

# Agri Insights



Understanding farmers' intentions for  
the coming 12 months.

**October 2014**



# Positive trend continues for Australian agribusiness.

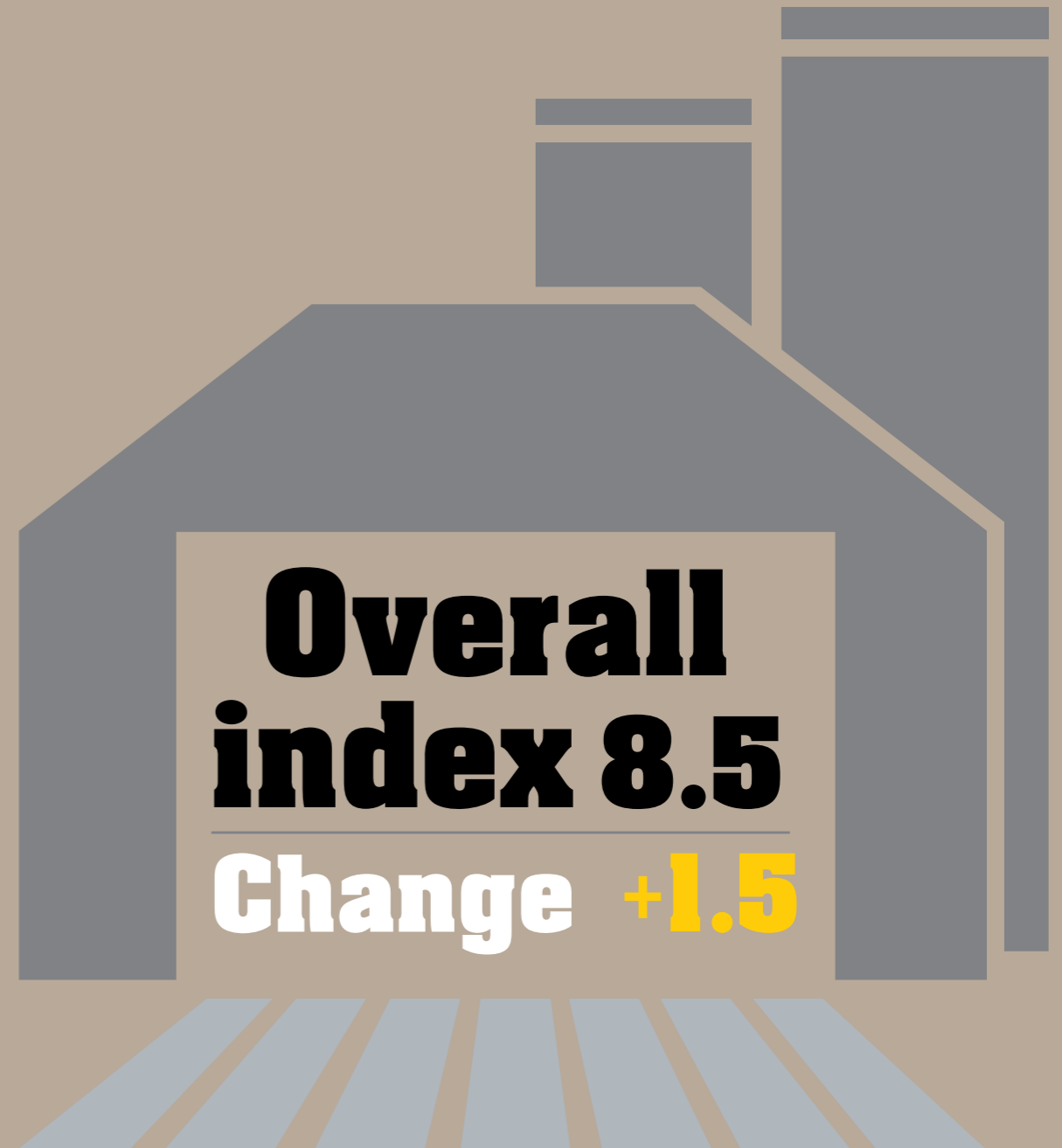
## 1,500 Aussie farmers tell us what they think

Agri Insights canvasses 1,500 Australian farmers about their intentions for their farm enterprise over the coming 12 months.

The research explores 14 areas of managing an agribusiness, across the physical aspects (including production scale and land size), financial investment intentions and people aspects (regarding people working in and for the farm business).

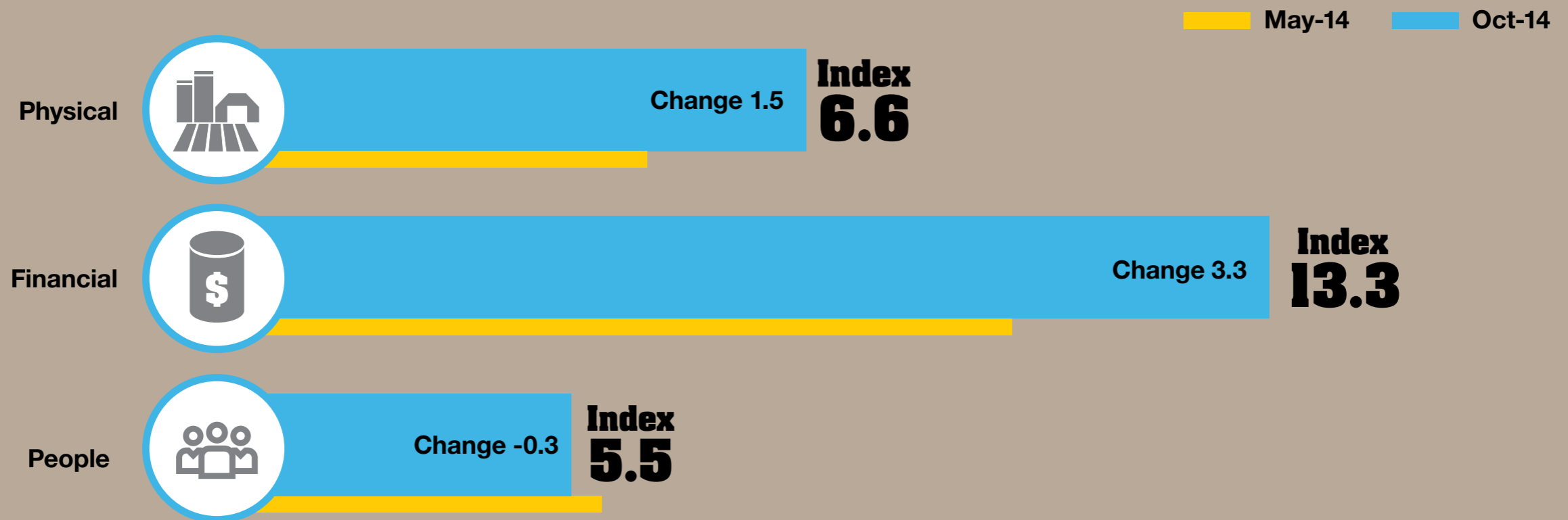
The results from each element are averaged to develop people, financial and physical indices. These indices are then averaged to calculate an overall Agri Insights Index.

