ABARE CONFERENCE PAPER 2001.18

Agricultural outlook for 2001-02

and farm performance estimates for northern New South Wales

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Tamworth Regional Outlook Conference
14 August 2001

With 60–70 per cent of Australian agricultural production exported each year, developments in world markets and progress in negotiating expanded market access and reductions to policy induced distortions to production and consumption in major markets will be crucial to the future prosperity of the farm sector.

Slower economic growth in the United States, Japan and east and south east Asia is expected to dampen demand for Australia's commodities in the near term. However, improved economic growth in 2002 and a weak Australian dollar are expected to underpin returns to Australian farmers.

Continuing high levels of farm production and forecast further improvements in prices for beef, wheat and dairy products point to a strong financial performance for the Australian farm sector in 2001-02.

Farm cash incomes of New South Wales broadacre (grains, sheep and beef) farmers are estimated to have averaged around 15 per cent higher in 2000-01. However, in northern New South Wales cash receipts from crops were adversely affected by poor seasonal conditions and consequently farm cash income for many northern producers fell in 2000-01. Better seasonal conditions across most of northern New South Wales so far this cropping year, together with continued good commodity prices, point to significantly better financial outcomes for the region in the year ahead.

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World economic outlook

As Australia exports around 60–70 per cent of its agricultural production each year, developments in world markets are critical to the farm sector. Although world economic growth, a key factor driving commodity prices, is expected to be lower in 2001, it is generally expected to pick up next year. Economic developments in Asia — the destination for around 62 per cent of Australia's commodity exports in 1999-2000 — will be crucial to Australia's commodity sector.

Following strong economic performance in recent years, economic growth in the United States has slowed significantly since late 2000. These developments in the US economy have adversely affected performance in other parts of the world. In western Europe, for example, the economic outlook has weakened over the past few months. Although the United States accounts for only around 15 per cent of exports from the region, the western European economies are being affected through their direct investment in the United States and through the effects of weaker US economic growth on consumer and business confidence.

The United States is a major destination for Asian countries' exports, taking around 20–30 per cent of the region's exports. Given the sharpness of the present economic slowdown in the United States, economic growth in the Asian region faces a major challenge. Export performance in many Asian countries has weakened. In Korea and Malaysia, for example, year on year growth in exports slowed to 2.4 per cent and 2.0 per cent respectively in the March quarter 2001. These rates are sharply lower than their respective growth of 20 per cent and 17 per cent in 2000. Singapore, which depends heavily on trade, experienced a substantial decline in economic activity in the June quarter of 2001.

Furthermore, a recent sharp weakening in Japan's economic situation poses a significant risk to economic prospects in the rest of Asia. Associated with a weaker economic outlook, the Japanese yen has depreciated by around 10–15 per cent against the US dollar since late 2000. A significantly weaker yen, together with weak import demand in Japan, could further damage the export performance of other Asian countries, as Japan is both an important destination and a major competitor in international markets.

It appears likely that world economic growth will strengthen in 2002, supported by an expected partial recovery of US economic growth. World economic growth is assumed to be 3.0 per cent in 2001, before strengthening to 3.6 per cent in 2002. This compares with growth of 4.7 per cent in 2000. However, there is considerable uncertainty about the economic outlook. The key risks stem from the US economy where, despite recent sharp reductions in interest rates, there remains a possibility that economic weakness could persist longer than currently assumed.

Australian economy

The sharp slowdown of economic growth in the United States, Japan and east and south east Asia is expected to dampen demand for Australia's commodity exports in those countries in the near term. However, the adverse effects on export earnings are likely to be offset by the revenue and competitive gains from a continued low Australian dollar.

