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Farmers find a light under the bushel

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THE prosperity of Victorian and South Australian farms is finally looking up after several years of drought due to a sharp improvement in grain crops.

However, total earnings from Australia's commodity exports are forecast to drop by 18 per cent to \$163 billion in 2009-10, following a rise of 33 per cent to \$197 billion in 2008-09.

Releasing its December issue of Australian Commodities yesterday, the Australian Bureau of Agricultural and Resource Economics said average farm cash incomes are expected to improve in Victoria and SA this year.

But in other states, where winter grain production has either been cut or is insufficient to offset the effect of lower grain prices on receipts, incomes are expected to decline.

Preliminary estimates from ABARE's farm surveys program show that nationally, average farm cash income for broadacre farms is

projected to decline to \$62,000 in 2009-10, about 20 per cent below the 10-year average.

Victorian broadacre farms will lift income from \$42,300 in 2008-09 to \$81,000 in 2009-10.

Victorian cropping farm cash incomes are projected to generally increase in 2009-10 with improved seasonal conditions leading to large increases in grain production, relative to 2008-09, offsetting lower grain and oilseed prices.

The bureau forecast lower cattle income, but higher sheep income in Victoria this year.

Nationally, dairy farm income is expected to drop from \$89,700 to \$44,000, reflecting lower commodity prices.

ABARE also predicted that a significantly higher Australian exchange rate and a downward revision to winter crop production will cut Australia's farm export earnings in 2009-10.

After climbing by 16 per cent to \$32 billion in 2008-09, the value of

farm exports is forecast to fall by 6 per cent to \$30 billion this year.

But even at that level, farm export earnings will still be about 9 per cent higher than the \$27.5 billion recorded in 2007-08.

ABARE deputy executive director Dr Terry Sheales said export earnings would rise for raw cotton, sugar, chickpeas, peas and rice, but the effects of these increases would be more than offset by lower export earnings for wheat, barley, canola, livestock and livestock products.

ABARE said earnings from energy and minerals exports are expected to drop by 20 per cent to close to \$129 billion in 2009-10.

The combined effect of lower bulk commodity contract prices, including coal and iron ore and an assumed stronger Australian dollar are expected to more than offset higher export volumes in 2009-10, Dr Sheales said.



Outlook: Victorian cropping farm cash incomes are expected to increase