The results from the second Agri Insights survey show farmers intend to invest in all three areas, with the overall index remaining positive at 8.5, up 1.5 points since May 2014.



# What farmers plan for the coming year.

- ▶ On the physical side, investment in fixed infrastructure is driving a 1.5 point change in the index.
- ▶ On the financial side, the greatest positive change in the index (3.3 points) is being driven by investment in technology and innovation.
- ▶ And on the people side, the focus will be on education and training.



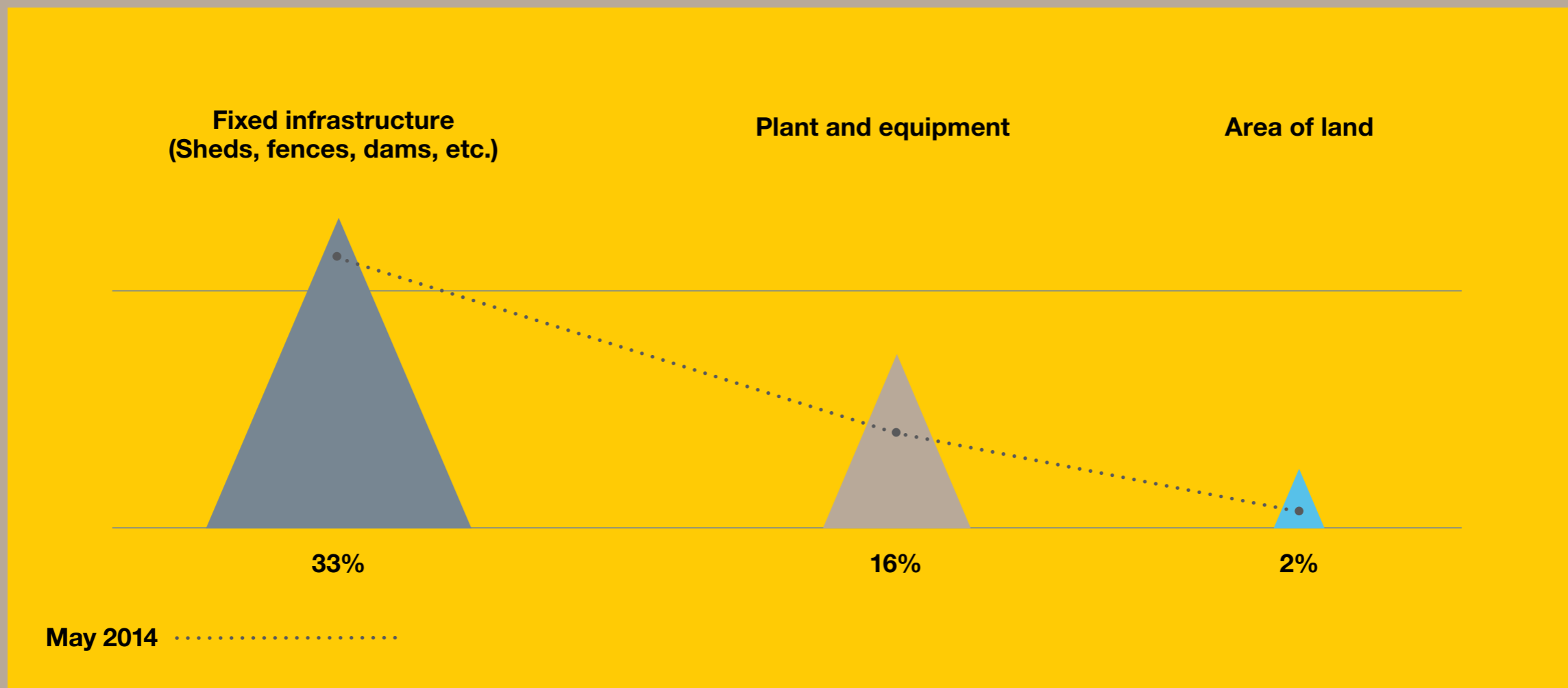
There was growth in the financial and physical indices compared with the first wave of the survey in May 2014. The people index has come back slightly but is still positive.

# Physical investment intentions.

## Land and infrastructure: national



On farm fundamentals remain the focus as farmers set their businesses up for ongoing sustainability and profitability. Investment in new land remains a lesser priority while adding plant and equipment continues to be an important element of short term planning for Australian farmers.