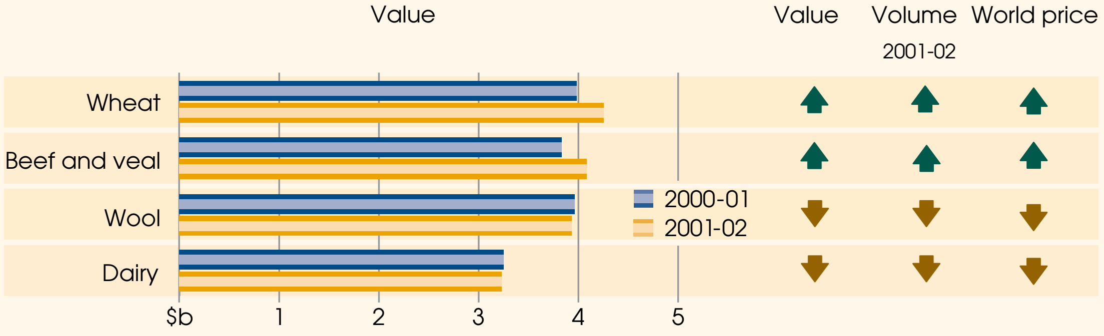
In preparing this set of commodity forecasts, economic growth in Australia was assumed to strengthen from an estimated 2.0 per cent in 2000-01 to around 3.3 per cent in 2001-02. This assumed Australian growth rate in the short term is higher than the rates assumed for the major world economies, including the United States, Japan and western European countries. Australia's inflation rate is assumed to average around 2.0 per cent in 2001-02, compared with an estimated 6.0 per cent in 2000-01 (including the effect of the new tax system).

The outlook for the Australian dollar is particularly uncertain. Over the past eighteen months, the Australian dollar has depreciated by around 10 per cent on a trade weighted basis, 20 per cent against the US dollar, 10 per cent against the Japanese yen and 5 per cent against the euro. Recent movements in the Australian dollar have been associated more with adverse market sentiment than a significant weakening of Australia's economic fundamentals. The Australian dollar is assumed to average around US54c and TWI 51 in 2001-02, compared with an estimated average of US54c and TWI 50 in 2000-01.

Prospects for agriculture

Continuing high levels of farm production and forecast further improvements in prices for beef, wheat and dairy products point to a strong financial performance for the Australian farm sector in 2001-02 (figure 1). The net value of farm production is forecast to rise by nearly 16 per cent to over $7.8 billion in 2001-02, following a 34 per cent increase in 2000-01. After rising an estimated 19 per cent last financial year, the value of farm exports is forecast to rise almost 4 per cent to $29.8 billion in 2001-02.

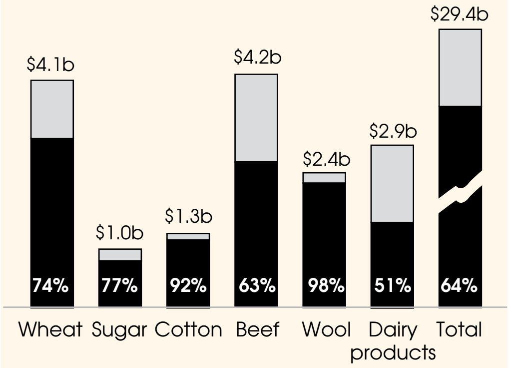
1 Major agricultural commodity exports



Trade reforms vital

International markets are crucial to Australian agriculture. In the three years to 1999-2000, around 64 per cent of agricultural production (in value terms) was exported (figure 2). In the case of wool the figure was 98 per cent. The dairy industry currently exports a little over half of its output, but this can be expected to grow as the industry expands to take advantage of opportunities in the world market.

2 Share of agricultural production exported (average 1997-98 to 1999-2000)



In view of the importance of exports to Australian agriculture, future prospects will be determined in large part by how much extra market access can be achieved through trade negotiations; and by how competitive Australian suppliers are in those new markets. There can be little doubt that most of the growth in Australian agriculture will come from the export market, not from the small domestic market.

Recent ABARE work on world dairy trade highlights the potential gains from reducing some of the market distorting measures that currently exist. If, for example, there was a concurrent doubling of import quotas and a halving of all applied tariff rates, world prices for cheese are estimated to rise by 25 per cent. Increased world prices would flow back directly to Australian exporters, to dairy farmers and to the rural communities that contribute to cheese production. Of course if Australian dairy farmers are not competitive on world markets they would fail to capture these opportunities.

In the past eighteen months or so there has been a significant rise in anti-globalisation sentiment in many parts of the world. In light of this development, it is worth reflecting on what would happen if Australia ceased further economic reform. For example, what would it mean if there was a tightening of restrictions on overseas investment in Australia, a reinstatement of protection in agriculture and manufacturing to pre-Uruguay Round levels, and a cessation of immigration. It is estimated that such a policy would cost the Australian economy a full percentage point in economic growth forever. It would take Australia’s current long term sustainable growth rate from 3.5 per cent a year down to 2.5 per cent. The consequence of that would be the loss of around 400 000 new jobs over the next ten years.

