




# **+ Queensland Rural Debt Survey 2017**

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## WITH THANKS

*The **Queensland Rural and Industry Development Authority (QRIDA)** undertook the **2017 Queensland Rural Debt Survey** in collaboration with the Queensland Government Statistician's Office (QGSO) and with the support of all the major rural lending institutions in Queensland. Additional assistance was provided by agricultural linked industry associations and other agencies as listed below.*

## ACKNOWLEDGMENTS FOR THE 2017 QUEENSLAND RURAL DEBT SURVEY

### SURVEY PARTICIPANTS

Australian and New Zealand Banking Group  
Bank of Queensland  
Commonwealth Bank  
National Australia Bank  
Queensland Rural and Industry Development Authority  
Rabobank  
Rural Bank Limited  
Suncorp Group  
Westpac

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AgForce Queensland  
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Department of Agriculture and Fisheries  
Department of Natural Resources, Mines and Energy  
GasFields Commission Queensland  
Queensland Farmers' Federation

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# EXECUTIVE SUMMARY

Debt funding has long been a principal source of capital for Australian farm businesses. Rural debt is defined as the total indebtedness of all farmers/rural enterprises throughout Queensland, where the servicing of the rural debt relies primarily on rural generated income.

The **2017 Queensland Rural Debt Survey** report provides a comprehensive breakdown of the value and rating of rural debt and number of borrowers by industry and region across Queensland.

As at 31 December 2017, **total rural debt in Queensland is \$17.24 billion**, up 1.57 per cent from \$16.98 billion as measured in the previous Queensland Rural Debt Survey held in 2011. The **average rural debt per borrower is \$0.94 million**, down 12.35 per cent on 2011.

The 2017 survey showed that the rating of rural debt has improved since 2011, with 94.41 per cent of the total value of rural debt rated either viable (rating 'A') or potentially long-term viable (rating 'B+'), up from 85.89 per cent in 2011.

The 2017 Queensland Rural Debt Survey was undertaken by the **Queensland Rural and Industry Development Authority (QRIDA)** in collaboration with the Queensland Government Statistician's Office (QGSO). It was compiled with the support of all major rural lenders in Queensland and insights from agricultural industry associations.

The survey commenced in 1994. From 2000 to 2011, the survey was conducted biennially and resumed in 2017. The debt figures are collated from de-identified data provided by the major lending institutions in Queensland at the time the survey is conducted.

The 2017 survey report includes an analysis of the movement in rural debt since the previous 2011 survey. The 2017 survey provides an overview of the agricultural industry in Queensland over the past six years providing context for the 2017 Queensland rural debt results.

The 2017 survey provides an important snapshot of the financial state of Queensland's rural businesses and will help inform both government and industry.

This report also recognises that rural businesses operate in a very dynamic environment and that debt levels will continue to be impacted by many factors such as markets and weather.

**Rural debt** is defined as the total indebtedness of all farmers/rural enterprises throughout Queensland, where the servicing of the rural debt relies primarily on rural generated income.

# KEY RESULTS

## SIZE

The 2017 Rural Debt Survey indicated that as of 31 December 2017 there was \$17.24 billion of rural debt in Queensland. The results from this survey in comparison to 2011 indicate:

AMOUNT	2017	2011	MOVEMENT	% MOVEMENT
Total debt (\$m)	17,243	16,976	+ 267	+ 1.57%
Number of borrowers	18,335	15,822	+ 2,513	+ 15.88%
Average debt per borrower (\$m)	0.94	1.07	- 0.13	- 12.35%

Note. Reprinted from Queensland Government Statistician's Office, Queensland Treasury, *Rural Debt Survey 2017*, Output Tables

## INDUSTRY

Of the 16 industries that have been captured in the 2017 survey, the three major rural debt holding industries included beef, cotton and sugar which accounted for \$11.72 billion or 67.90 per cent of the total debt and are in line with the relative size of these industries in Queensland.

INDUSTRY (\$M)	
Beef	9,354
Cotton	1,332
Sugar	1,038

Note. Reprinted from Queensland Government Statistician's Office, Queensland Treasury, *Rural Debt Survey 2017*, Output Tables

## REGION

Of the eight ABARES regions in Queensland, the three major debt holding areas included the Western Downs and Central Highlands, Southern Coastal – Curtis to Moreton and Eastern Darling Downs which combined captured \$11.93 billion or 69.19 per cent of the total rural debt. These regions are large primary production regions with a diverse range of industries and the debt levels identified are proportional to the production practices undertaken.

ABARES REGION (\$M)	
Western Downs & Central Highlands	5,475
Southern Coastal – Curtis to Moreton	3,990
Eastern Darling Downs	2,466

Note. Reprinted from Queensland Government Statistician's Office, Queensland Treasury, *Rural Debt Survey 2017*, Output Tables

## RATING

The loan ratings have seen an increase in the value of viable (A) debt and a decrease in all other categories since 2011.

LOAN RATING <sup>1</sup> (\$M)	VALUE OF DEBT 2017 (\$)	VALUE OF DEBT 2011 (\$)	\$ MOVEMENT	% MOVEMENT
A	13,563	11,493	2,071	18.02%
B+	2,716	3,088	-372	-12.06%
B1	538	794	-256	-32.20%
B2	188	648	-460	-70.95%
C	237	953	-716	-75.12%

Note. Reprinted from Queensland Government Statistician's Office, Queensland Treasury, *Rural Debt Survey 2017*, Output Tables

<sup>1</sup> See Appendix V for risk category definitions

# Total debt

## \$17.24 billion

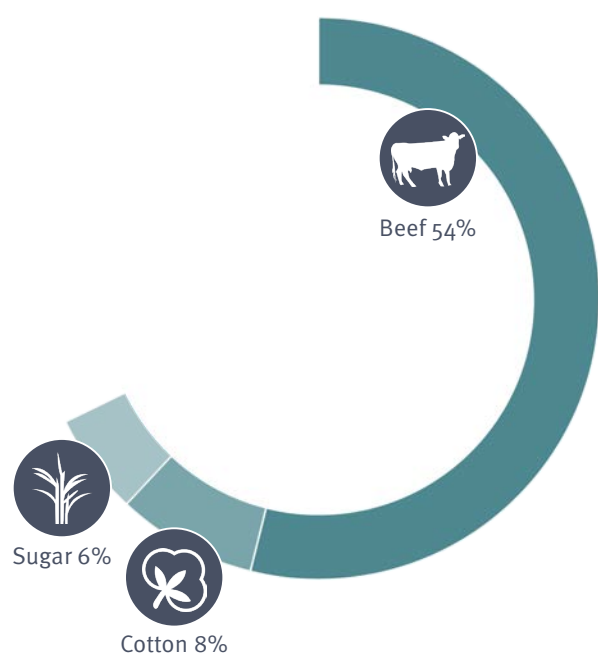
+1.6% compared to 2011 (\$16.98b)

# Number of borrowers

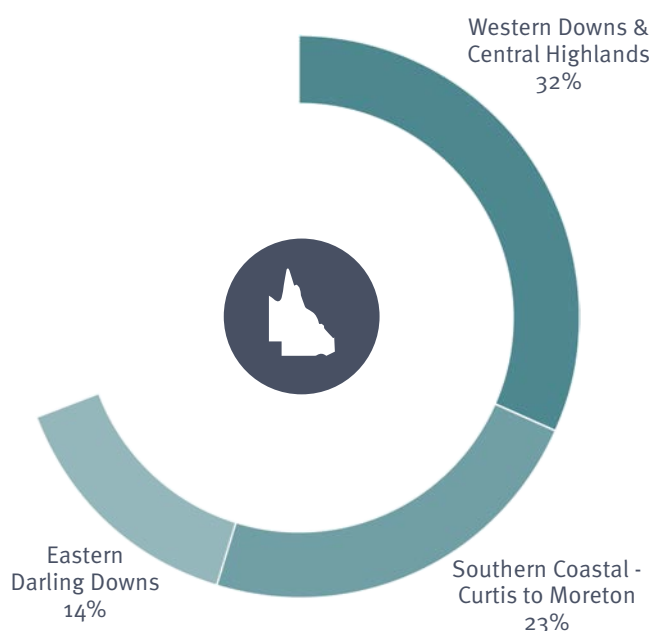
## 18,335

+16% compared to 2011 (15,822)

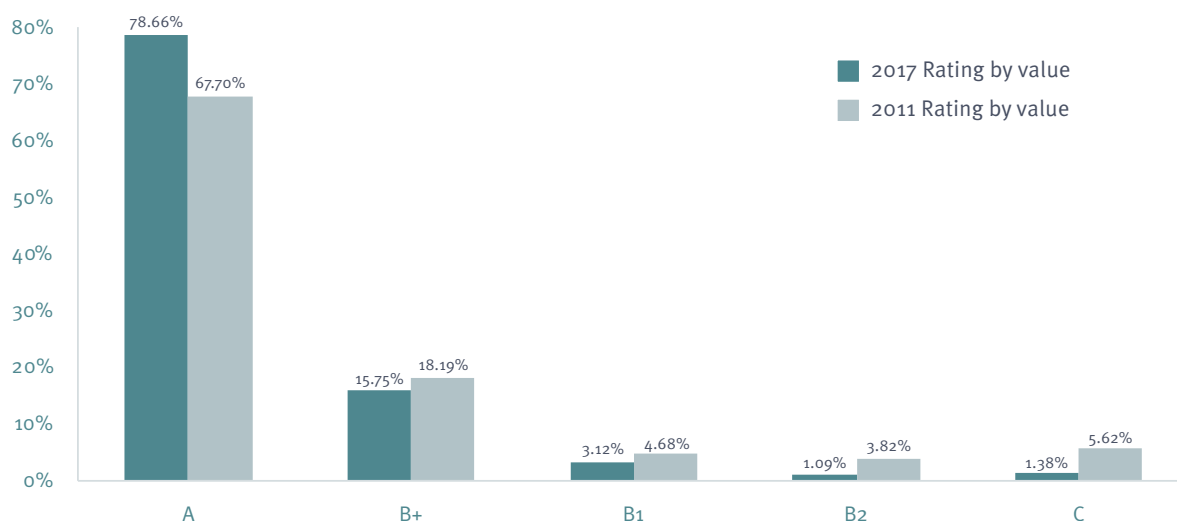
### DEBT PROPORTION BY MAJOR INDUSTRY



### DEBT PROPORTION BY ABARES REGION



### RISK PROFILE BY VALUE



# INTRODUCTION

The 2017 Queensland Rural Debt Survey ascertains the extent, nature, trends and size of the total rural indebtedness in Queensland as at 31 December 2017.

The **2017 Queensland Rural Debt Survey** ascertains the extent, nature, trends and size of the total rural indebtedness in Queensland as at 31 December 2017.

The survey has been conducted by the **Queensland Rural and Industry Development Authority (QRIDA)**, formerly QRAA, since 1994. This function is now a legislative requirement for QRIDA under the *Farm Business Debt Mediation Act 2017*.

QRIDA engaged the Queensland Government Statistician's Office (QGSO), Queensland Treasury, to conduct the 2017 Queensland Rural Debt Survey.

A total of nine financial institutions, including the major banks and Queensland-based lending institutions participated in the 2017 survey.

The QGSO, under Section 4 of the *Statistical Returns Act*, requested each financial institution to provide information including location of business, industry classification, rating and total value of each rural loan. The QGSO analysed and collated the survey results in a series of data tables that are presented in this report.