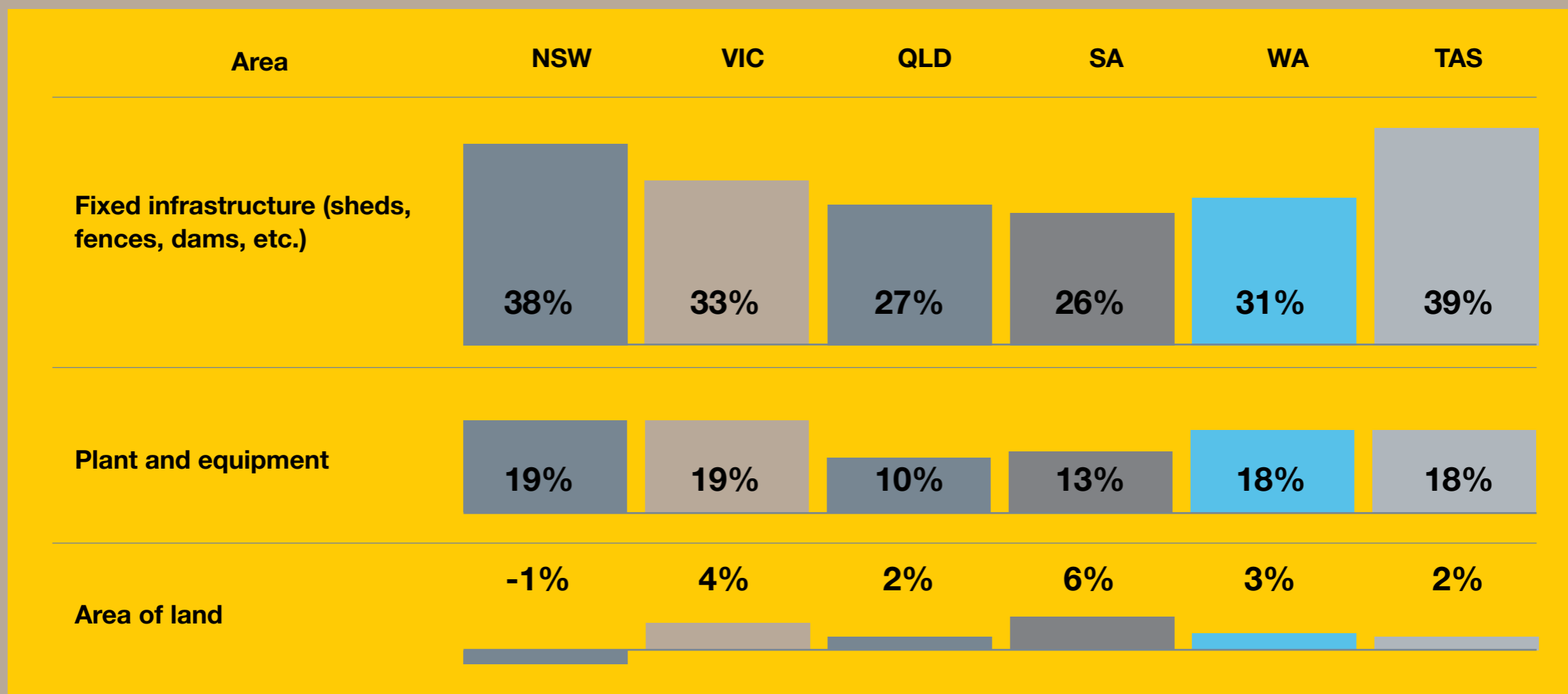
**Q. Where do farmers intend to focus their investment for their land, equipment and farm infrastructure for the next 12 months?**

# Physical investment intentions.

## Land and infrastructure: by state



Fixed infrastructure is the major physical investment focus across all states, with Tasmanian farmers especially likely to increase their investment in this area over the coming 12 months. South Australian farmers are the most likely to be planning to acquire more land.



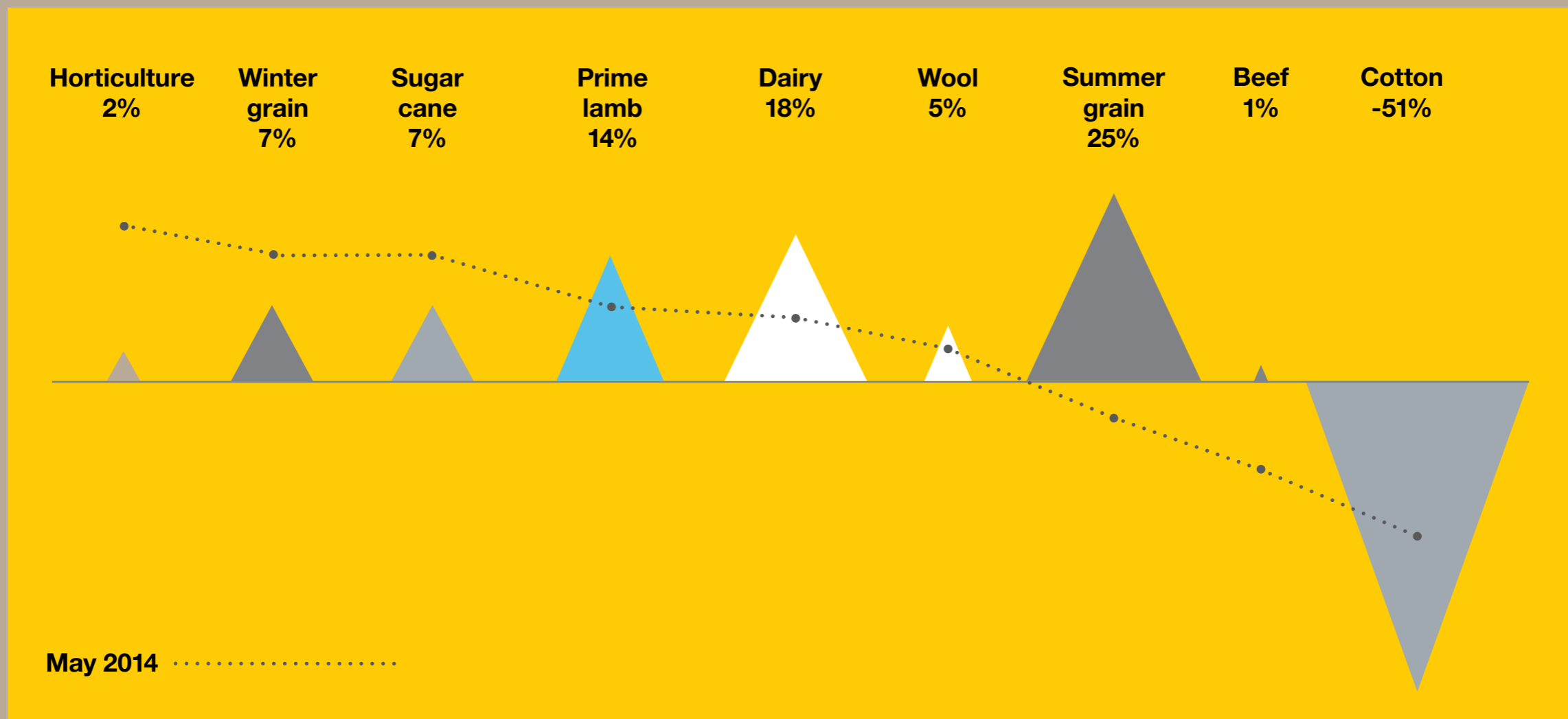
**Q.** Where do farmers intend to focus their investment for their land, equipment and farm infrastructure for the next 12 months?