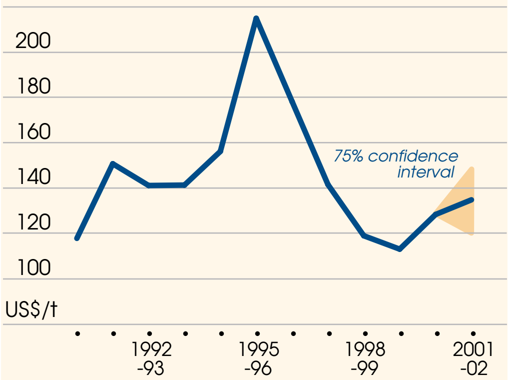
Grains

Strong demand for grains, especially in Asia, is forecast to result in world consumption exceeding production of wheat, coarse grains and oilseeds in 2001-02. Reduced stocks of these grains are forecast to lead to increased world prices for most grains. Returns to Australian growers will also be assisted by the relatively low Australian dollar.

Australian winter crop production is forecast to increase by around 4 per cent this year. Continued dry weather in some wheat growing regions of Western Australia and central and southern Queensland, however, mean that there is a growing possibility that this forecast could prove too optimistic. Wheat and canola areas are estimated to be lower, but barley area greater. Australian wheat production is forecast to increase by 2.6 per cent to 21.7 million tonnes; canola to fall by 5 per cent to around 1.6 million tonnes; and barley production to be up 8 per cent to 6.0 million tonnes.

The world indicator price for wheat (US hard red winter, fob Gulf) is forecast to average US$135 a tonne in 2001-02, up from US$129 a tonne in 2000-01 as stocks decline from their highs of recent years (figure 3). World wheat production in 2001-02 is forecast to fall by around half a per cent or 3 million tonnes to 577 million tonnes, the smallest crop since 1995-96. The decline in production mainly reflects smaller crops in the United States, the European Union, India, Pakistan and China. Lower production in these countries is forecast to be partially offset by larger crops in the Russian Federation, the Ukraine, Australia, Iran, eastern Europe and Argentina. Global consumption of wheat is expected to exceed production for the fourth consecutive year.

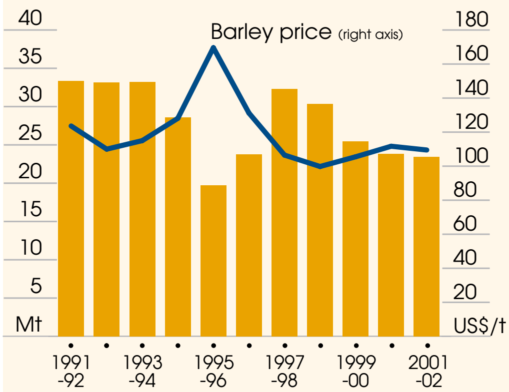
3 World wheat price
Nominal, US hard red winter wheat, fob Gulf



World coarse grains production is forecast to recover from last year's low, but continued moderate growth in consumption means stocks are forecast to decline. Although this means corn prices are likely to be marginally higher, international barley prices are forecast to fall in 2001-02 (figure 4). Lower barley prices are expected to reflect higher world barley production, combined with reduced import demand for feed barley. Given these developments, Australian prices for malting and feed barley are forecast to decline by $5 a tonne to average $204 a tonne and $165 a tonne respectively in 2001-02.

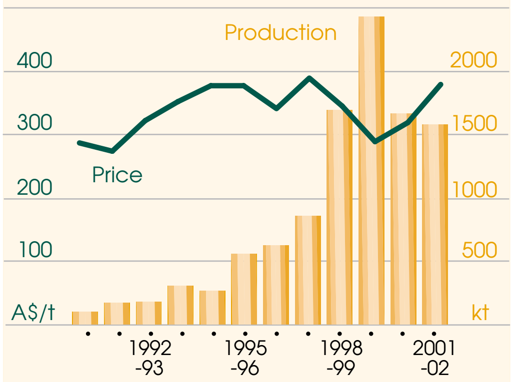
Low canola prices at the time of planting in major producing countries have contributed to a decline in areas sown. Canola plantings

4 World barley stocks and price



in Canada are estimated to be down 20 per cent in 2001-02, with production also expected to be affected by drought conditions in Manitoba, Alberta and Saskatchewan. The European Union is also expected to produce less canola because of low world prices and unfavorable weather conditions at the time of planting. Reduced world stocks of canola and prospects of lower production, have resulted in substantially higher canola prices so far this year (figure 5).

