

Australian vegetable growing farms: an economic survey, 2007-08

From ABARE research report [09.15](#)

- This report presents results from a survey conducted by ABARE in May 2009 and funded by Horticulture Australia Limited using the vegetable levy and matched funding from the Australian Government.
- Detailed physical, financial and socioeconomic estimates for vegetable growers in 2005-06, 2006-07 and 2007-08 are presented. Additionally, some preliminary estimates are provided for 2008-09. Information on vegetable growers' management practices, production intentions and impediments to expanding vegetable production was also collected as part of the survey.
- An important finding of this report is that larger vegetable farms (with more than 70 hectares of vegetables sown) had the highest average farm cash income and rate of return, indicating evidence of economies of size in the Australian vegetable growing industry (table).
- The most common factor thought to be an impediment to future viability of vegetable farms was increased farm input costs. Other impediments identified by the majority of vegetable farms included marketing costs, low vegetable prices and availability of irrigation water.
- Vegetable growers were generally positive about their future involvement in the industry. An estimated 72 per cent of vegetable growers expected to still be engaged in vegetable production in five years time and 31 per cent intended to expand vegetable production in the next three to five years.
- In 2007-08, there were an estimated 3781 commercial vegetable farms operating in Australia with an estimated value of agricultural operations of greater than \$40 000. Estimates are based on a sample of 288 of these vegetable farms.
- It is estimated that average farm cash income for vegetable farms was \$166 100 a farm in 2007-08, which was 3 per cent lower than in 2006-07 as a result of rising costs. The proportion of vegetable farms realising a negative farm cash income fell from 17 per cent in 2006-07 to 13 per cent in 2007-08.
- With continuing adverse seasonal conditions in some vegetable growing regions, crop yields were lower for some vegetables in 2007-08, causing a 6 per cent fall in average receipts from vegetable sales. However, increases in receipts from other enterprises, including the sale of beef cattle, offset the fall in vegetable receipts.
- The average area operated by vegetable growers in 2007-08 is estimated to have been 189 hectares a farm, of which 29 hectares were sown to vegetables, on average. However, half of vegetable growers had 9 hectares or less sown to vegetables.
- During 2007-08, it is estimated that vegetable farms produced 796 tonnes of vegetables on average per farm with a yield of 28 tonnes of vegetables per hectare. Reflecting continued adverse seasonal conditions in some vegetable producing regions, overall there was a fall in the average vegetable yield. Consequently, the average quantity of vegetables produced fell by 11 per cent.
- Total cash costs were \$404 000 a farm on average in 2007-08, up by 2 per cent from 2006-07. The largest share of average cash expenditure per farm in 2007-08 was on hired labour, fertiliser, contracts paid and seed.

**Financial performance and debt characteristics, by area sown to vegetables,
2006-07 and 2007-08** average per farm

		area sown to vegetables			
		less than 5 hectares	5 to 20 hectares	20 to 70 hectares	more than 70 hectares
2007-08					
Proportion of growers:	%	39	26	27	9
Total cash receipts	\$	122 630	245 778	656 475	3 295 915
Total cash costs	\$	85 367	166 304	438 638	2 449 030
Farm cash income	\$	37 263	79 474	217 836	846 886
Farm business profit	\$	-19 372	5 282	102 690	623 088
Proportion of receipts from vegetables	%	84	70	79	88
Rate of return excluding capital appreciation	%	-1.1	1.1	3.2	9.2
Equity ratio a	%	89	91	92	76
Farm business debt a	\$	105 960	162 878	369 708	2 321 391
Debt servicing ratio a b	%	7	5	4	5
Change in debt during the year a	%	0	-4	4	19

a Average per debt responding farm. **b** Defined as the ratio of interest payments to total cash receipts and is a measure of the ability of farmers to service debt from their revenue stream.