# Physical investment intentions.

## Commodities and scale of operations: national



Intentions indicate most commodity sectors will be stable or expand over the coming year, apart from cotton. In particular, farmers intend to expand operations in summer grain, prime lamb and dairy.



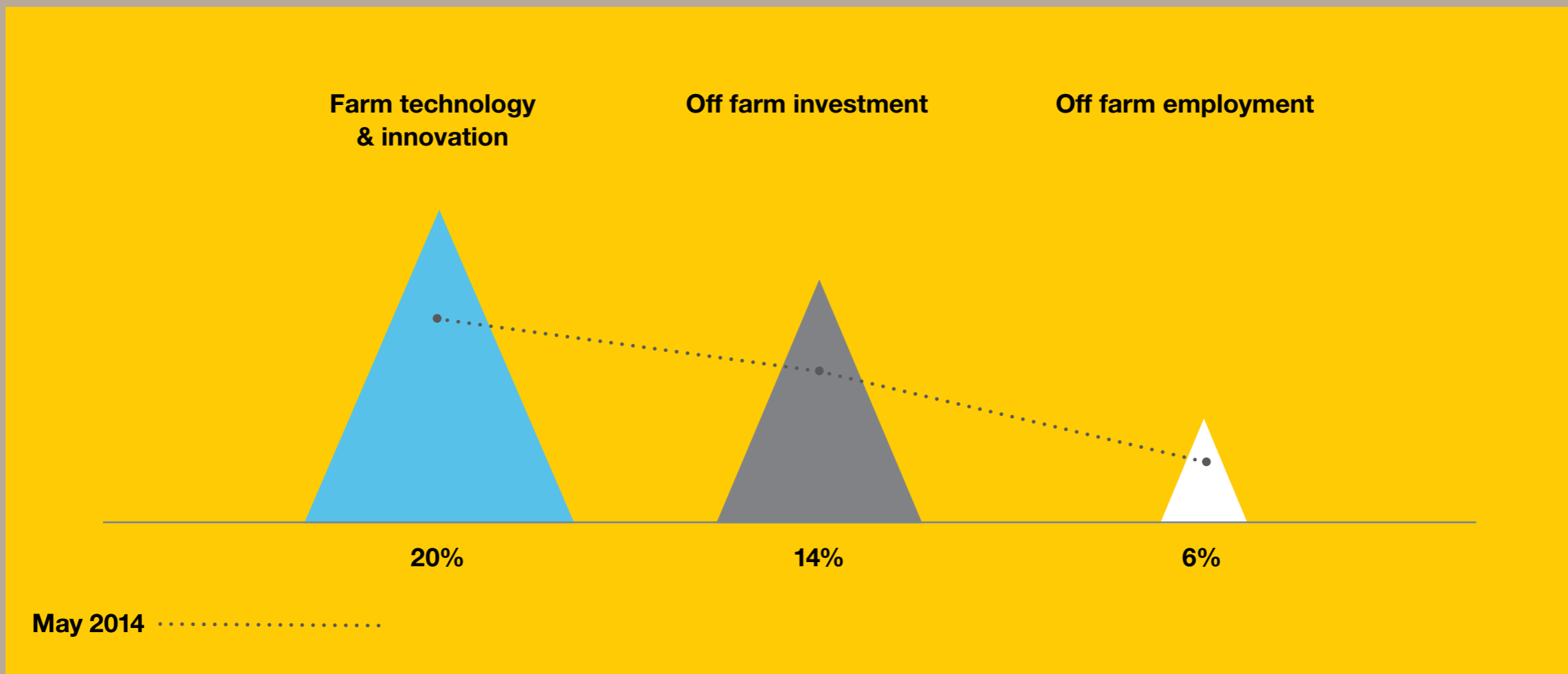
Q. What proportion of farmers intend to increase or decrease production over the next 12 months?

# Financial investment intentions.

## Inputs, investments and employment: national



Farmers intend to increase investment in farm technology and innovation. Off farm investment will also increase, particularly in states which have recently had strong seasons. Farmers have also indicated intentions to increase off farm employment. On all three measures, results were more strongly positive than six months ago.



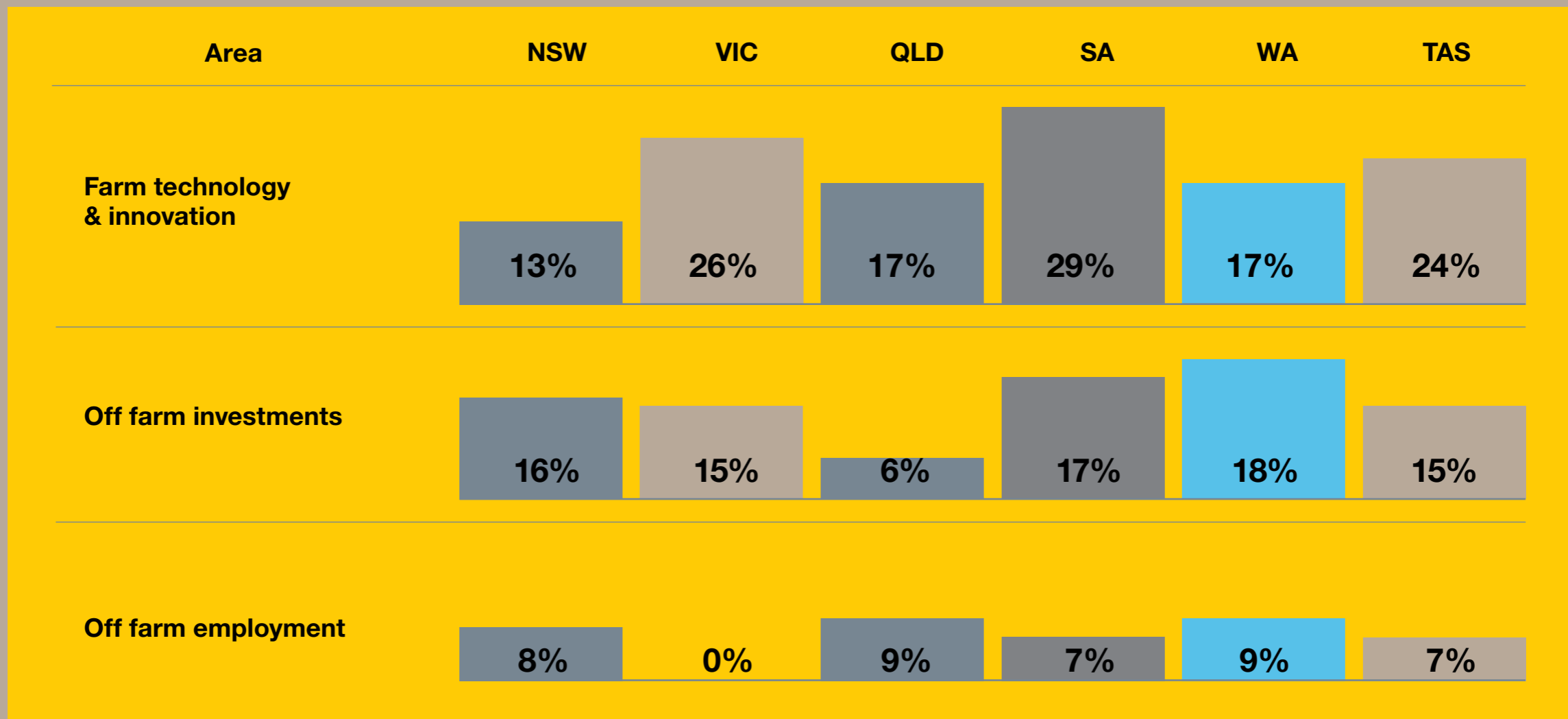
**Q.** Where do farmers intend to focus their investment for financial aspects of their operations over the next 12 months?