5 Australian canola



Wool

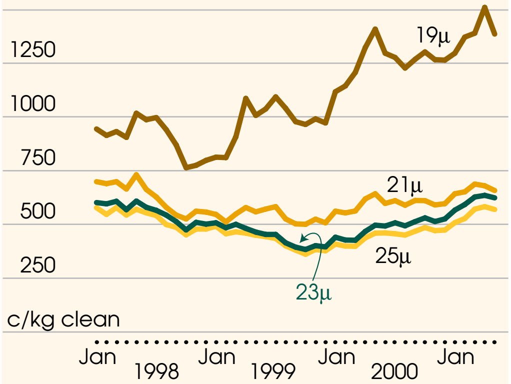
The Australian eastern market indicator rose strongly in the first half of 2001, averaging 840 cents a kilogram clean in April — the highest monthly average price (in real terms) since 1995.

Fine wool prices have risen more strongly than prices for medium micron wools over the past eighteen months (figure 6). The disparity reflects the reduced availability of finer wools relative to demand. However, the differential between micron indicator prices is expected to narrow over the next few years as the supply of finer wools relative to medium micron wools increases, and because of the potential for textile processors to substitute between wool types depending on price relativities. Wool currently remains attractive relative to substitute fibres, with wool prices in US dollar terms increasing by only around 1 per cent in 2000-01.

Slower world economic growth and continued strong competition from substitute fibres are expected to result in some easing in demand for wool in 2001-02. As a result, the Australian eastern market indicator is forecast to fall by 2.6 per cent in 2001-02 to average around 740 cents a kilogram (figure 7). The major risk facing wool prices at the moment is the potential for the downturn in world economic growth to be greater than expected. Although demand from Europe is expected to be stronger, this may be more than offset by slower growth in the United States and Asian economies.

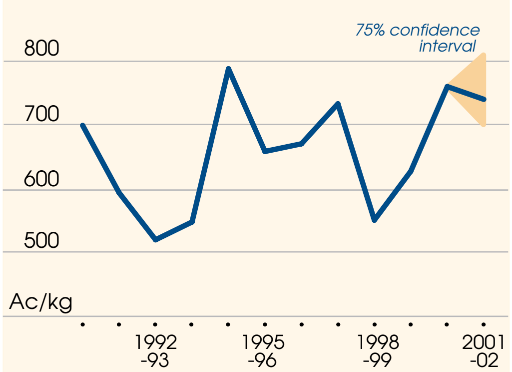
Exports to China have slowed in recent months and are likely to remain lower in 2001-02 in response to a forecast weakening

6 Australian wool price indicators
Monthly, ended May 2001



in demand. With a substantial part of Italian production destined for re-export to Asian countries like Japan and the Republic of Korea, slower economic growth in those countries is expect to result in lower exports of Australian wool to Italy in 2001-02. Exports to Korea (the third largest market for Australian wool in value terms) were around 11 per cent lower for the nine months to March 2001 compared with the previous year. With economic activity in Korea slowing, Australian exports of wool to that market are forecast to fall further in 2001-02.

7 Australian eastern wool market indicator
Nominal

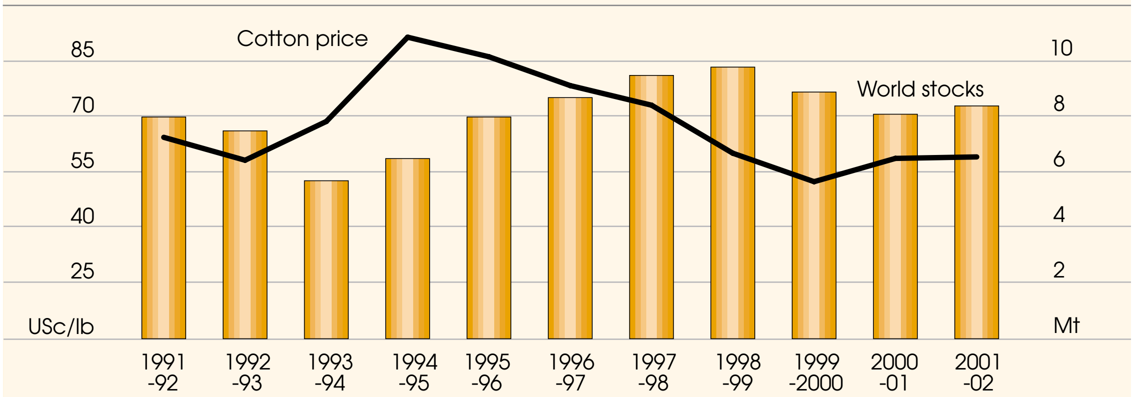


Australian wool growers have taken advantage of the higher prices to reduce stocks of wool held on farms. The volume of wool held on farms at June 2001 is estimated to be around 22 000 bales, down from 161 000 bales in June 2000. More significant, however, was the 79 per cent rundown in stocks held by WoolStock Australia — to 162 000 bales — in the twelve months to June 2001. Virtually all of WoolStock Australia's holdings have now been sold.