Structured in three segments, this report firstly provides a brief overview of general trends affecting the Queensland rural environment, including the global and domestic economy, weather and financial impacts. Secondly, it details the size and nature of the rural debt results, by both industry and region. Finally, a number of rural industries are analysed further, including insights on specific industry events and trends since the 2011 survey.

To assist with determining the rural debt situation in Queensland, several reporting mechanisms have been utilised. The region classifications are identified by the 2016 Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) regions for Queensland. The agricultural industry classifications used throughout refer to the Australian and New Zealand Standards Industrial Classification (ANZSIC).

The risk rating profile has been used, consistent with previous surveys as determined by the lending institutions. Details of the survey terminology, methodology and assumptions can be found in Appendix V.

Caution must be applied when comparing 2017 results with those of 2011 as some variances have occurred over this time; the best attempt has been made to ensure clarity and consistency throughout.



# GENERAL TRENDS



*This section provides a brief overview of general trends affecting the Queensland rural environment, including the global and domestic economy, weather and financial impacts for the period 2011 to 2017.*





# ECONOMIC ENVIRONMENT

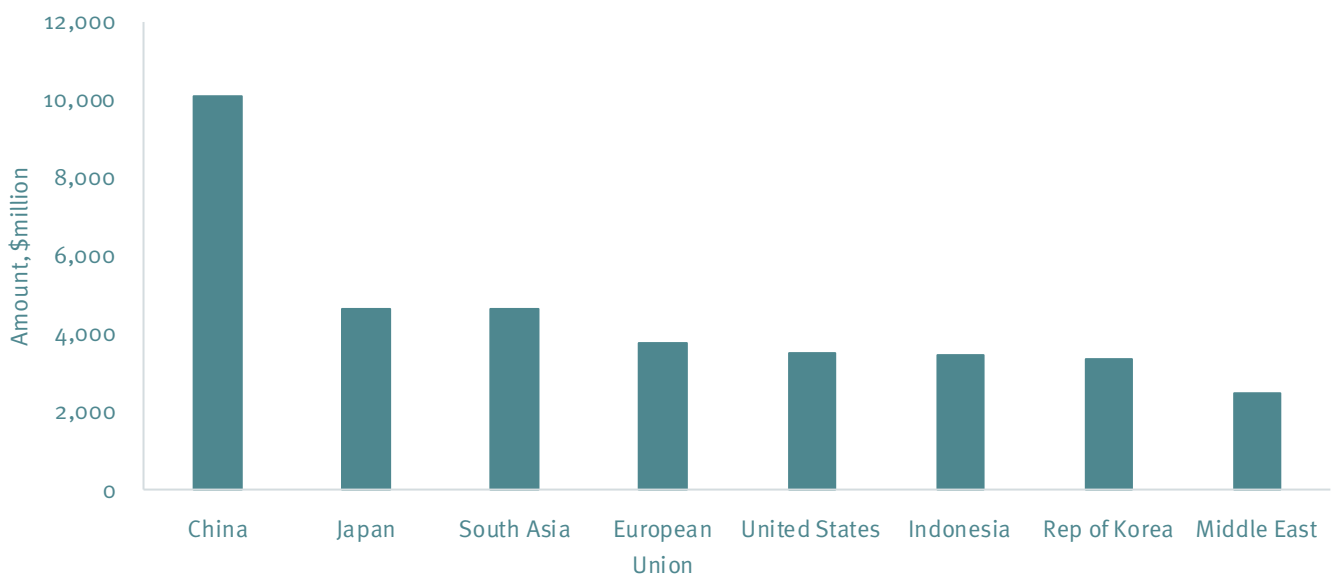
Agriculture, in the global context, has seen volatile commodity prices, increased climate variability, increased demands from a growing population and limitations on land and water resources since the 2011 period.

Figure 1 depicts the 2016-17 value of Australian exports by country and indicates that China, Japan and South Asia are the three main export markets.

The value of these exports was \$10,120 million, \$4,661 million and \$4,646 million respectively in 2016-17 (ABARES, 2017c).

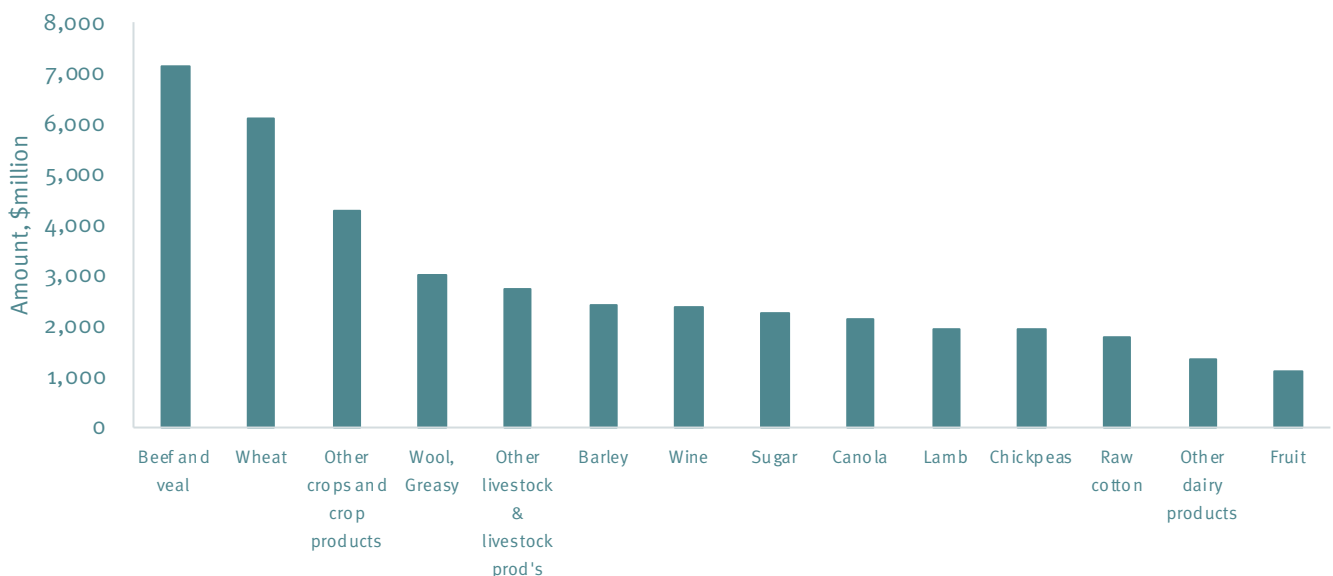
Figure 2 displays the export values for 2016-17 and depicts that the major commodities exported from Australia include beef and veal, wheat, wool, barley, wine and sugar.

## VALUE OF AUSTRALIAN AGRICULTURAL EXPORTS



**FIGURE 1: AUSTRALIAN EXPORT MARKETS 2016-17**

Note. Reprinted from *Farm Sector Tables*, by Agricultural Bureau of Agricultural and Resource Economics and Sciences (ABARES), 2017, retrieved from <http://www.agriculture.gov.au/abares/research-topics/agricultural-commodities/agricultural-commodities-trade-data#2017>

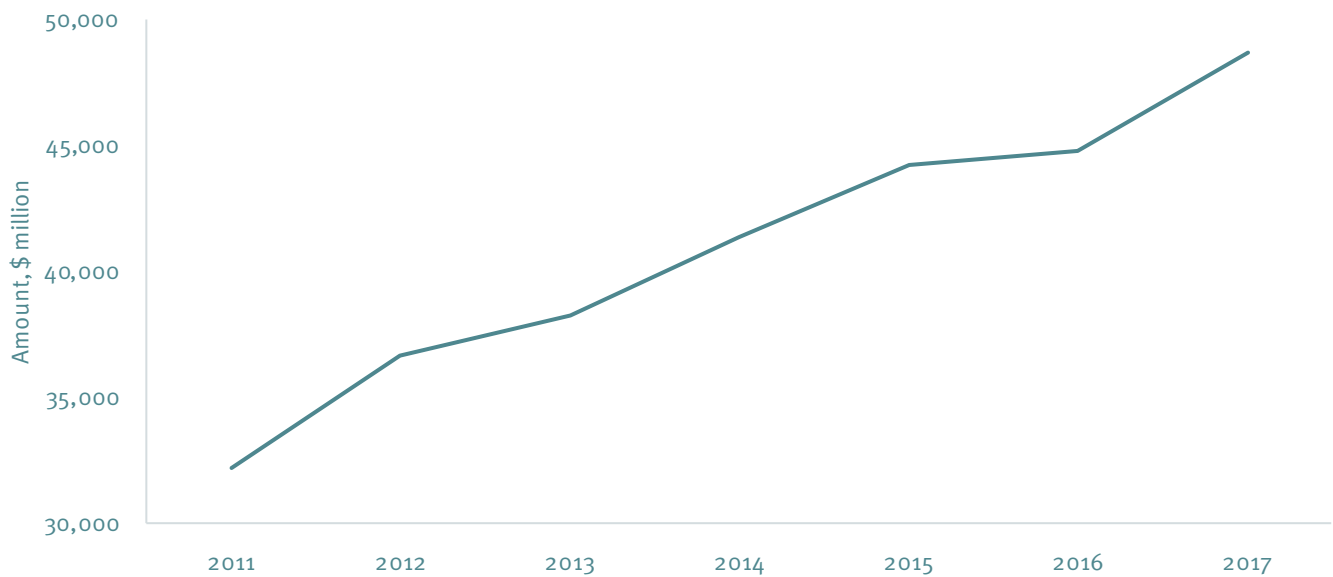


**FIGURE 2: EXPORT VALUES, 2016-17 FOR AUSTRALIAN PRODUCTS**

Note. Reprinted from *Farm Sector Tables*, by Agricultural Bureau of Agricultural and Resource Economics and Sciences (ABARES), 2017, retrieved from <http://www.agriculture.gov.au/abares/research-topics/agricultural-commodities/agricultural-commodities-trade-data#2017>

For Queensland, more than half of its agricultural product is exported (State of Queensland, 2018, p.8). In terms of global markets, Queensland's major rural export markets include China, Japan, India, Korea, United States and Indonesia (State of Queensland, 2018, p.8). Eighteen per cent of Queensland's cotton is exported to China, 16 per cent of meat products are exported to Japan and 29 per cent of fruit and vegetables to India (State of Queensland, 2018, p.9).

Along with the exporting countries and associated commodities, Figure 3 displays the total farm export values for Australian agriculture since 2011. This value has continued to increase throughout this time and in 2016-17, total Australian farm exports were \$48,695 million.



**FIGURE 3: EXPORT TOTAL OF AUSTRALIA**

*Note.* Reprinted from *Farm Sector Tables*, by Agricultural Bureau of Agricultural and Resource Economics and Sciences (ABARES), 2017, retrieved from <http://www.agriculture.gov.au/abares/research-topics/agricultural-commodities/agricultural-commodities-trade-data#2017>

In 2016-17, total Australian farm exports were \$48,695 million.

## VALUE OF AGRICULTURE

According to the Australian Bureau of Statistics (ABS), in 2017 there were 18,153 Queensland farming businesses covering over 128 million hectares (ABS, 2017). Inclusive of mixed enterprises, 11,859 identified as cattle enterprises, 9,101 businesses identified as cropping and 1,207 as sheep and lamb (ABS, 2017).