# Financial investment intentions.

## Inputs, investments and employment: by state



Farmers have again indicated strong intentions to increase their investment in farm technology and innovation over the next year, with those in Victoria, Tasmania and South Australia especially looking to increase more in this area. The proportion of farmers increasing off farm investment is also significant as they look to diversify income streams.



**Q.** Where do farmers intend to focus their investment for financial aspects of their operations over the next 12 months?

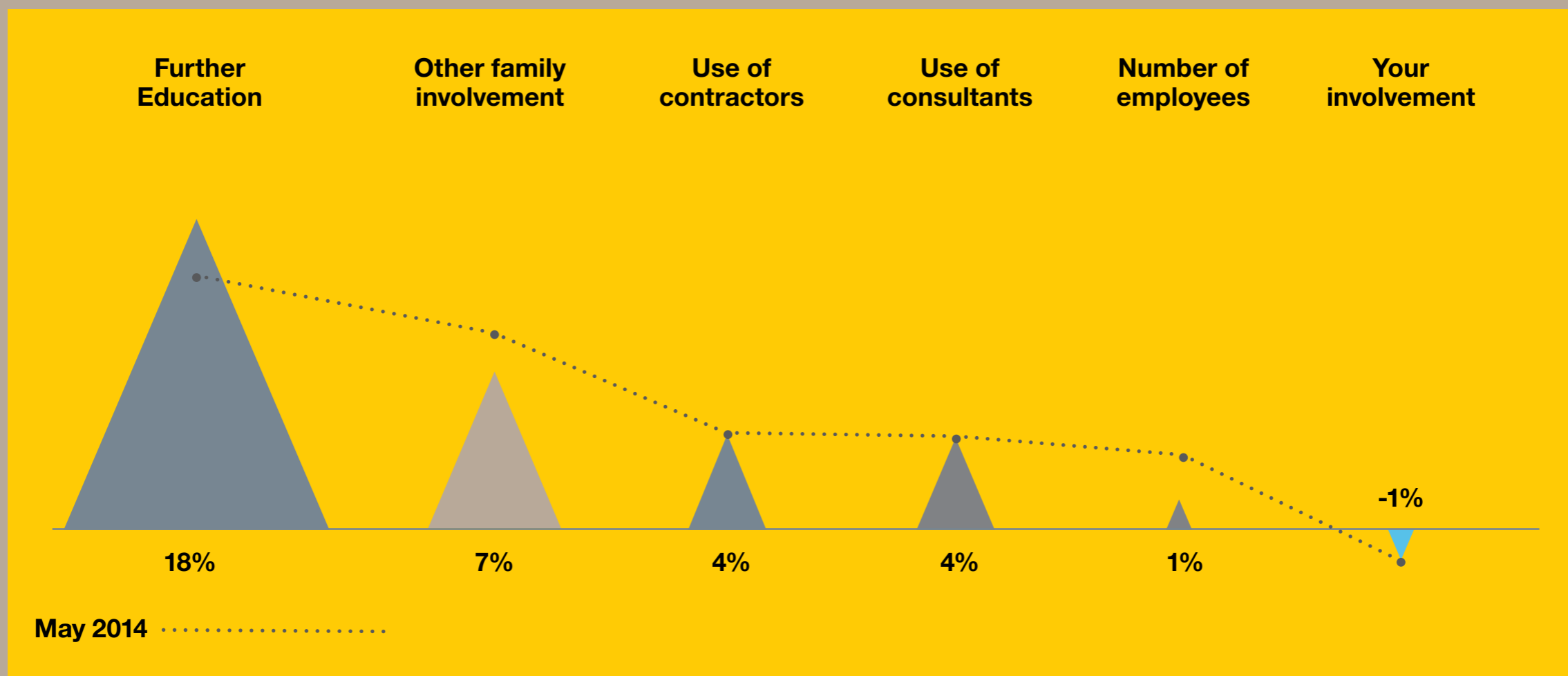


# People intentions.

## Farmers, family and outside resources: national



Education and training remains the leading area for increased investment over the next 12 months. Farmers say they will increase the role of family members in their farming operations as well as increase their use of outside advisers and contractors, while their own involvement will remain at similar levels. While the people index is down slightly compared to six months ago, it remains positive.



