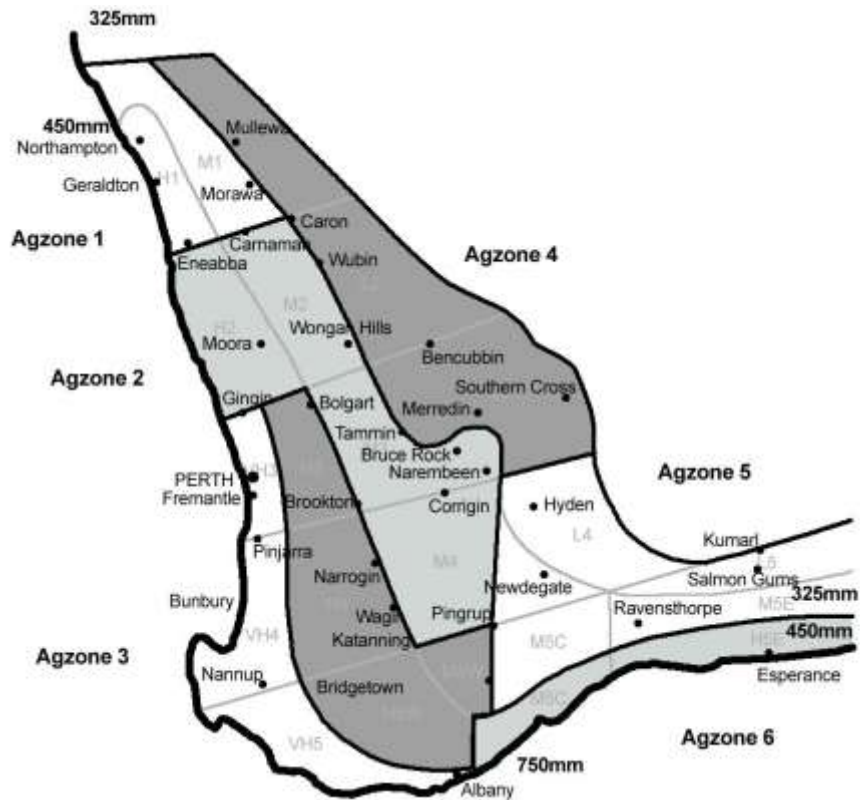


What did we look at?

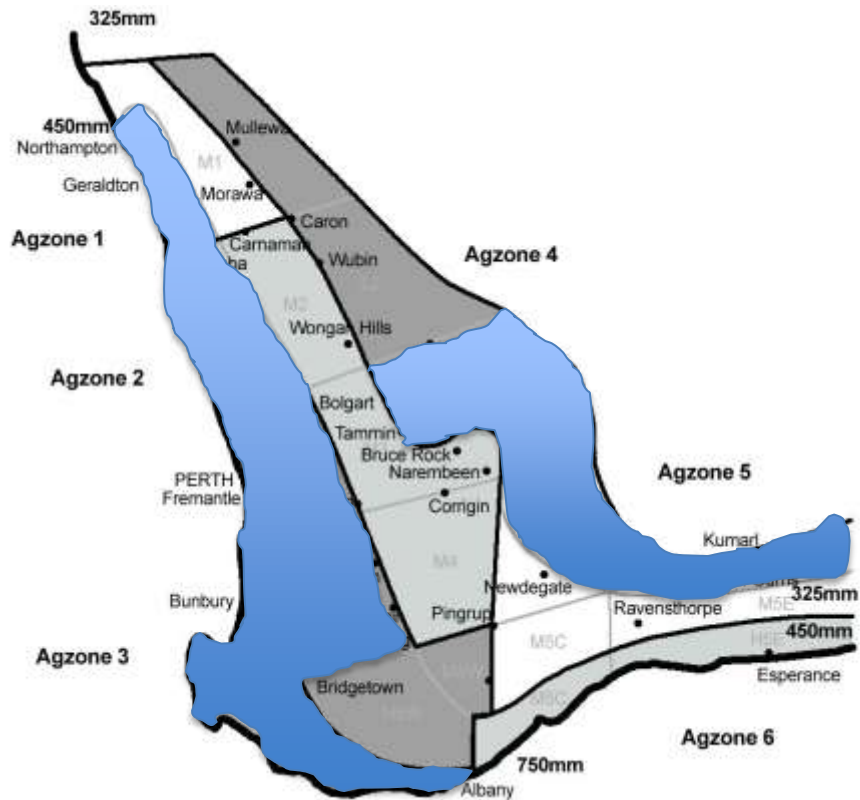
We examined the financial and productivity performance of 249 broad acre farm businesses from 2002 to 2011.