The average output (as measured by Gross Value Added for agriculture) has grown at an average annual rate of 3.02 per cent since 2011 (ABS, 2017d).

Table 1 identifies the Gross Value Added and Gross State Product for Queensland. In 2011, the share of agriculture was 2.83 per cent and in 2017, it was 3.68 per cent (ABS, 2017b). However, over the long term, the share of agriculture to the Queensland economy has been decreasing since the 1990s (as indicated in Figure 4), with the share of agriculture in 1990 being 6.45 per cent (ABS, 2017b).

TABLE 1: GROSS VALUE OF AGRICULTURE & GROSS STATE PRODUCT

YEAR (\$M)	AG, FISHING AND FORESTRY; INDUSTRY GROSS VALUE ADDED, QUEENSLAND	GROSS STATE PRODUCT ALL SECTORS, QUEENSLAND	PERCENTAGE
2011	6,817	241,113	2.83%
2017	11,136	302,803	3.68%

Note. Reprinted from *Australian National Accounts: State Accounts – Current Prices* by Australian Bureau of Statistics, 2017, retrieved from <http://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/5220.02016-17?OpenDocument>

## EMPLOYMENT

ABS data from the Labour Force Survey indicates that 2.46 million people were employed in Queensland as of November 2017 (ABARES, 2017; ABARES 2017c). The total agriculture, forestry and fishing sector employed 618,000 people which represents approximately 2.51 per cent of the state's workforce (ABARES, 2017; ABARES 2017c).

Over the period from 2011, the employment in agriculture in Queensland peaked in the May of 2012 at 79,973 and dipped to a low of 46,682 in August of 2016 (Figure 4).

Overall, employment has not reached the highs of the late 1990s. Commentators suggest this is because of technological developments which have reduced the amount of labour necessary on properties. Additionally, this decrease in labour has added pressure on the access to reliable labour.

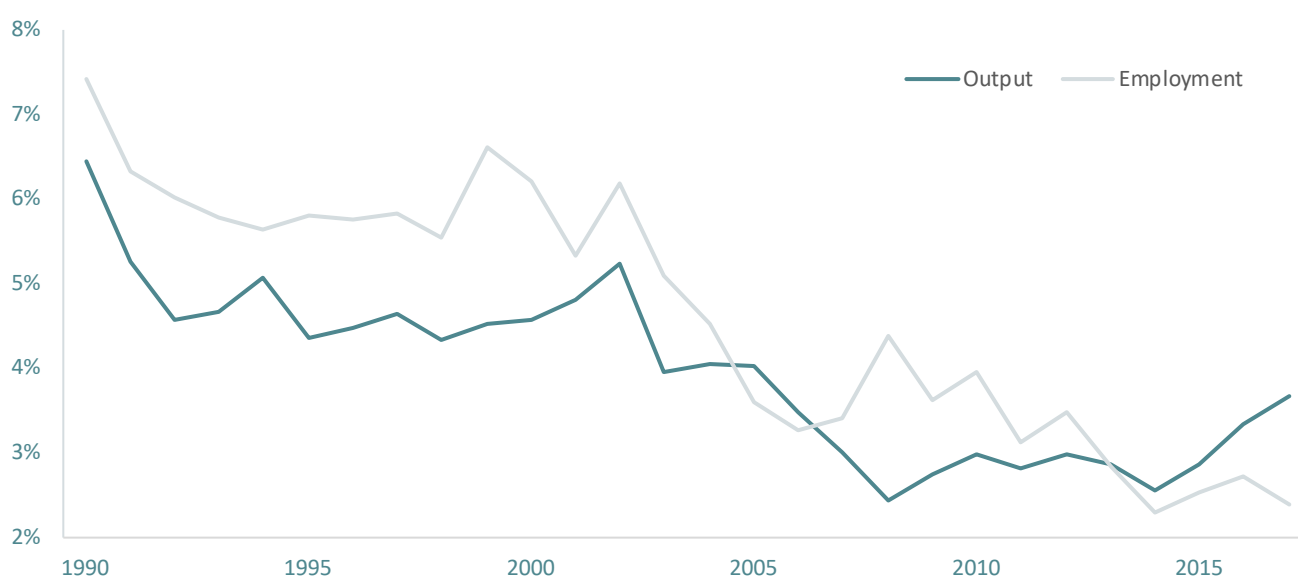


FIGURE 4: EMPLOYMENT AND OUTPUT FOR QUEENSLAND OVER TIME (% OF TOTAL)

Output: Gross value added, current prices. This measure differs from the value of production.

Note. Reprinted from 6291.0.55.003 *Labour Force, Australian, Detailed, Quarterly Australia and Queensland Employed total* by Australian Bureau of Statistics, 2017, retrieved from <http://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/6291.0.55.003Feb%202018?OpenDocument>; Reprinted from 5220.0 *Australian National Accounts: State Accounts, 2016-17* by Australian Bureau of Statistics, 2017, retrieved from <http://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/5220.02016-17?OpenDocument>



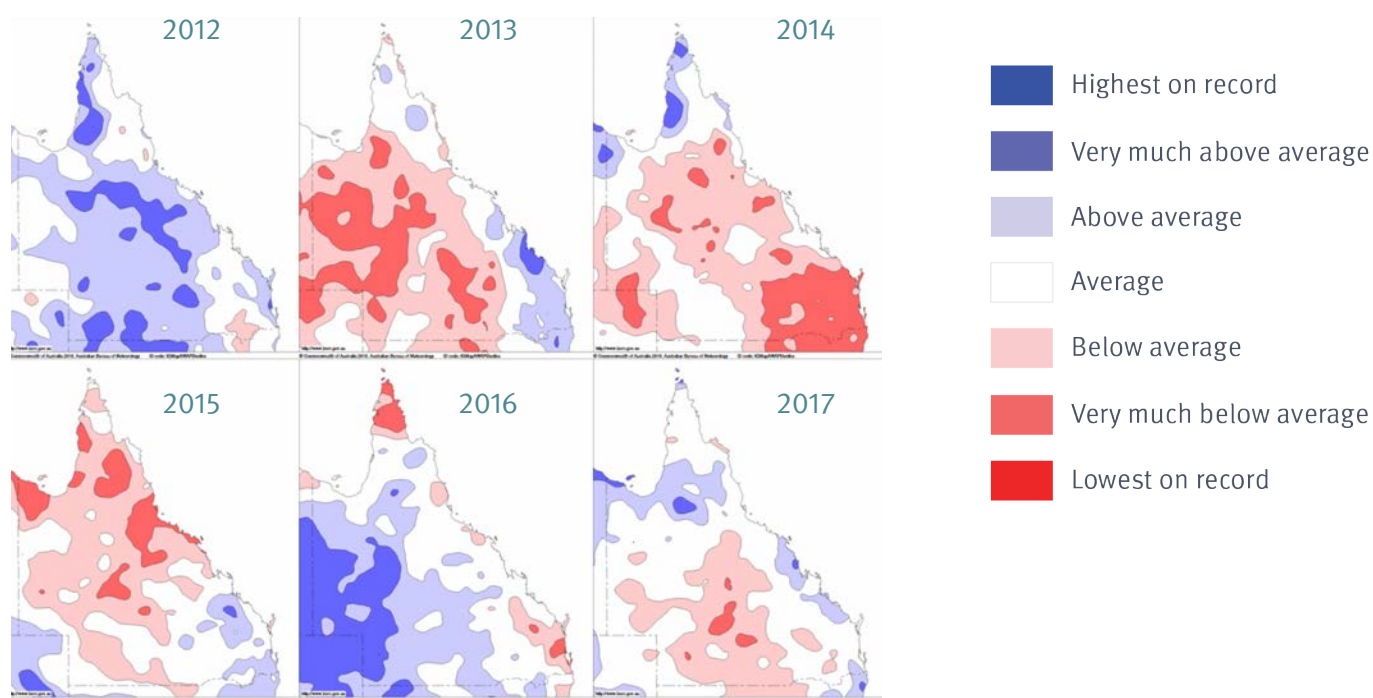
# WEATHER

Weather heavily influences agricultural production. It is the fundamental consideration that a producer must navigate, through assisting in decision making for planting, harvesting, increasing or decreasing herd/flock numbers.

In terms of rainfall, as depicted in Figure 5, there have been several variations in rainfall between 2011 to 2017.

In 2012, there was higher than average rainfall across the state (as indicated by the blue shades). Contrasting, from 2013 to 2015 it was very dry in most of the state (as indicated by the red shades). 2016 saw more rainfall, particularly in the western part of the state. 2017 was again dry in most of the state with a few coastal patches of rainfall, due to the impacts of severe weather and cyclones.

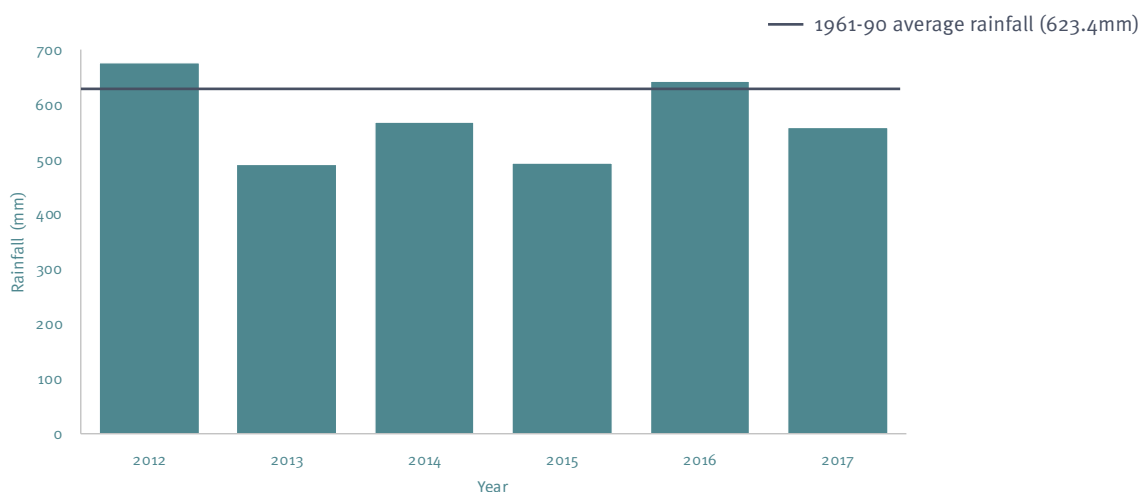
## RAINFALL



**FIGURE 5: ANNUAL DECEMBER – NOVEMBER RAINFALL DECILES FOR QUEENSLAND 2011-2017**

Note. Reprinted from *Queensland Rainfall totals (mm) 1 April 2014 – 31 March 2018* by Australian Bureau of Meteorology (BOM), 2018, Adapted from <http://www.bom.gov.au/climate/data/>

Figure 6 represents actual rain fall over the six-year period, with the average rainfall (based on 1961-90 average) also depicted. Four out of the six years have had below average rainfall during this time (2013, 2014, 2015, 2017).