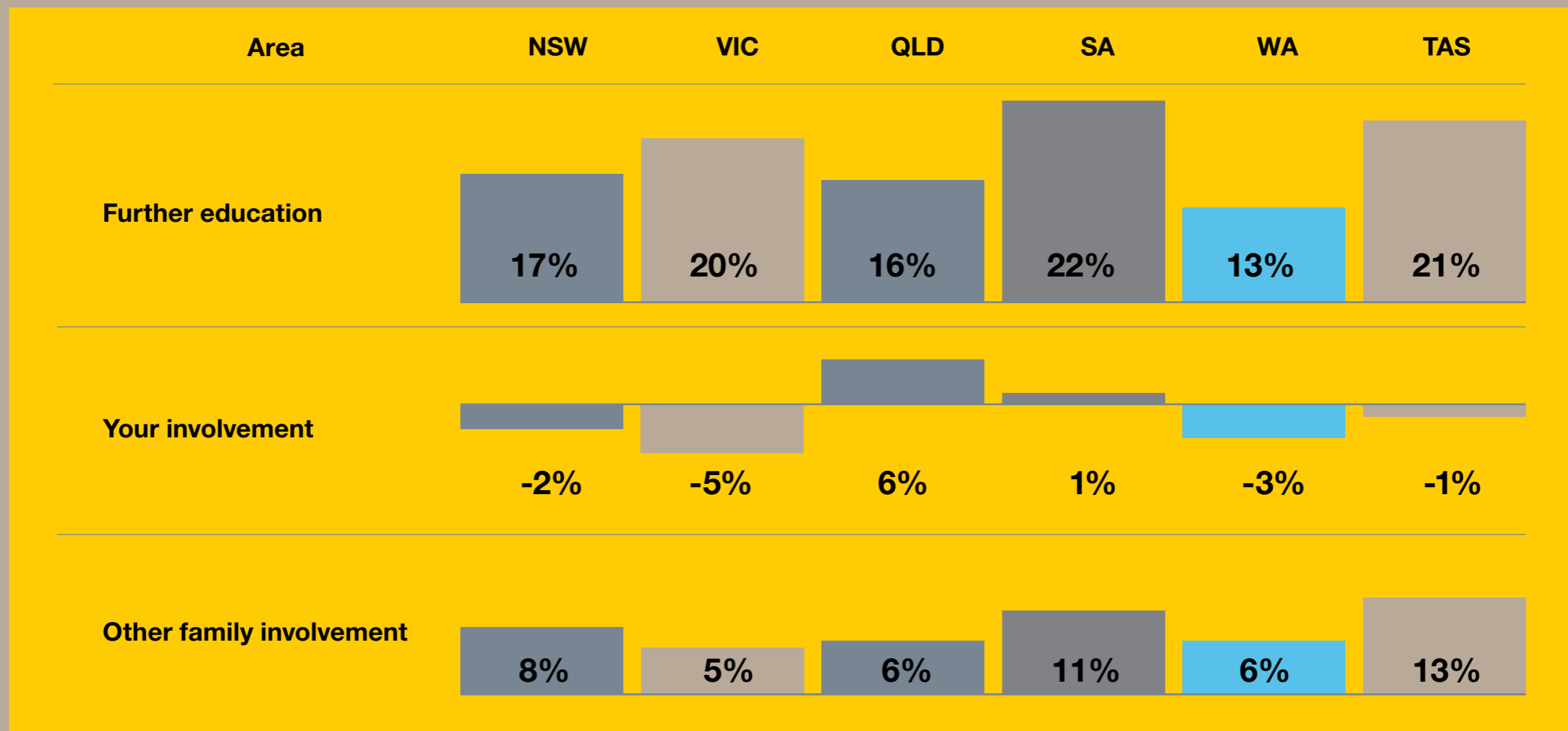
Q. What are farmers' intentions for the people aspects of their operations over the next 12 months?

# People intentions.

## Farmers, family and outside resources: by state



Queensland farmers are the only ones likely to increase their own personal involvement in their farm business in the coming year. South Australian farmers are the most likely to say they intend to invest more in education and training.



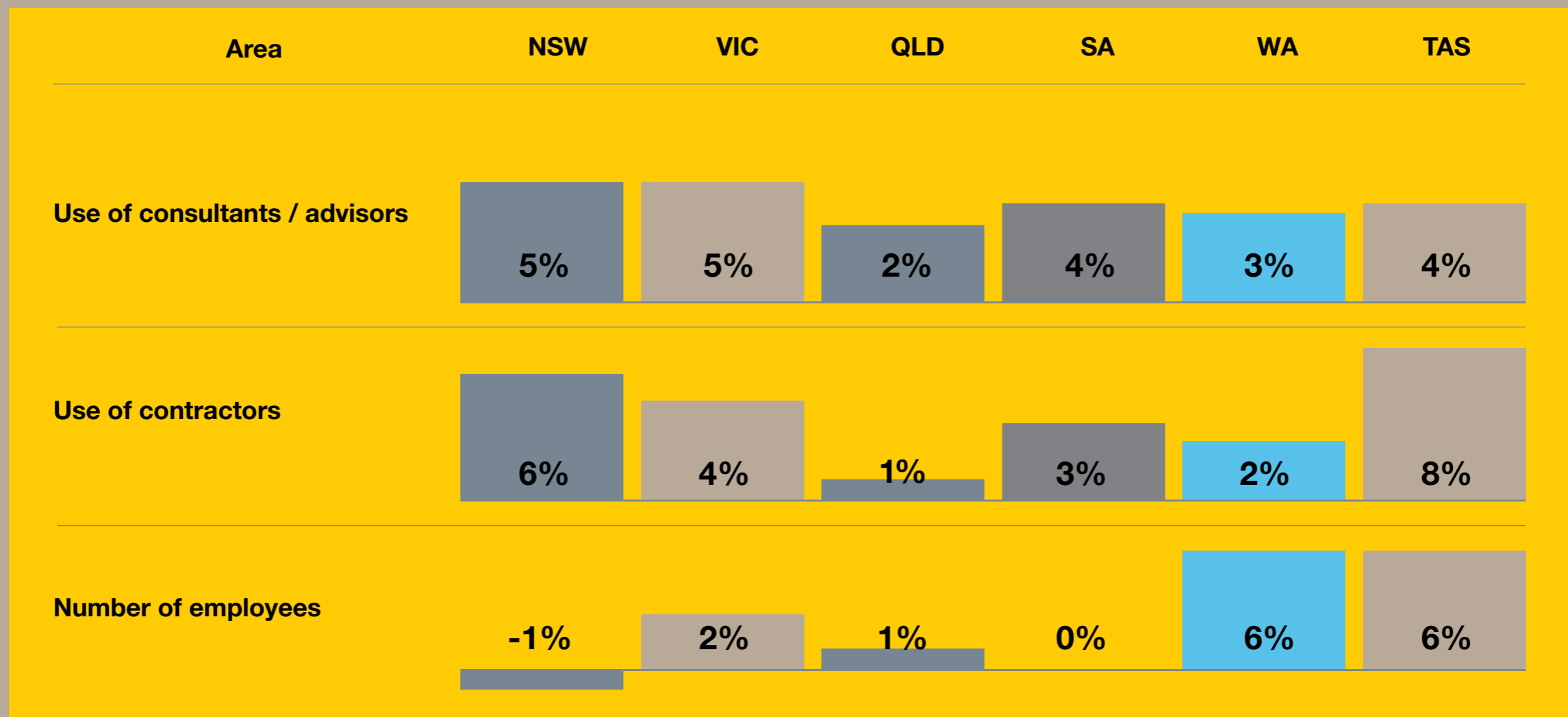
Q. What are farmers' intentions for the people aspects of their operations over the next 12 months?