Cotton

With cotton production forecast to exceed consumption in 2001-02, there seems little chance of prices exceeding last year's Cotlook 'A' index average of US59c/lb (figure 8). A sluggish world economy, that has contributed to relatively weak demand for cotton and low prices so far in 2001, is expected to further constrain demand into 2001-02. However, an assumed strengthening of economic activity in 2002 can be expected to flow into expanded demand later in the season and help lift prices from their recent lows.

8 World cotton prices and stocks



Australian cotton production is forecast to rise marginally in 2001-02 to 735 000 tonnes. Lower production in Queensland is expected to be just outweighed by an increase in output from New South Wales. The area sown to irrigated cotton in New South Wales is forecast to expand by 8 per cent in 2001-02. Opportunities to forward sell and secure favorable price premiums for high quality cotton, despite current low prices, are likely to encourage this increase. Water availability, although at this stage expected to be sufficient, will also be a major consideration when final planting decisions are made around September.

Meat

Strong export demand, a weak exchange rate and continuing strong demand for store cattle underpin forecast high prices for beef cattle in 2001-02. Reduced sheep meat supplies and strong demand are expected to contribute to higher sheep and lamb prices as well. Pig meat prices are forecast to fall in 2001-02.

Beef and veal

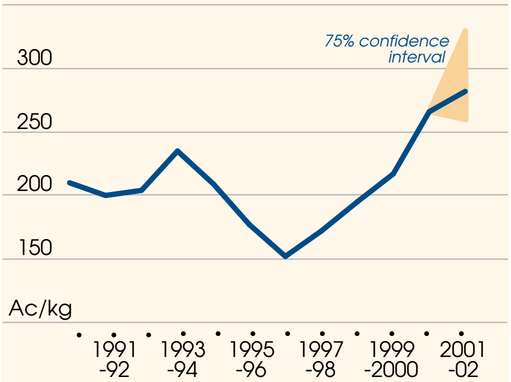
After rising 23 per cent in the year just ended, Australian saleyard prices of cattle are forecast to rise by 6 per cent in 2001-02 (figure 9). Australian beef and veal production is forecast to rise by 2.4 per cent in 2001-02 to about 2.1 million tonnes. Slaughter weights are expected to rise marginally, mostly as a result of continuing expansion of the grain fed sector.

Export demand from the key markets of the United States, Japan and Korea is likely to remain strong. Lower US beef production and slowing economic activity in both the United States and Japan are expected to result in continuing demand for cheaper imported beef. In Korea, market liberalisation should result in increasing opportunities for Australian exporters. The weak Australian dollar will aid Australia’s competitiveness in all three markets.

Growth in Australian beef exports to the United States may be limited by its import quota of 378 000 tonnes (product weight) applied on a calendar year basis. In 2001, for the first time since it was set in 1994 as part of the World Trade Organisation Agreement on Agriculture, Australia may nearly fill its quota.

Australian exports of beef and veal to Japan are forecast to rise marginally in 2001-02 to 334 000 tonnes. With the Japanese economy performing poorly, demand for lower priced imported beef from Australia is expected to

9 Australian beef price



remain solid — aided by the weak Australian dollar. As public stocks of grass fed beef are reduced in the Republic of Korea, Australian exports to that market should recover from the low 55 000 tonnes estimated for 2000-01.

The continuing expansion of the lot feeding industry is an important feature of the Australian beef industry. Results from the March 2000 Australian Lot Feeders Association / Meat and Livestock Australia feedlot survey show that there were 653 000 cattle on feed as at 31 March 2001, 14 per cent higher than at the same time last year. Lot feeding activity for the domestic market has continued to grow, accounting for 42 per cent of cattle on feed. Japan remains the most important destination for grain fed cattle, with 54 per cent of Australian cattle on feed destined for that market.

The recent outbreaks of foot and mouth disease in the United Kingdom and increasing occurrences of bovine spongiform encephalopathy (BSE or ‘mad cow disease’) in continental European states have had a significant impact on European livestock industries, particularly the beef industry. These two problems together have brought about a severe imbalance in the European beef market as demand fell and beef stocks rose.