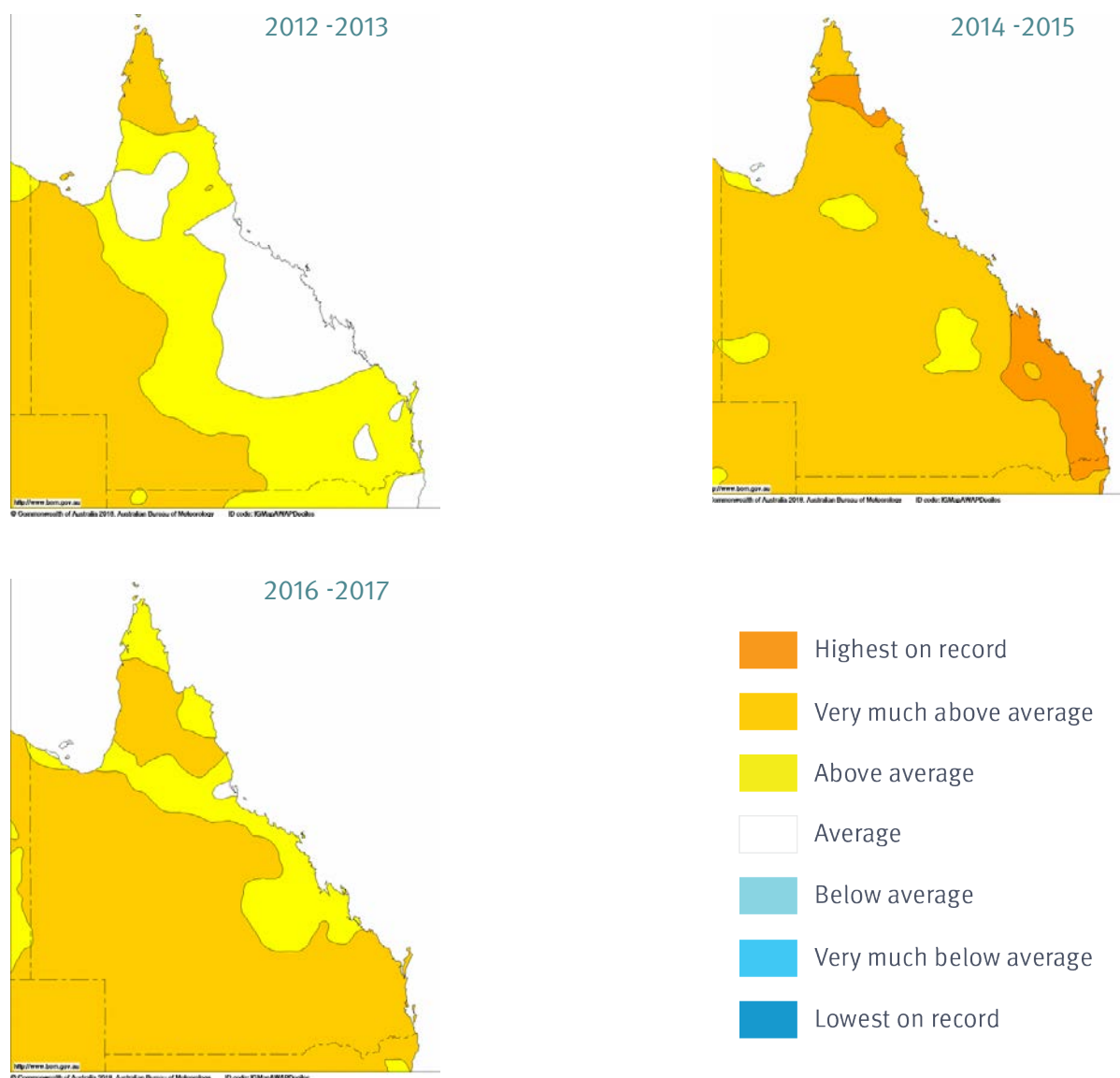


**FIGURE 6: ANNUAL RAINFALL (MM) FOR QUEENSLAND 2012-2017**

Note. Reprinted from *Queensland Rainfall totals (mm) 1 April 2014 – 31 March 2018* by Australian Bureau of Meteorology (BOM), 2018, Adapted from <http://www.bom.gov.au/climate/data/>

## TEMPERATURES

Indicated in Figure 7 are the maximum average temperatures for Queensland over the same time, in two yearly deciles. 2014-15 was an unusually warm two years, particularly on the coastal regions, as well as across the state.



**FIGURE 7: MAX. TEMP. DECILES 1 DECEMBER 2011- 30 NOVEMBER 2017**

Note. Reprinted from *Queensland Rainfall totals (mm) 1 April 2014 – 31 March 2018* by Australian Bureau of Meteorology (BOM), 2018, Adapted from <http://www.bom.gov.au/climate/data/>

As depicted in Figure 8, most of regional Queensland has been in ongoing drought throughout the 2011 to 2017 period. The Drought Declarations maps depict formally declared areas of drought. Except for a few isolated rain events (namely along the coastline in 2013 and 2014), there has been little rainfall over this time.

Western rainfall in 2016 saw a revision of the drought declared areas and, with continued rainfall in 2017, the declared drought situations have reduced somewhat. As at December 2017, there was a total of 31 councils and three part council areas drought declared. Additionally, there were 74 Individually Droughted Properties in 11 council areas (Long Paddock, 2017).

However, the implications of this drought continue to impact as some producers continue to face ongoing hardship, herd rebuilding, diversification into other industries and continue to implement on-farm improvements to assist in drought-proofing for future events.

Four out of the six years have had below average rainfall during this time (2013, 2014, 2015, 2017).

## DROUGHT DECLARATIONS

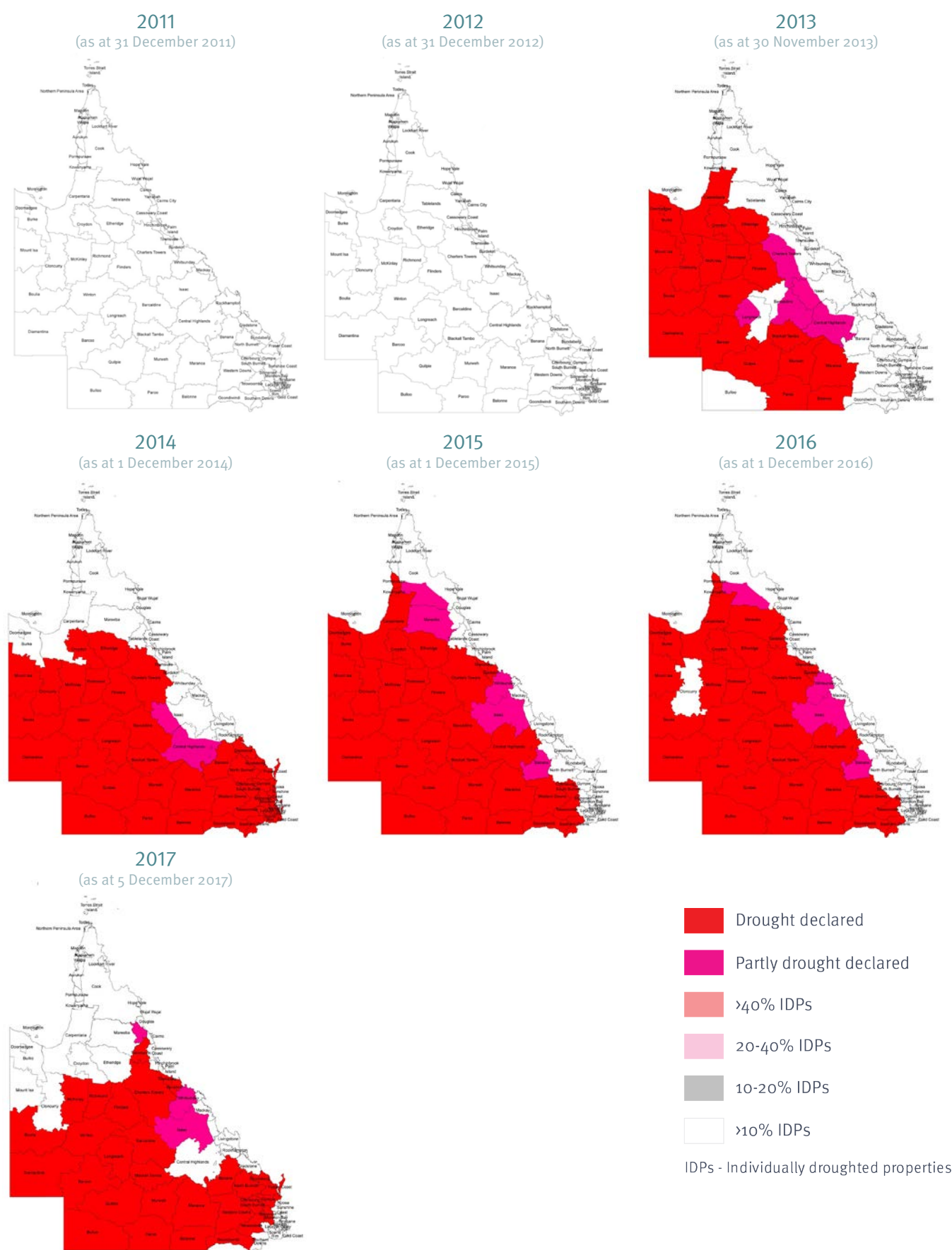


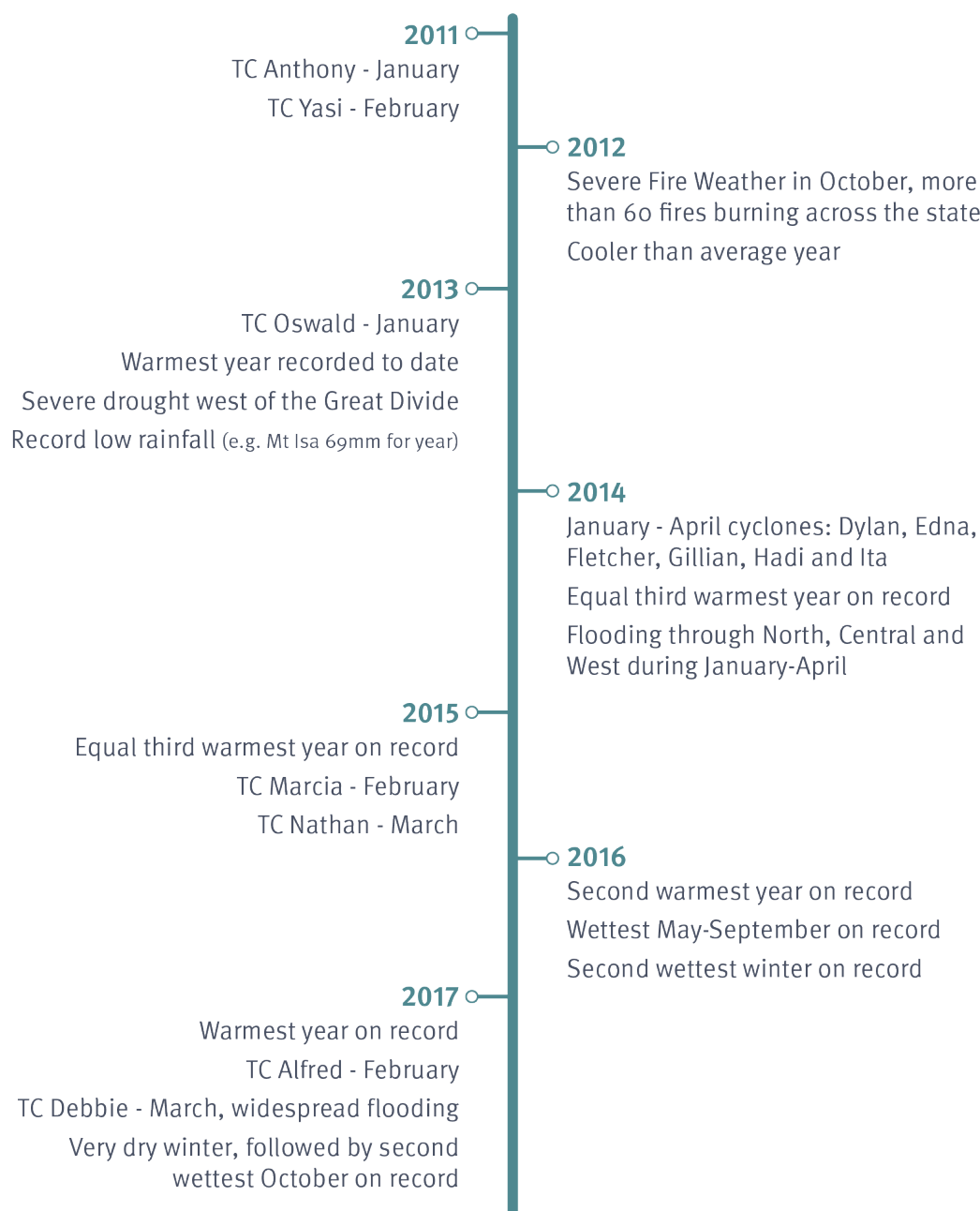
FIGURE 8: QUEENSLAND DROUGHT SITUATION 2011-2017

\*The month of December has been utilised to capture the season as closely to the debt survey reporting period.