Data were supplied by three farm consulting firms.

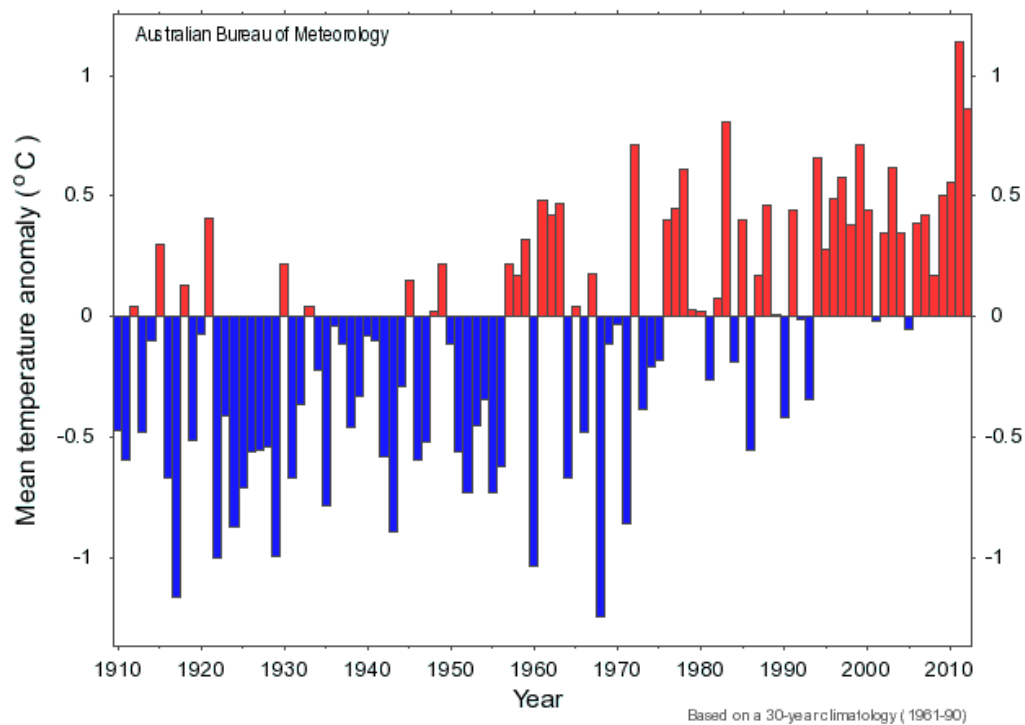




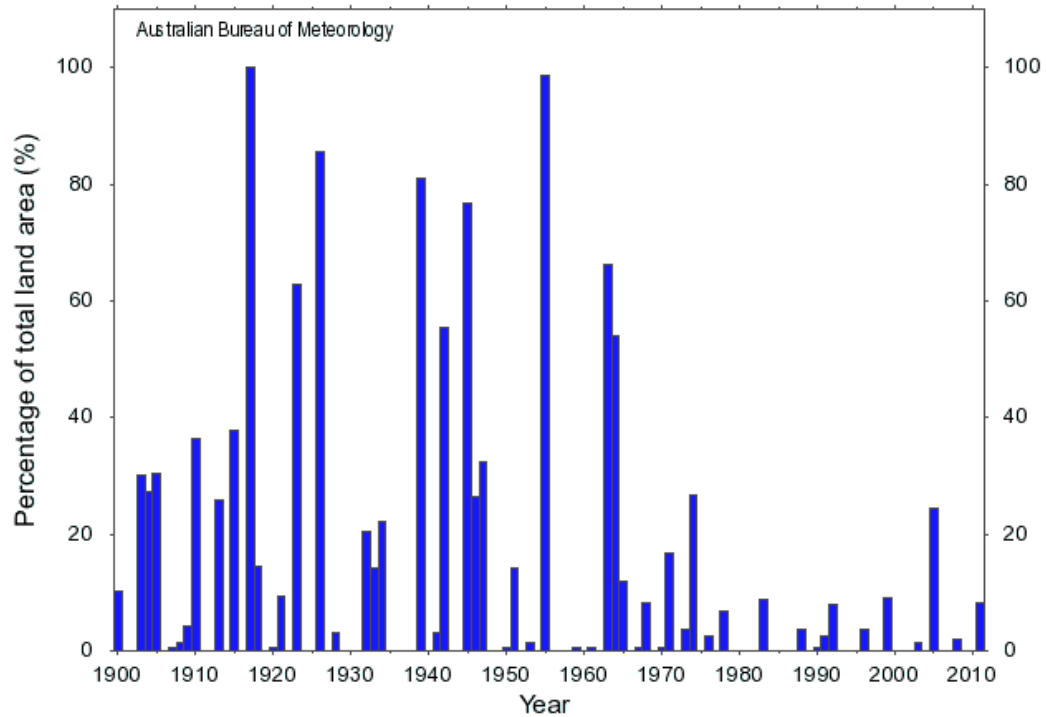
Zone	Number of farms in sample
H4	5
H5C	12
H5E	4
H5W	10
L1	15
L2	36
L3	6
L4	2
M1	11
M2	47
M3	31
M4	30
M5C	19
M5E	15
M5W	6
Total	249



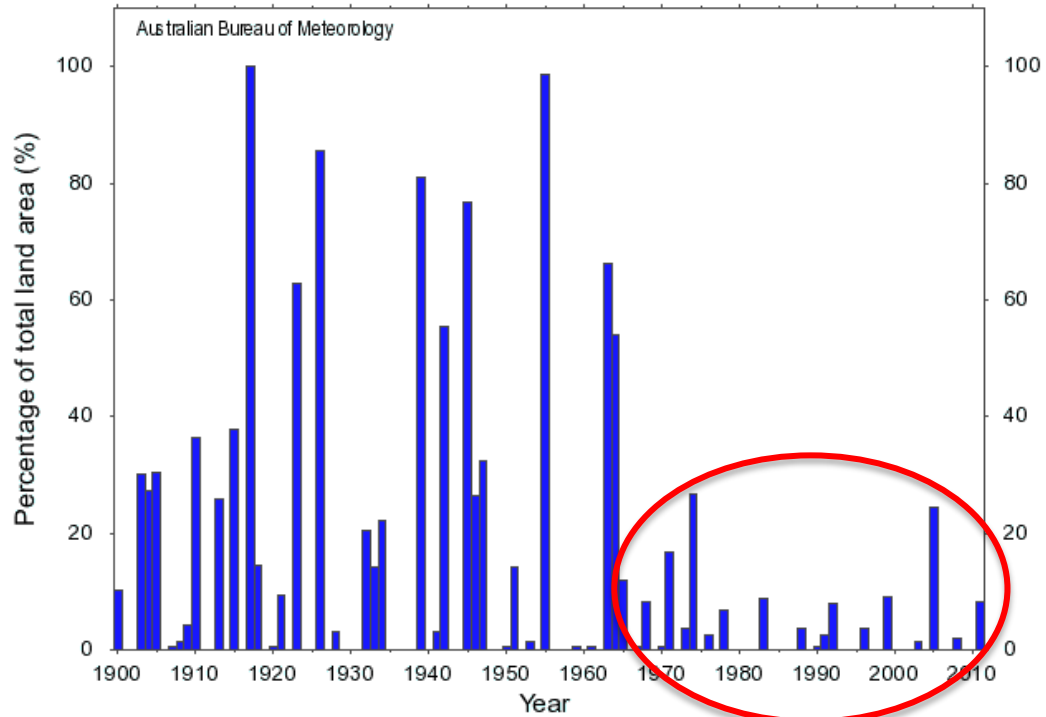
Annual mean temperature anomaly - Southwestern Australia (1910-2012)



Annual percentage area in decile 10 - Southwestern Australia (1900-2011)



Annual percentage area in decile 10 - Southwestern Australia (1900-2011)



So in a warming, drying climate how have farms
in these zones fared?