# People intentions.

## Farmers, family and outside resources: by state



The use of consultants and contractors is likely to increase slightly across all states, with New South Wales and Victorian farmers most likely to increase their use of consultants and those in Tasmania most likely to intend to increase the use of contractors.



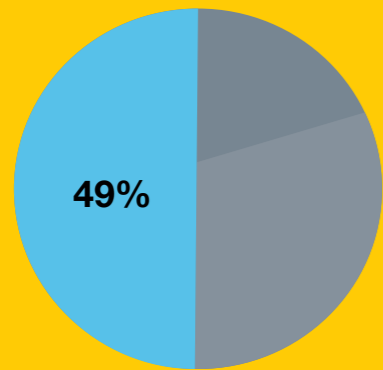
Q. What are farmers' intentions for the people aspects of their operations over the next 12 months?

# Topical Insights.

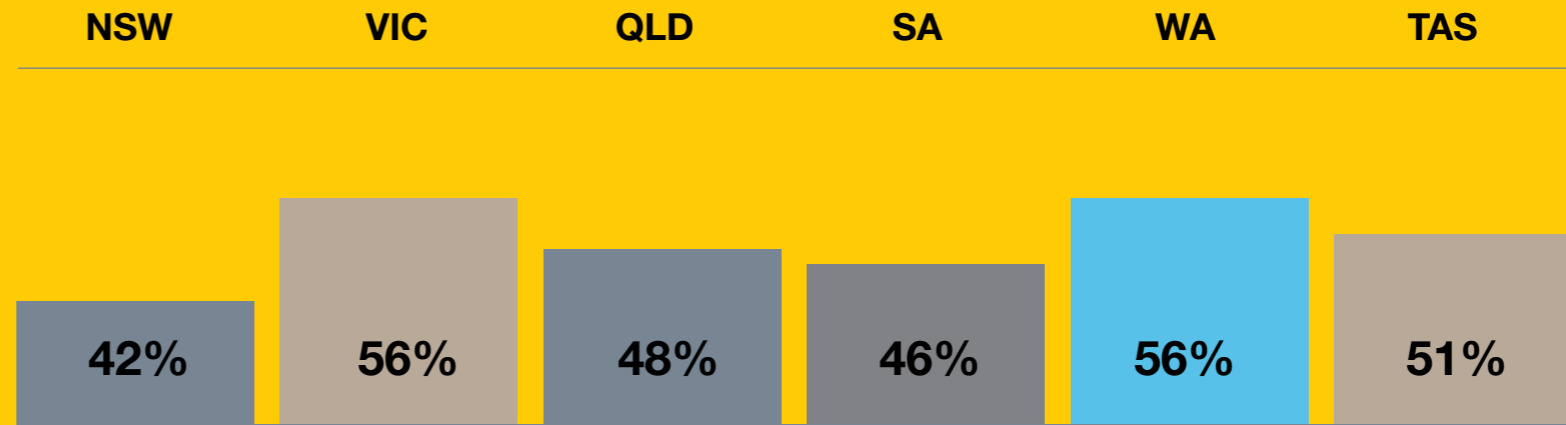
## Asian market opportunities



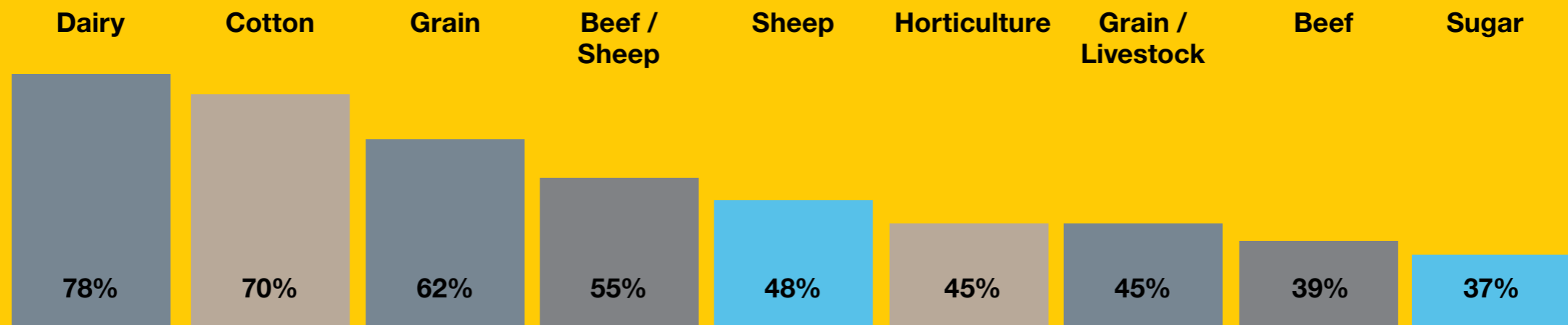
Almost half of Australia's farmers are selling their products into the Asian market, with farmers from Victoria and Western Australia the most strongly represented. Dairy, cotton and grain are the most popular commodities sold into Asia.