The European Union’s situation is not likely to present opportunities for increased Australian beef exports to that market. The European Union is not a major market for Australian beef because of its strict 7000 tonne quota on imports from Australia. However, the large buildup of EU public stocks, and their subsequent release on the world market, has potential to affect the international beef trade for some years to come.

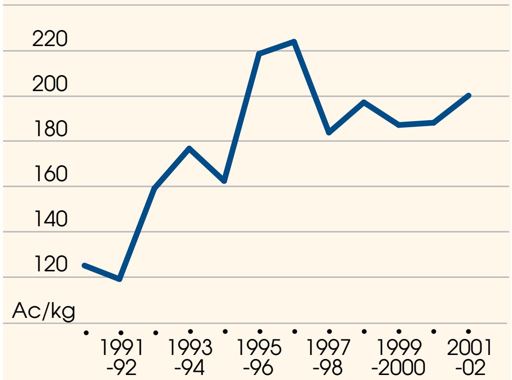
Lamb and mutton

Saleyard lamb prices are forecast to rise by 6 per cent in 2001-02 (figure 10). Lower lamb supplies are likely to be the main factor underpinning higher saleyard lamb prices. Lamb slaughter is forecast to fall by 4 per cent to 18.1 million in 2001-02 as improved wool prices prompt sheep producers to join a larger proportion of ewes to merino rams for wool production.

Reflecting the forecast fall in domestic lamb production, lamb exports are forecast to be nearly 3 per cent lower in 2001-02 at around 111 000 tonnes. However, lamb exports to the United States are forecast to increase by a further 12 per cent in 2001-02 as demand for imported lamb continues to strengthen.

Australian saleyard mutton prices are forecast to improve further in 2001-02 because of the lower numbers of sheep available for

10 Australian lamb price
Nominal



slaughter and strong demand for store stock. Consequently, mutton production is forecast to fall by 6 per cent to 341 000 tonnes. As a result of reduced numbers of sheep available for slaughter, saleyard prices are forecast to rise by 6 per cent in 2001-02.

Demand for live sheep exports from Middle East nations is forecast to remain strong in 2001-02, mainly as a result of continued relatively high world oil prices contributing to growth in incomes. Additionally, many Middle East countries have banned imports of meat from Europe as a result of concerns about BSE and foot and mouth disease, while bans remain on imports of live sheep from north African countries because of rift valley fever.

Dairy

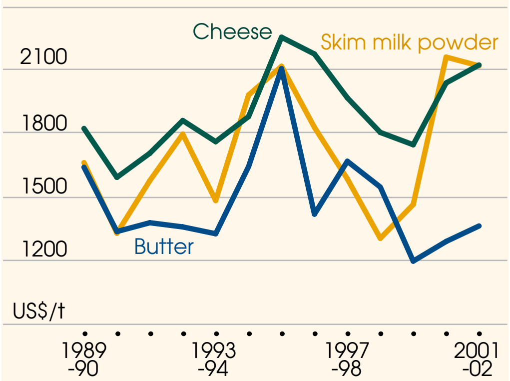
For Australia as a whole, improving farm gate prices for milk are expected to encourage a stabilisation of dairy cow numbers — forecast to be close to 2.2 million by June 2002. Total milk production in 2001-02 is forecast to rise by 1.4 per cent to over 11 billion litres.

Australian farm gate prices for milk are forecast to rise by around 11 per cent to 30.6 cents a litre in 2001-02 as manufacturers pass on the benefits of generally better world prices. Cheese and butter prices are expected to improve, but skim and wholemilk powder prices are likely to be a little weaker because of slower economic growth in Asia (figure 11).

The low value of the Australian dollar and bans on dairy product imports from the European Union have provided a boost to Australian exports in recent months. In particular, Australia has been able to expand exports of cheese to regions like the Middle East, Africa and south America.

Average farm gate prices of milk in New South Wales have been lower since the introduction of an open market in milk in July 2000. The price effects of deregulation have varied substantially between states according to the proportion of market milk produced previously. The price decline was relatively large in New South Wales because a high proportion of farmers' milk production was previously destined for the regulated fresh milk market. Farmers are adjusting to the new market regime — with some leaving the industry, but others expanding to take advantage of new market opportunities. As the market settles down, some processors are now offering higher prices to ensure continuity of supply for the fresh milk market.