Note. Reprinted from *Drought Declarations Archive* by Long Paddock, retrieved from <https://www.longpaddock.qld.gov.au/drought/archive/>

## NATURAL DISASTERS

As regional Queensland has become accustomed, the weather in the last six years has been that of great contrasts (Figure 9). With the floods and cyclones in late 2011, the effects of these severe weather events were felt for more than the 18 months following. There are significant economic costs and social impacts associated with natural disasters, increases in temperature and unreliable rainfall. The impacts of which must be considered when assessing the Queensland rural landscape for each industry.



**FIGURE 9: NATURAL DISASTERS FROM 2011-2017**

*Note.* Bureau of Meteorology, personal communication, April 24 2018



# \$ FINANCIAL

The exchange rate has steadily decreased (with some fluctuations) since the 2011 survey. For an extended period, the Australian dollar remained above parity, before dropping from 2013 (Figure 10). As at December 2017 the Australian dollar was between US 75-80c (Reserve Bank of Australia, 2017). The depreciation of the Australian dollar has increased the prices received by Australian producers.

Figure 11 indicates the change in the cash rate (the overnight money market interest rate), as determined by the Reserve Bank of Australia (RBA) for the same period. Decreasing from 2011, there have also been sustained periods of stagnant interest rates, notably through 2014 and 2017.

## EXCHANGE RATE

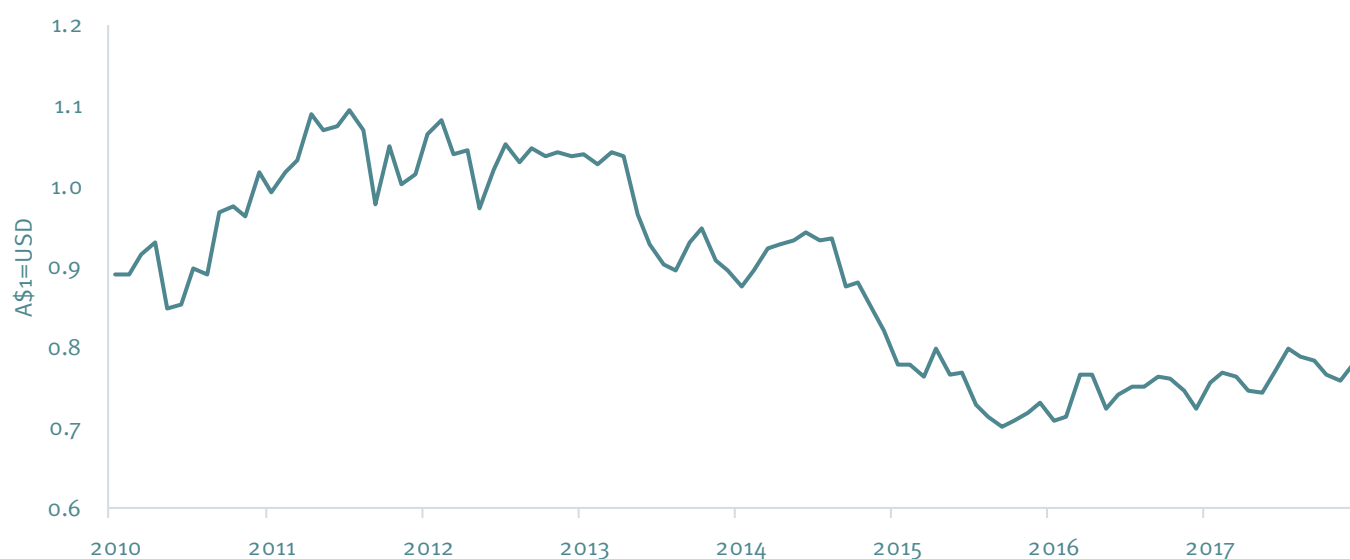


FIGURE 10: AUD/USD EXCHANGE RATE - MONTHLY JAN 2010 - DEC 2017

Note. Reprinted from *Statistical Table – Exchange Rates* by Reserve Bank of Australia, 2017, retrieved from <https://www.rba.gov.au/statistics/tables/>

## OFFICIAL CASH RATE

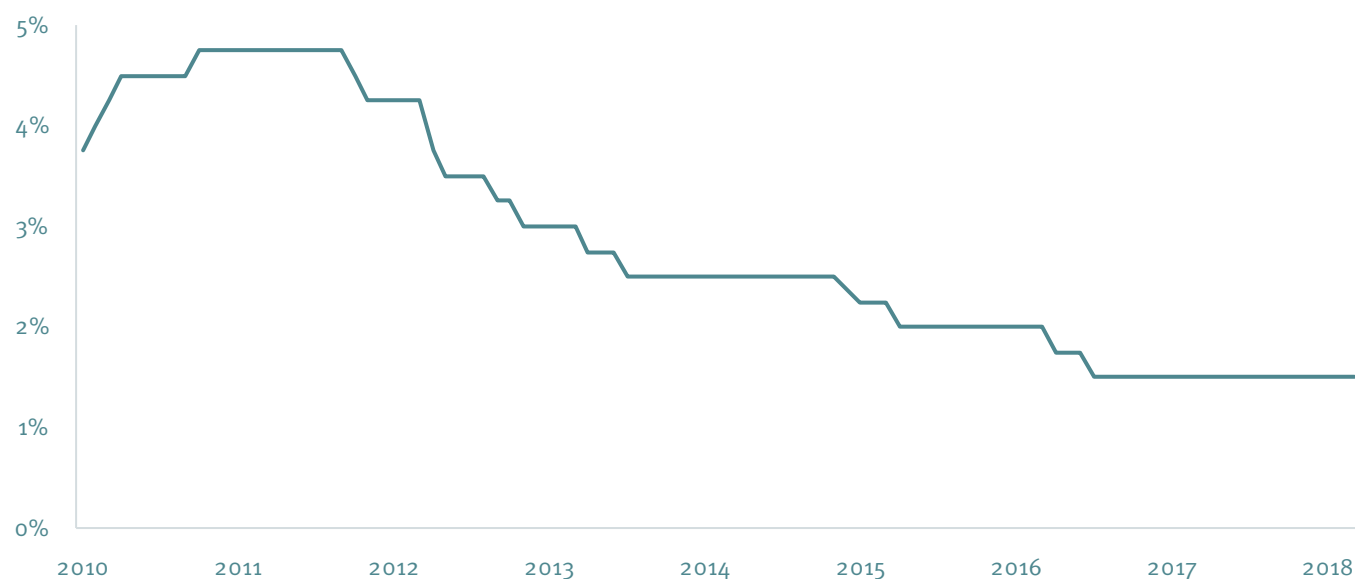


FIGURE 11: OFFICIAL CASH RATE RBA

Note. Reprinted from *Statistical Table – Official Cash Rates* by Reserve Bank of Australia, 2017, retrieved from <https://www.rba.gov.au/statistics/tables/>

## NATIONAL RURAL DEBT

The RBA collates data as at June 30 of each year based on information supplied by lending institutions.

According to the latest published data from the RBA, banks provide the largest proportion of national rural debt (95.64 per cent or \$68,557 million). This is three per cent higher than in 2011-12.

The rural indebtedness by institution is displayed in Table 2. From 2011 to 2017 there was an overall increase in large finance institutional debt of \$7,621 million (11.90 per cent). Banks have seen an increase of \$8,373 million (13.91 per cent).

TABLE 2: RURAL INDEBTEDNESS TO FINANCIAL INSTITUTIONS – AUSTRALIA

INSTITUTION - RURAL DEBT (\$M)	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
All banks	60,184	59,749	61,778	62,461	64,966	66,912	68,557
Other government agencies	1,871	2,076	2,236	2,451	878	977	1,142
Pastoral and other finance companies	2,010	1,801	1,569	1,486	1,463	1,622	1,987
<b>Large finance institutional debt</b>	<b>64,065</b>	<b>63,626</b>	<b>65,583</b>	<b>66,397</b>	<b>67,307</b>	<b>69,511</b>	<b>71,686</b>
<b>DEPOSITS</b>							
Farm Management Deposits	3,216	3,532	3,721	4,139	4,604	5,068	6,095

Note. Reprinted from March Quarter - Agricultural commodities by Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES), 2017, retrieved from <http://www.agriculture.gov.au/abares/Documents/agricultural-commodities-report-march-2017.pdf>

Total national rural debt over time, as reported by the RBA, is displayed in Figure 12. Based on the June 2017 total debt figure for Australia and the December 2017 Queensland debt figure (noting the six month time disparity), Queensland makes up just over 24.05 per cent of the total rural debt for Australia. By comparison in 2011, Queensland comprised 26.50 per cent of Australia's total rural debt.

Banks provide the largest proportion of rural debt (95.64% or \$68,557 million).