Sell to Asian market



Sell to Asian market - by state



Sell to Asian market - Farm type

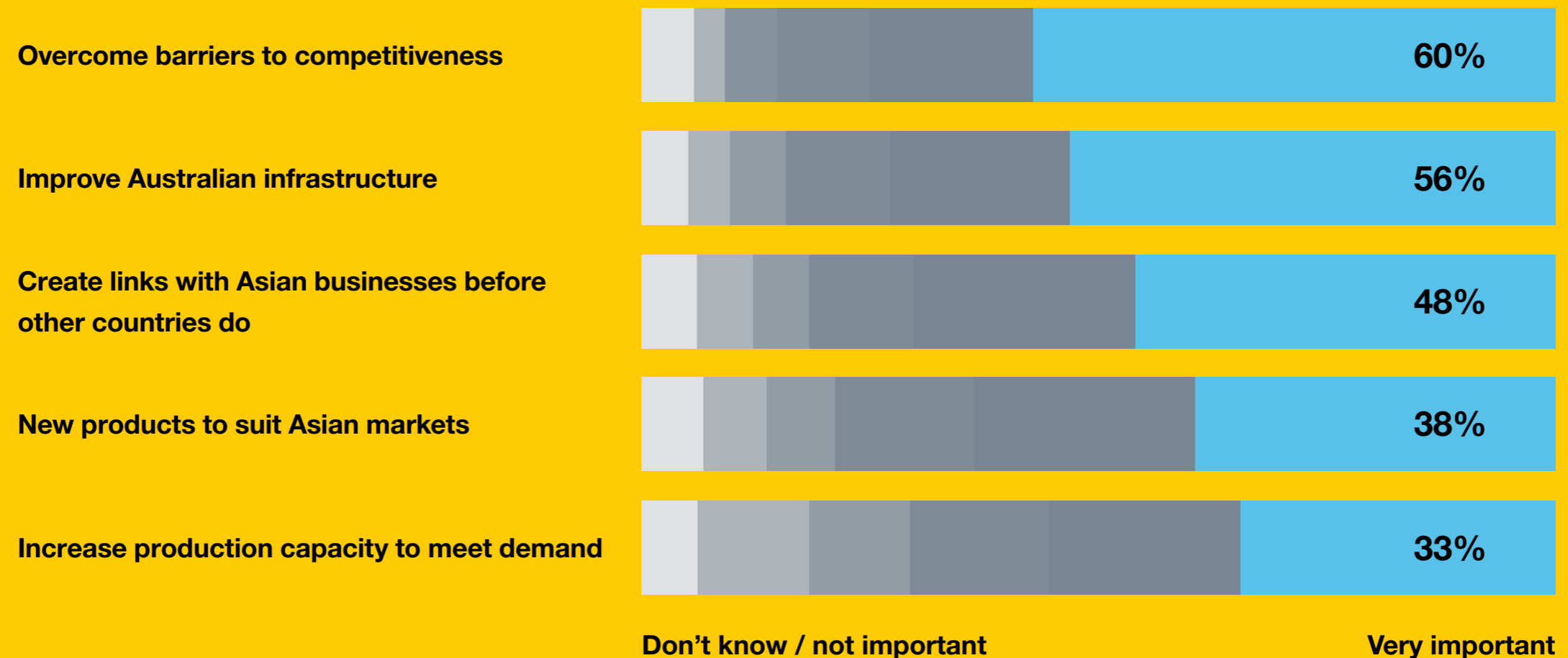
**Q. Do you sell any of your farm output to the Asian market, either directly or indirectly through another party?**

# Topical Insights.

## Asian market opportunities



Australian farmers ranked addressing barriers to competitiveness as very important to opening up Asian market opportunities.

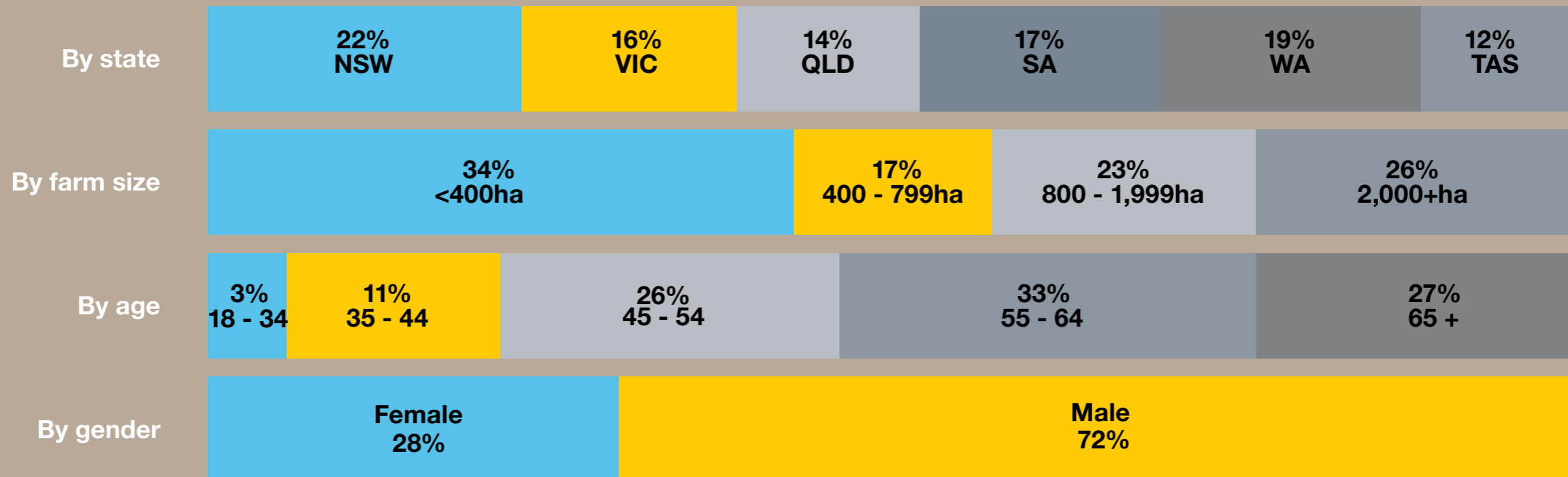


Q. How do you rate the importance of these factors in opening up Asian market opportunity?

# Who did we talk to?



We spoke to a representative sample of rural producers across Australia, including a mix of states, genders, ages and farm sizes. The commodities represented included horticulture, winter and summer grain, dairy, beef, cotton, and sheep for both wool and prime lamb.



*Fieldwork was executed by Fairfax Agricultural Research and Marketing using its database of more than 100,000 rural producers. Calls were conducted between 9 July and 13 August 2014 with 1,500 farmers. The results in this overview indicate the net change (the total intended % increase minus the total intended % decrease) for all variables within each category. Individual indices are calculated by averaging the net change within each category and the overall index is the average of all three indices.*



**Want to know more?**

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