Answer: Mostly, very well!

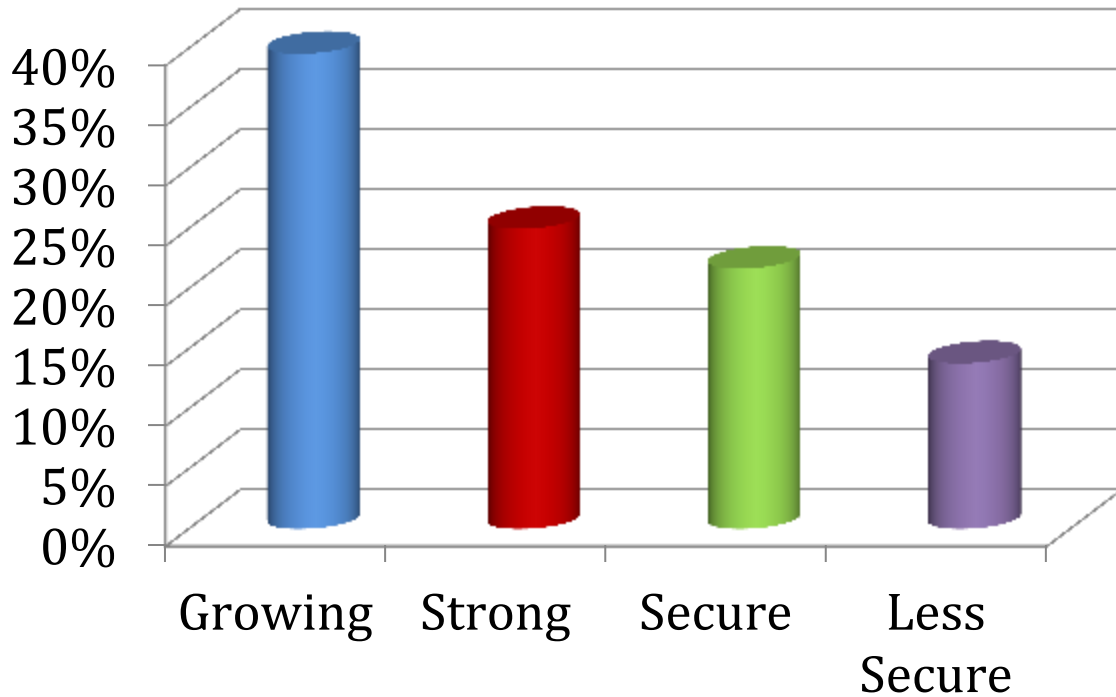


We developed five categories for farm performance using

- operating surplus,
- profit and
- change in equity from 2002 to 2011



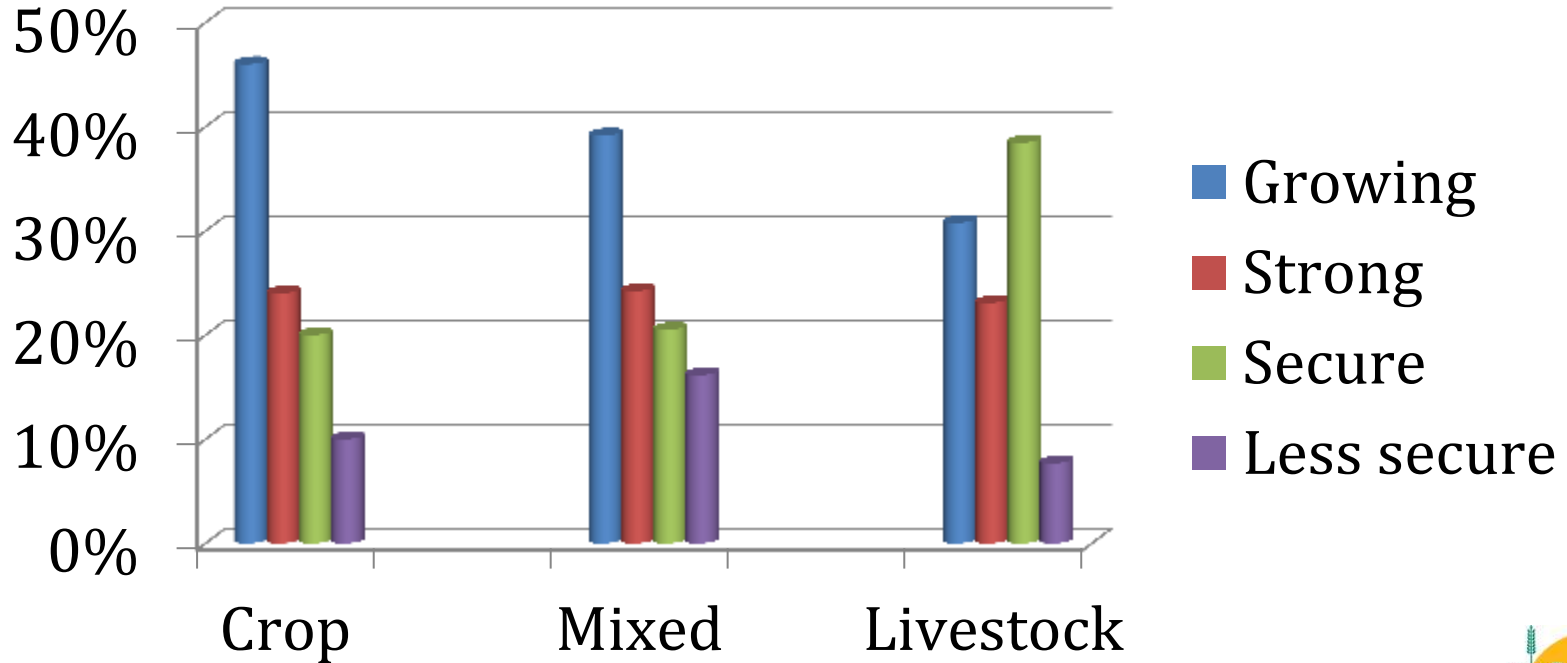
	Growing	Strong	Secure	Less Secure	Non viable
Operating surplus	✓	✓	✓	✓	