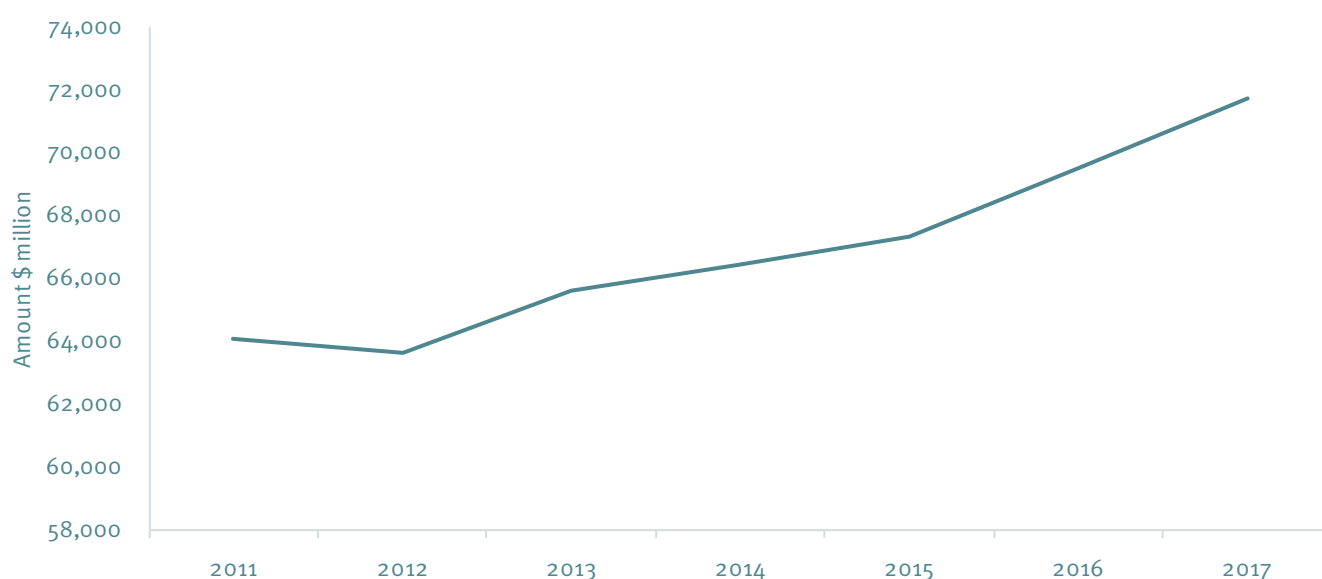


FIGURE 12: TOTAL DEBT OVER TIME 2011-2017 – AUSTRALIA

Note. Reprinted from *Money and Credit Statistics – Rural Debt by Lender* by Reserve Bank of Australia, 2017, retrieved from <https://www.rba.gov.au/statistics/tables/>

## FARM INCOMES

Farm Cash Incomes for Queensland Broadacre farms by region, as reported in the ABARES Australian Agricultural and Grazing Industries Survey.

TABLE 3: AVERAGE FARM CASH INCOME OF QUEENSLAND BROADACRE FARMS

REGION (\$'000)	FARM CASH INCOME (2016-17)
Cape York & the Gulf	730
Central North	396
Charleville - Longreach	254
Eastern Darling Downs	96
Northern Coastal - Mackay to Cairns	131
Southern Coastal - Curtis to Moreton	94
West & South West	172
Western Downs & Central Highlands	378

Note. Reprinted from *Farm financial performance – Queensland* ABARES, 2017, retrieved from <http://www.agriculture.gov.au/abares/research-topics/aboutmyregion/farm-financial-performance-qld#performance-of-broadacre-farms>

## INCOME FROM OTHER SOURCES

The ABS identifies that 85 per cent of income comes from agricultural production, one per cent from grants or government transfers or relief funding, 13 per cent from off-farm employment activities and four per cent from other sources (ABS, 2018).

For the six year period from 2011 to 2017, there have been specific factors which have supplemented farm incomes in some regions. Supplemented farm income from avenues other than the farming has become more prominent. ABARES predicts that for Australian broadacre and dairy farms (on average per farm) for 2016-17, there is \$51,700 of off-farm income contributed by the owner-manager or partner (ABARES, 2017b).

Additional to income being made off-farm, there are also farm contributions that are made through the farms' natural assets. This may include leasing or agisting unused land for rental income or planting a crop under specific contract agreements.

In the Western Downs and Central Highlands region there has been significant resource industry development during this period. Most notably, the Coal Seam Gas (CSG) sector in the Surat Basin.

According to the GasFields Commission Queensland Industry Snapshot, at the end of June 2017 there were 5,711 Conduct and Compensation Agreements in place, with \$387 million paid to landholders in compensation. These agreements have been negotiated by CSG companies with landholders to enable access, infrastructure and extraction of CSG.

Whilst it is difficult to predict how this additional income has been utilised by farmers, some anecdotal observations from the GasFields Commission Queensland and finance industry professionals include the paying down of debt, capital expenditure for farm improvements, diversifying into other industries and an ability to exit the industry.

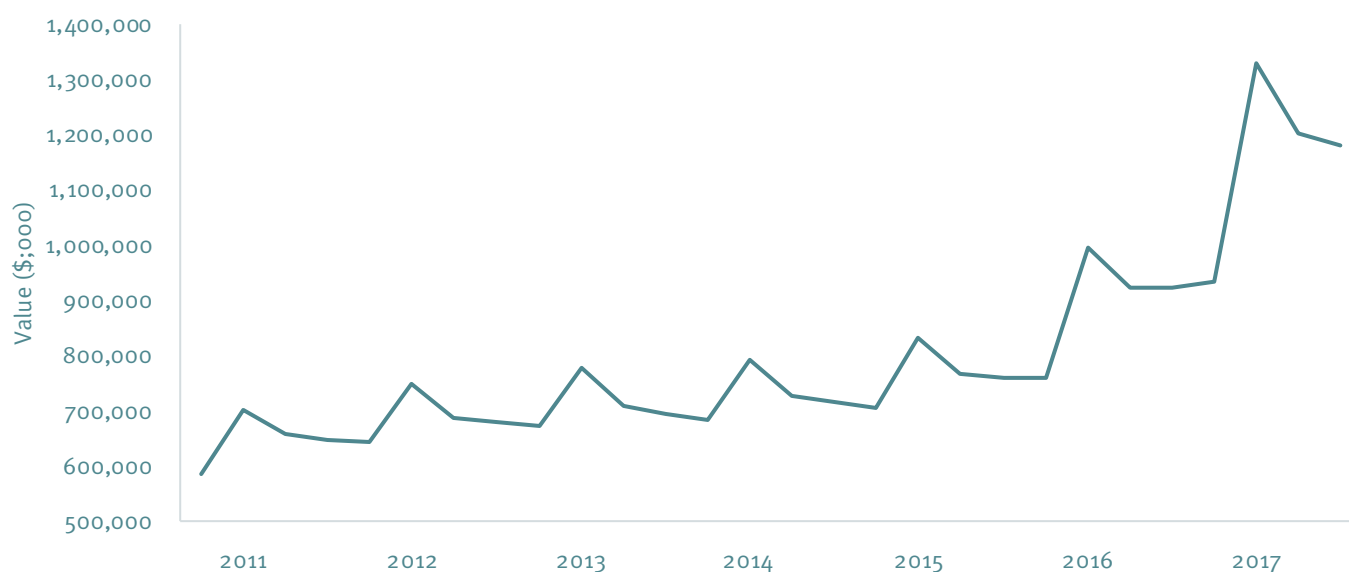
“The Commission has regular discussions with landholders about their experiences in the regions and it is clear that compensation has provided benefits to landholders in a variety of ways including diversification of income, debt reduction, purchase of additional property for expansion and succession planning. In some cases it enables them to remain farming on marginal country, or to relocate and retire”

- Ruth Wade, Chairperson, GasFields Commission Queensland, 8 May 2018

## FARM MANAGEMENT DEPOSITS

Farm Management Deposits (FMD) are an initiative by the Federal Government to 'assist primary producers to deal more effectively with fluctuations in cash flows' (Department of Agriculture, 2018). Managing producers' financial risk and meeting their business costs are key objectives of the scheme. The value of deposits in FMDs has grown nationally (Table 2) and in Queensland (Figure 13) since 2011. Figure 13 indicates the amount of Queensland FMDs since the start of 2011. Heightened deposits appear at the end of each financial year with a greater increase since mid 2016.

As of July 2016, FMD caps were increased from \$400,000 to \$800,000 for each eligible producer as well as an early access trigger for drought and allowing FMDs to be used to offset the interest costs on primary production business debt (Department of Agriculture, 2018). As at December 2017, there were 10,068 FMD accounts in Queensland at a value of \$1,182 million. Comparatively, in 2011, the total value of FMD accounts in Queensland was \$588,163. Deposits into the FMD scheme have effectively doubled over the period 2011 to 2017.

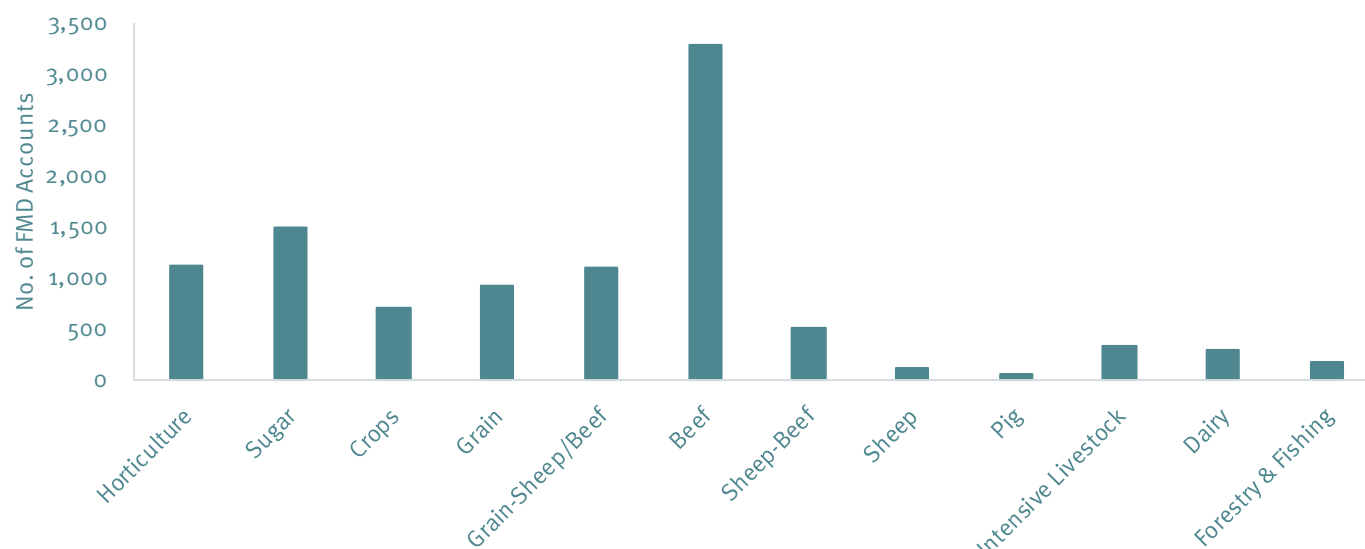


**FIGURE 13: QUEENSLAND FARM MANAGEMENT DEPOSITS MARCH 2011 – DECEMBER 2017**

Note. Reprinted from *FMD statistics – quarterly totals at a glance* by Australian Government Department of Agriculture and Water Resources, 2017, retrieved from <http://www.agriculture.gov.au/ag-farm-food/drought/assistance/fmd/statistics#fmd-statisticsquarterly-totals-at-a-glance>

Figure 14 shows the breakdown of FMDs in Queensland based on industry as of December 2017. The beef industry had the greatest number of FMD accounts in Queensland (3,276 accounts). This associates with the large increase in FMDs in 2016 (Figure 13), reflective of the consistently high cattle prices at that time.