11 World dairy product prices



Farm financial performance

The Australian farm sector continues to demonstrate considerable flexibility as it adjusts to pressures associated with fluctuating commodity prices, rising costs and the vagaries of the weather. In response to market signals, farmers have altered the range of activities on farms and the intensity of these activities. At the same time farmers have increased productivity to maintain their profitability and international competitiveness. For example, over the 22 year period to 1998-99 total factor productivity growth in the broadacre sector was around 2.6 per cent a year.

Continuing high levels of farm production and forecast further improvements in prices for beef, wheat and some dairy products point to a strong financial performance for the Australian farm sector in 2001-02. The gross value of farm production is forecast to rise by just under 5 per cent to $34.9 billion in 2001-02, reflecting increases in prices received and a 2 per cent increase in the volume of farm production.

Total farm costs are forecast to increase by 2.1 per cent to $27.1 billion in 2001-02, following a 4.5 per cent rise in 2000-01. The increase in farm costs during 2000-01 was driven by sharp rises in fuel and fertiliser prices, reflecting the impact of higher international prices and a weak Australian dollar. However, some easing of fuel prices is forecast for 2001-02, in line with expected modest falls in international crude oil prices. Australian farmers can also expect some falls in fertiliser prices in 2001-02, following recent falls in international prices for ammonia based fertilisers. Farmers will also benefit from lower interest costs in 2001-02.

Financial performance, by industry

Results from ABARE's annual farm survey provide a basis for evaluating the financial performance of the rural sector. Higher farm production combined with increased commodity prices are estimated to have resulted in increased profitability for the majority of Australia's broadacre farms (grains, beef and sheep) in 2000-01.

Farm cash income (total cash receipts minus total cash costs) for Australia's broadacre industries as a group is estimated to have risen by 10 per cent to average $58 100 per farm

Table 1: **Financial performance of broadacre industries: Australia and New South Wales**
Average per farm

	New South Wales			**Australia**		
	1998-99	**1999-2000** p	**2000-01** s	**1998-99**	**1999-2000** p	**2000-01** s
	$	$	$	$	$	$
Total cash receipts	200 635	200 940	214 300	211 173	218 460	228 400
Total cash costs	156 995	151 990	158 100	165 799	165 970	170 200
Farm cash income	43 460	48 950	56 300	45 389	52 570	58 100

p Preliminary. **s** Provisional estimate.

in 2000-01 (table 1). By comparison, farm cash income for New South Wales' broadacre industries is estimated to have increased by 15 per cent to $56 300 in 2000-01. Average total cash receipts for New South Wales farms increased by around $13 000 to $214 300, more than offsetting an estimated $6000 rise in total cash costs.

For the individual industries, there are considerable differences in farm cash income per farm in New South Wales (table 2).

The **wheat and other crops industry** represents the more specialised producers of cereal grains, coarse grains, pulses and oilseeds. Grain receipts in 2000-01 are estimated to have fallen, with higher prices for wheat, barley, sorghum, lupins and canola more than offset by lower crop production. The northern areas of New South Wales experienced dry conditions in late winter and spring, reducing yield. Then, floods and heavy rains in November destroyed or damaged many unharvested winter crops in the northern regions of the state and delayed the planting of summer crops. Reflecting these developments farm cash income per farm for the grains industry is estimated to have declined by 9 per cent to $104 700 in 2000-01.

The sheep industry represents the more specialised producers of sheep. Currently, such properties account for around a third of New South Wales' wool production. Higher wool

Table 2: **Farm financial measures: New South Wales, by industry**
Average per farm

	1998-99	1999-2000 p	2000-01 s
	$	$	$
Wheat and other crops			
Total cash receipts	464 702	480 580	452 800
Total cash costs	327 665	370 380	348 100
Farm cash income	124 495	115 090	104 700
Sheep			
Total cash receipts	110 703	118 460	161 500
Total cash costs	94 954	95 180	117 100
Farm cash income	15 141	21 680	44 400
Beef			
Total cash receipts	89 812	100 150	114 100
Total cash costs	72 028	77 130	84 500
Farm cash income	17 508	23 170	29 600
Mixed livestock–crops			
Total cash receipts	236 284	250 240	260 100
Total cash costs	189 798	181 290	186 000
Farm cash income	47 190	64 500	74 100
Dairy			
Total cash receipts	245 695	259 110	210 500
Total cash costs	181 344	175 210	169 800
Farm cash income	64 352	83 910	40 600

p Preliminary. **s** Provisional estimate.

production on this group of farms, combined with substantially better wool prices, is estimated to have resulted in total cash receipts increasing by 35 per cent to $161 500 in 2000-01. Cash costs on sheep industry properties are estimated to have risen in response to increased costs of fodder and livestock purchases, and increased expenditure on repairs and maintenance. Overall, average farm cash income for sheep industry properties is estimated to have more than doubled to $44 400 in 2000-01.