MINUS					
Finance (interest)	✓	✓	✓	✓	
Personal expenses	✓	✓	✓	✓	
Depreciation	✓	✓	✓		
EQUALs Profit	+ve	+ve	-ve	-ve	-ve
EQUITY	Increasing	Maintaining	Maintaining or Declining	Declining	Declining



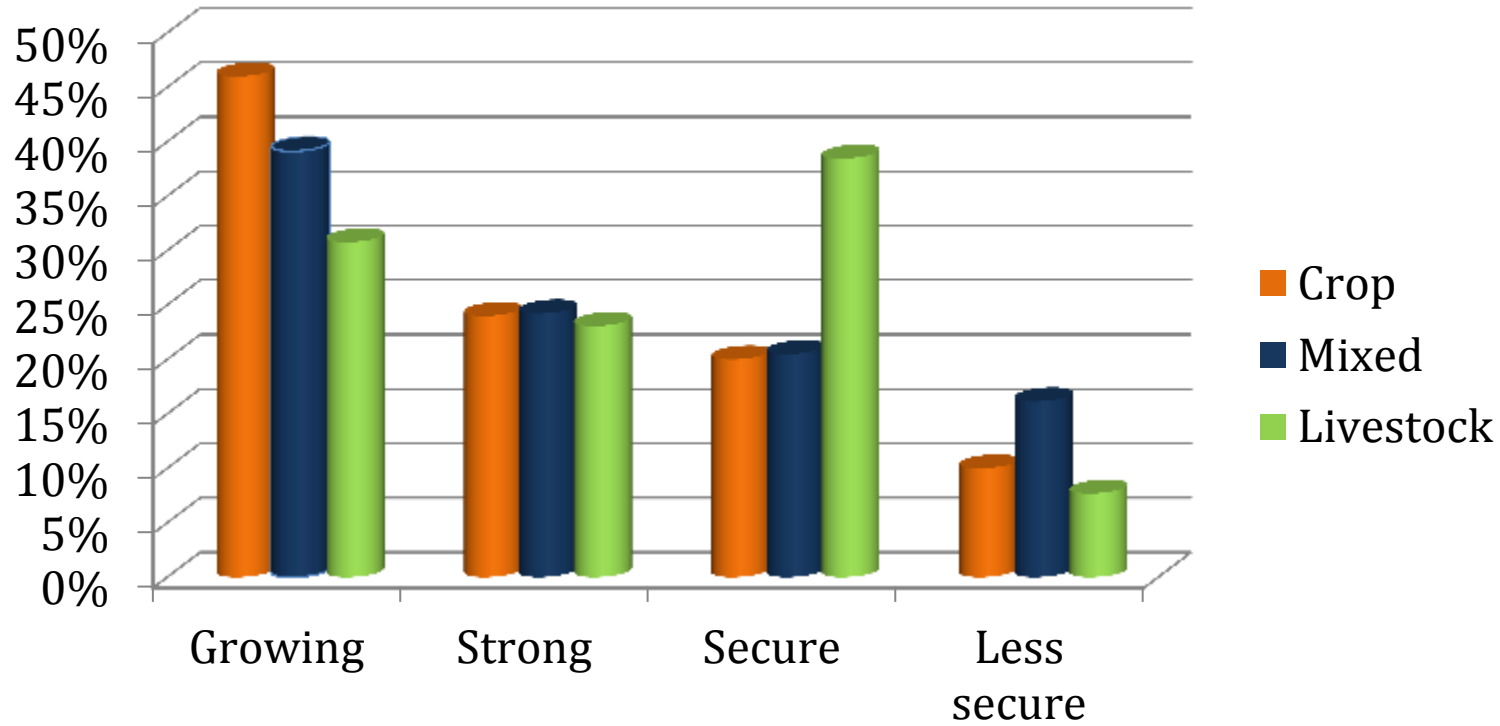
Almost two-thirds (65%) of farms were classed as growing or strong.