Deposits into the FMD scheme have effectively doubled over the period 2011 to 2017 in Queensland



**FIGURE 14: QUEENSLAND FARM MANAGEMENT DEPOSITS BY INDUSTRY**

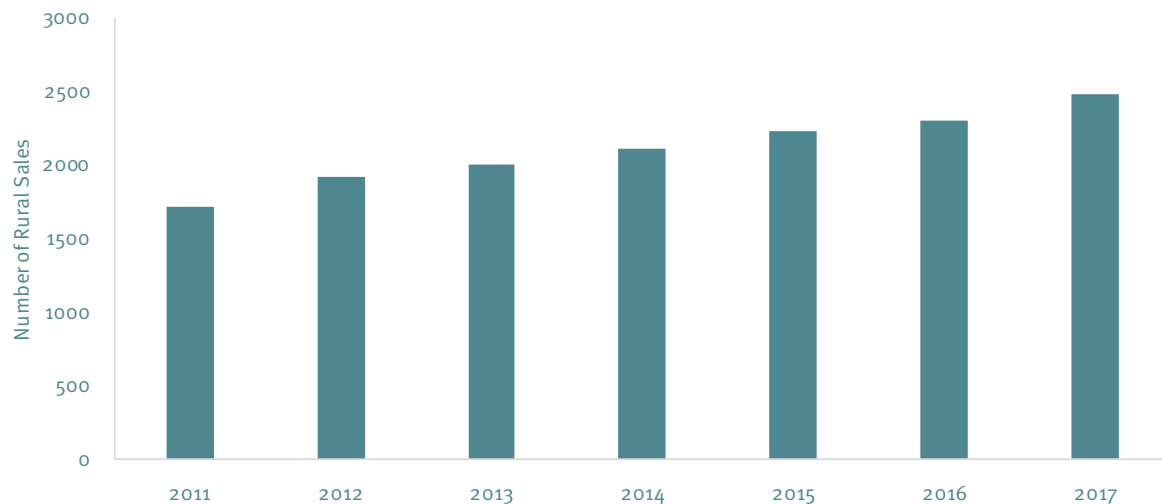
Note. Reprinted from *Farm Management Deposits in Queensland December 2017, 2018*, by Australian Department of Agriculture and Fisheries, retrieved from <http://www.agriculture.gov.au/ag-farm-food/drought/assistance/fmd/statistics#2017>



## RURAL PROPERTY SALES

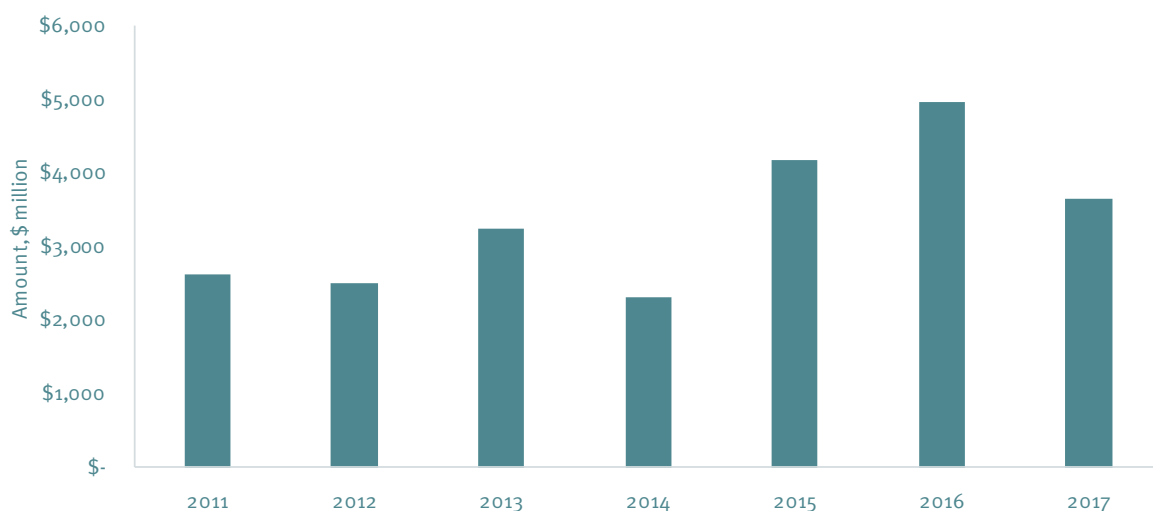
Rural sales in terms of debt is an important consideration as each rural sales transaction has an entity entering into debt and an entity reducing debt. There are many factors that affect the pricing of these properties, including the productivity of the land for sale, location, commodity prices and climate.

Overall for Queensland in 2011, there were 1,720 rural property sales at a value of \$2,609 million. Comparatively, in 2017, there were 2,483 rural property sales at a value of \$3,650 million. Over this time the number of rural sales have steadily grown, whilst the value of rural sales has fluctuated.



**FIGURE 15: NUMBER OF RURAL SALES BY YEAR**

Note. Reprinted from *Rural Sales* by Queensland Valuations and Sales System within the Queensland Department of Natural Resources, Mines and Energy, personal communication, 19 June 2018



**FIGURE 16: VALUE OF RURAL SALES BY YEAR**

Note. Reprinted from *Rural Sales* by Queensland Valuations and Sales System within the Queensland Department of Natural Resources, Mines and Energy, personal communication, 19 June 2018



# PERFORMANCE OF DEBT



*This section details the size and nature of the 2017 Rural Debt Survey results by industry and region.*



# SIZE

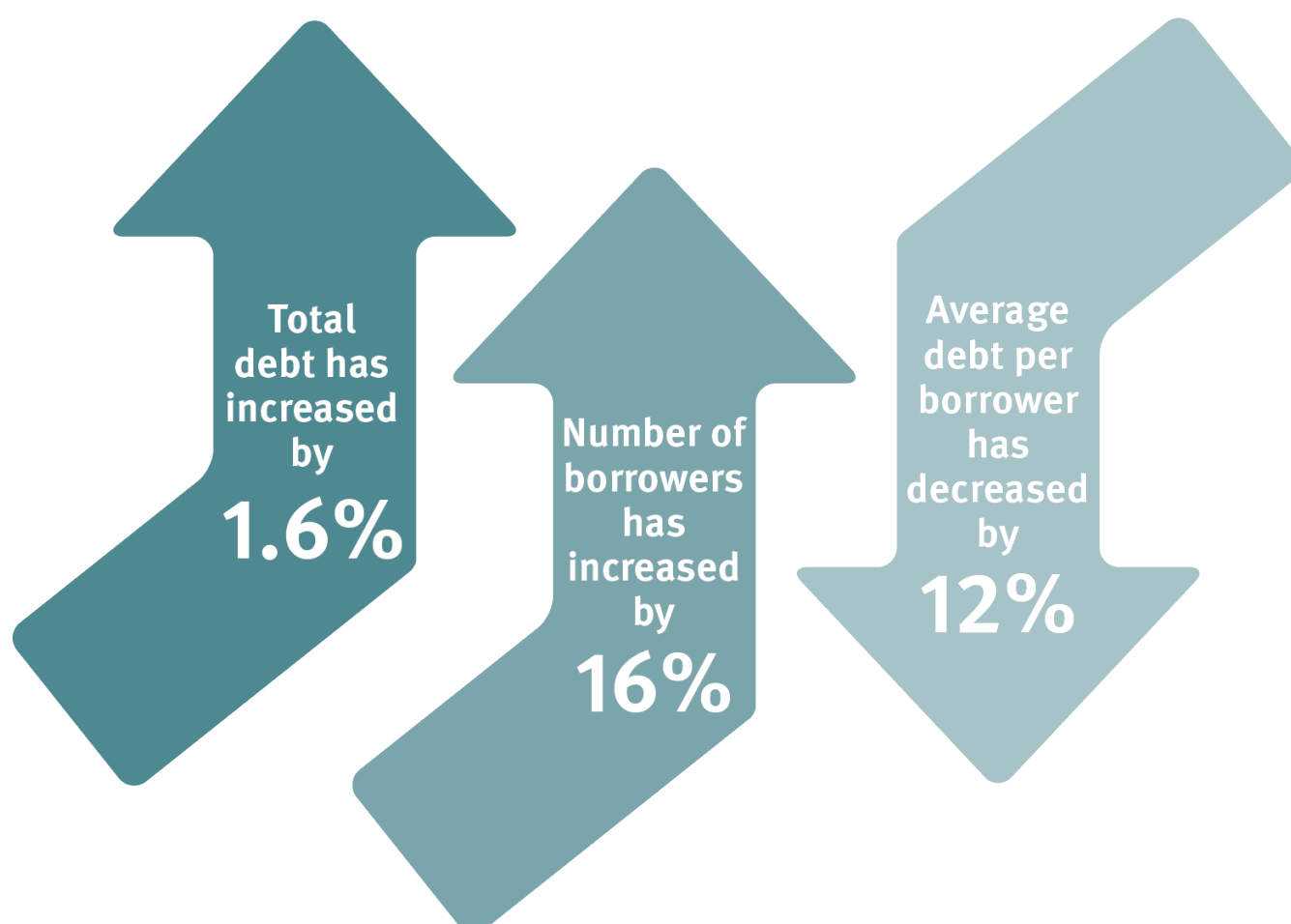
As of December 2017, the level of debt had increased by 1.6 per cent compared to 2011, to \$17.24 billion.

There were 18,335 borrowers with an average debt of \$0.94 million.

TABLE 4: TOTAL DEBT, NUMBER OF BORROWERS AND AVERAGE DEBT PER BORROWER OVER TIME

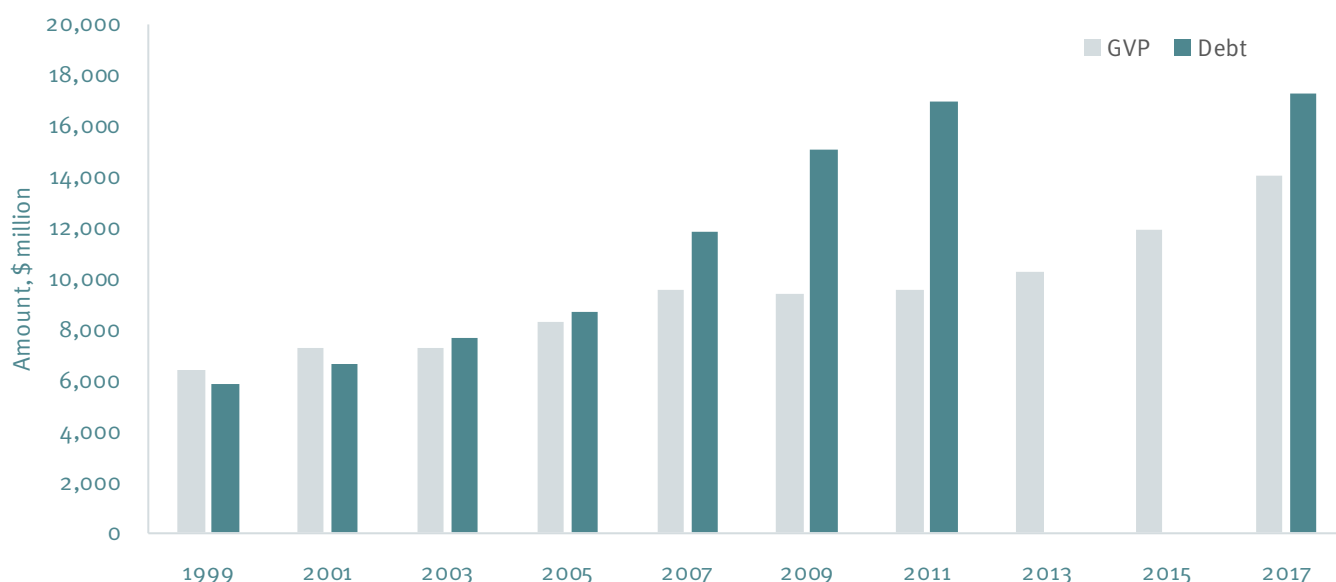
(\$'000)	2017	2011	MOVEMENT	% CHANGE
Total debt (\$)	17,242,838	16,976,301	+266,537	+1.57%
Number of borrowers	18,335	15,822	+2,513	+15.88%
Average \$ debt per borrower	940	1,073	-133	-12.35%