The **beef industry** covers properties engaged mainly in running beef cattle and accounts for around 37 per cent of beef production in New South Wales. Cash receipts are estimated to have increased in 2000-01 because of higher cattle prices. With only moderate rises in farm expenditure, average farm cash income for beef industry properties is estimated to have increased by $6000 to $29 600 in 2000-01.

The deregulation of the fresh milk market from 1 July last year has had a substantial effect on New South Wales **dairy industry** incomes. Gross receipts from sales of milk fell as a result of lower farm gate milk prices, while cash costs fell to a much smaller extent. As a result, average farm cash income per farm in New South Wales is estimated to have declined by more than half to $40 600 in 2000-01.

Farm performance in northern New South Wales

Not only have there been significant income differences between industries, but there have been significant regional differences in the financial performance of farms in the same industry — especially in the past year. Average farm cash income for **wheat and other crops** farms located in the northern half of New South Wales (north of Dubbo) was estimated to be $52 750 in 2000-01 (table 3). By contrast, average farm cash income for farms located in the southern half of the state was estimated to be around $100 900 — nearly double that for grain farms in the north. The difference largely reflects the impact of adverse seasonal conditions in the northern regions in 2000-01.

Table 3: **Farm performance measures for the New South Wales wheat and other crops industry** Average per farm

	1998-99	**1999-2000 p**	**2000-01 s**
	$	$	$
Zone north of Dubbo			
Total cash receipts	434 375	468 887	359 063
Total cash costs	335 489	382 230	306 313
Farm cash income	98 886	86 657	52 750
Zone south of Dubbo			
Total cash receipts	296 714	296 060	330 560
Total cash costs	215 292	211 732	229 635
Farm cash income	81 422	84 328	100 926

p Preliminary. **s** Provisional estimate.

ABARE survey data also indicate that there are differences in the financial performance of **broadacre** farms across northern New South Wales. For example, average farm cash income for broadacre farms in the North West Slopes and Plains is estimated to have fallen by 28 per cent to $42 400 in 2000-01, reflecting the significant decline in crop receipts caused by poor seasonal conditions (table 4).

Average farm cash income for broadacre farms in the Central West is estimated to have increased by 20 per cent to nearly $57 600 in 2000-01. Given the better seasonal conditions in the Central West, crop production was not as adversely affected and hence receipts from crops fell only marginally. In addition, while farms in both regions derive a significant share of income from wheat and other crops, cash receipts from sheep and wool was relatively more significant for farms in the Central West in 2000-01.

Broadacre farms in the Northern Tablelands derive around 80 per cent of their cash receipts from livestock and wool sales. Improved commodity prices, combined with higher turnoff of livestock, resulted in increased cash receipts for beef, sheep and wool in 2000-01. Consequently, average farm cash income for broadacre farms in the Northern Tablelands is estimated to have increased by around 60 per cent to nearly $63 400 in 2000-01.

Given the improved prospects for most agricultural commodity prices in 2001-02 seasonal conditions over the remainder of the year will be a crucial determinant of the financial performance of broadacre farms in northern New South Wales. While areas west of Walgett received insufficient rain to allow crops to be planted, most areas of northern New South Wales were able to establish crops. Widespread rain across northern and central New South Wales in the last week of July enabled the crops to consolidate.

Table 4: **Farm performance measures for broadacre industries: northern New South Wales**
Average per farm

	1998-99	**1999-00 p**	**2000-01 s**
	$	$	$
North West Slopes and Plains			
Total cash receipts	326 121	309 064	244 152
Total cash costs	241 971	249 913	201 726
Farm cash income	84 151	59 151	42 426
Central West			
Total cash receipts	210 982	209 158	218 371
Total cash costs	162 092	161 257	160 806
Farm cash income	48 891	47 901	57 565
Northern Tablelands			
Total cash receipts	110 300	137 247	181 459
Total cash costs	102 113	97 213	118 094
Farm cash income	8 187	40 034	63 364

p Preliminary. **s** Provisional estimate.