Less secure farms were 13% of the sample.

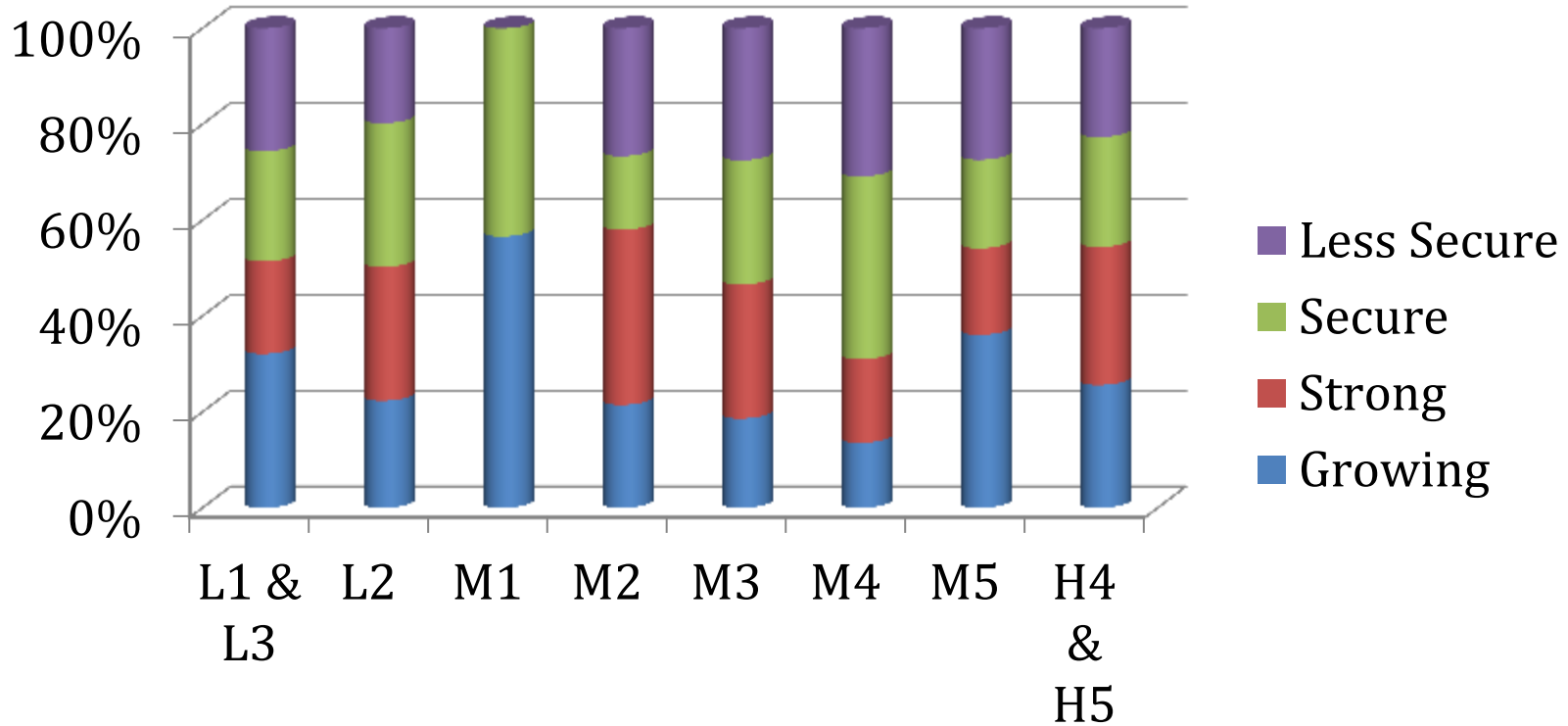
Results: by enterprise type



Results: by performance category

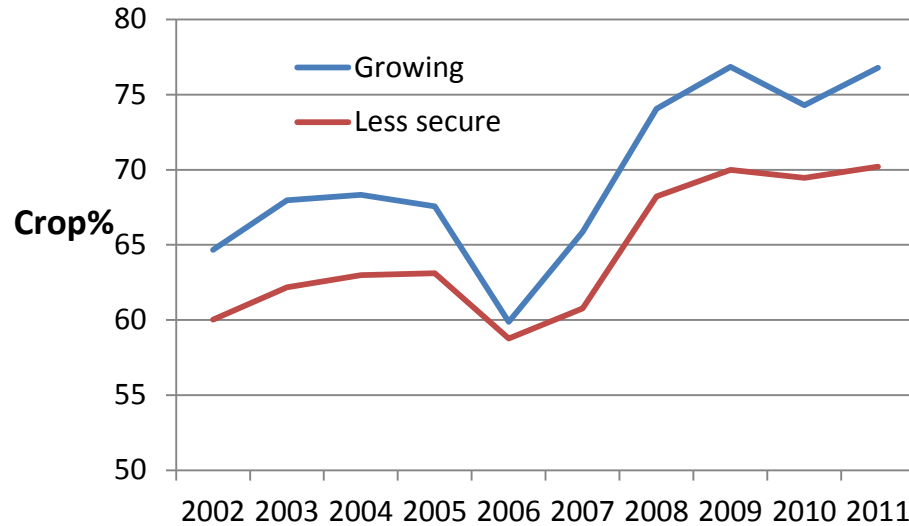


Results: by region





Increased cropping



Increased productivity

Over the study period farm profitability improved, supported by productivity growth, in spite of no lasting improvement in the terms of trade.

Farms improved their productivity, not so much by investing in new technologies, but rather through better use of existing technologies, including technologies that offer scale economies.

The change in total factor productivity for growing farms is double that for less secure farms and farm profitability has increased greatly for growing farms whereas less secure farms have displayed no growth in profitability.

The change in total factor productivity for crop farms is treble that for sheep farms and there is improvement in farm profitability for crop farms. Sheep farms display no growth in profitability.



More Findings

Growing and strong farms make greater use of leasing, contractors, superannuation funds, succession planning, Farm Management Deposits and off-farm assets.

Growing farms adopt and make greater use of farm business software, marketing strategies, decision support tools, precision technology, electronic paddock recording and GPS technology.

Growing farms display a greater quality of commitment to the maintenance of their cropping gear.

Growing farms are more involved in their local community and express more care regarding their work-life balance.



Key messages

- Despite the adversity of climate change, the vast majority of farm businesses prospered over the decade
- Greater crop dominance has mostly been a successful business strategy
- Improved technical efficiency has been a key to success
- Farm management does matter



Questions?

Ross Kingwell

ross.kingwell@aegic