Note. Reprinted from Queensland Government Statistician's Office, Queensland Treasury, *Rural Debt Survey 2017*, Output Tables



## GROSS VALUE OF PRODUCTION

- A comparison of debt to Gross Value of Production (GVP) provides another avenue to interpret the debt results.
- The total gross value of agricultural production in Australia was just over \$60,842 million in 2016-17, of which Queensland was \$14,014 million or 22.95 per cent (ABS, 2018).
- The gap between GVP and debt levels has reduced from 2011 to 2017. In 2011, there was a \$7,421 million difference in debt and GVP. In 2017, this has more than halved to \$3,229 million.
- This equates to debt to GVP as 123.04 per cent for 2017. Comparatively in 2011, it was 177.68 per cent (ABS, 2017d).
- Total GVP for Queensland has increased by 46.67 per cent since 2011, whilst debt has only increased by 1.57 per cent.
- The increase in GVP reflects the strengthening of the Queensland agricultural industry in recent years that has seen an improvement in prices, particularly with the increased returns for cattle and sheep, along with strong yields for grain.
- Whilst it is unknown what occurred to debt during the six year period from 2011 to 2017, the GVP gradually increased (Figure 17).



**FIGURE 17: DEBT AND QUEENSLAND GVP ANALYSIS**

Note. Reprinted from, *Gross Value of Production by commodity, Queensland, 2005-2006 to 2015-16* by Queensland Government Statistician's Office, retrieved from <https://data.qld.gov.au/dataset/agriculture-gross-value-production/resource/of13be3b-307c-4a8f-920f-913247d936fc>; Reprinted from *Agricultural Commodities Produced, Australia, 2016-17*, by ABS, retrieved from <http://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/7503.02016-17?OpenDocument>

The gap between GVP and debt has narrowed from 2011 to 2017

## BREAKDOWN OF INDUSTRY GVP BY THREE HIGHEST DEBT INDUSTRIES

Table 4 indicates the three highest debt industries gross value of production in Queensland.

TABLE 5: QUEENSLAND GROSS VALUE OF PRODUCTION, BY SPECIFIC INDUSTRY

(\$M)	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Cattle and calves	3,418	3,450	3,461	3,890	5,076	5,861	5,731
Cotton	776	981	677	698	383	466	621
Sugar cane	888	1,080	1,072	1,165	1,239	1,209	1,527

\* In 2014-15 and 2015-16, there was a reduction in cotton due to a reduction in hectares planted.

Note. Reprinted from, *Gross Value of Production by commodity, Queensland, 2005-2006 to 2015-16* by Queensland Government Statisticians Office, retrieved from <https://data.qld.gov.au/dataset/agriculture-gross-value-production/resource/of13be3b-307c-4a8f-920f-913247d936fc>; Reprinted from *Agricultural Commodities Produced, Australia, 2016-17*, ABS, retrieved from <http://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/7503.02016-17?OpenDocument>

The below table indicates the comparative movement in debt and movement in GVP since 2011 for the three highest debt holding industries.

TABLE 6: GVP AND DEBT MOVEMENT PERCENTAGES SINCE 2011

	% MOVEMENT IN DEBT	% MOVEMENT IN GVP
Beef	1.91%	67.67%
Cotton	2.00%	-19.98%
Sugar	6.35%	71.88%

\*Movement compared to 2011 to 2017 GVP and debt. GVP forecast taken from AgTrends report.

Note. Reprinted from, *Gross Value of Production by commodity, Queensland, 2005-2006 to 2015-16* by Queensland Government Statisticians Office, retrieved from <https://data.qld.gov.au/dataset/agriculture-gross-value-production/resource/of13be3b-307c-4a8f-920f-913247d936fc>; Reprinted from *Agricultural Commodities Produced, Australia, 2016-17*, ABS, retrieved from <http://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/7503.02016-17?OpenDocument>

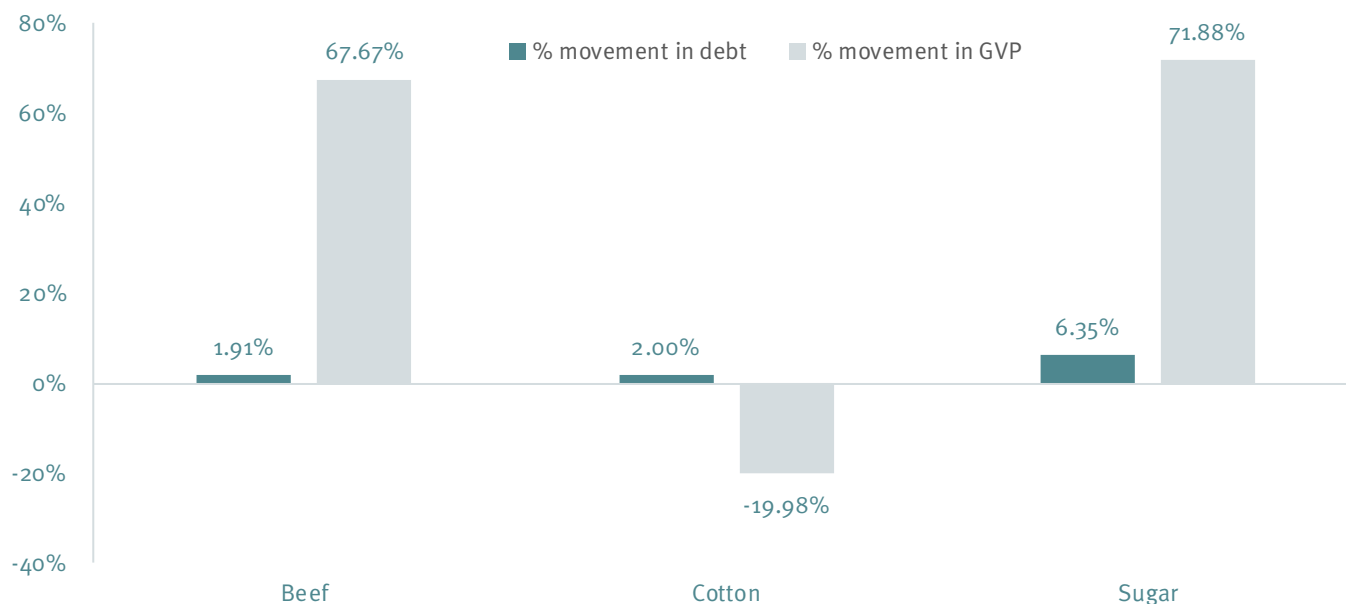


FIGURE 18: MOVEMENT OF DEBT AND GVP

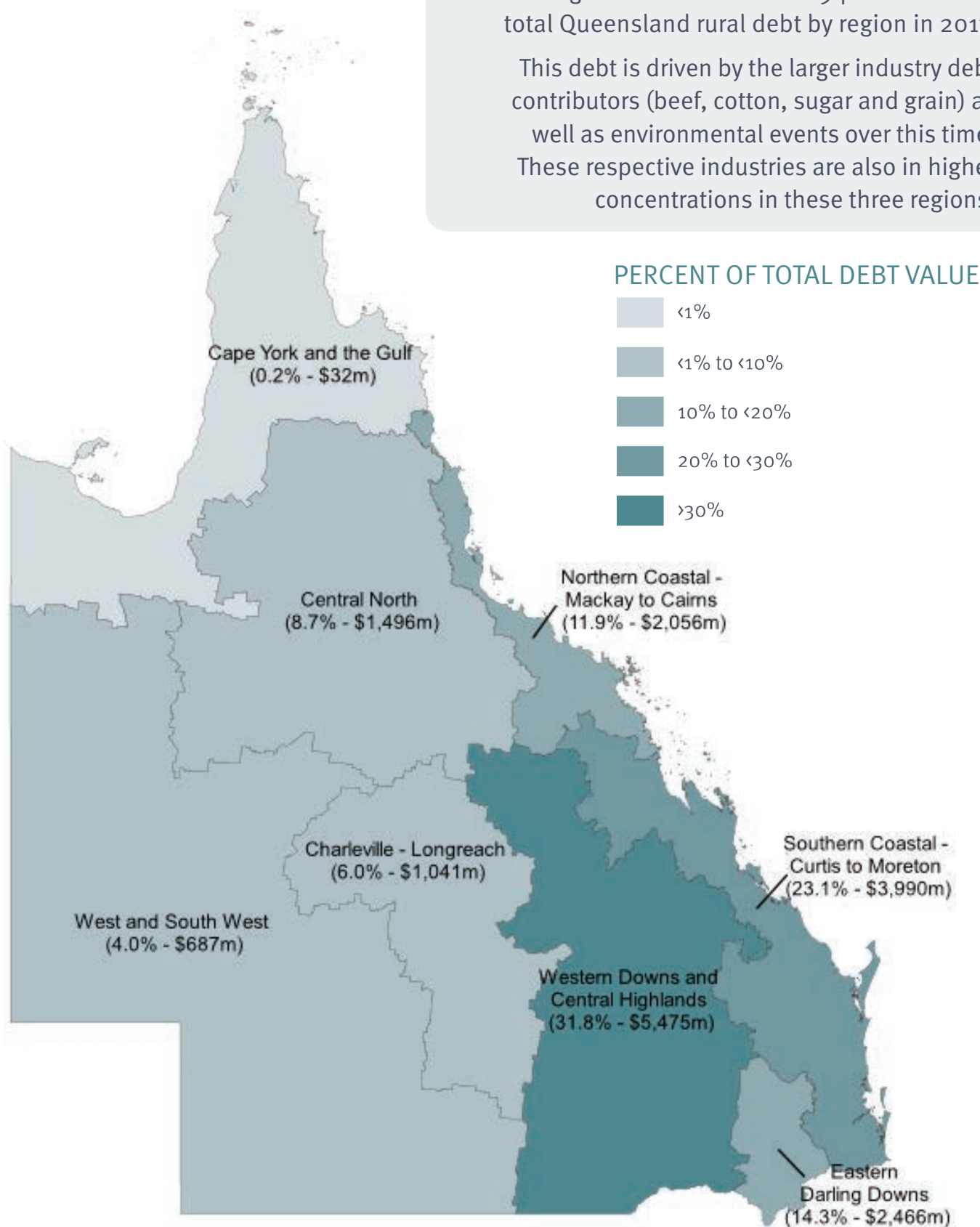
Note. Reprinted from Queensland Government Statistician's Office, Queensland Treasury, *Rural Debt Survey 2017*, Output Tables

Further information for each industry is identified in the 'All Industries' section of this report.

# REGION

The Westerns Downs and Central Highlands, Southern Coastal - Curtis to Moreton and Eastern Darling Downs accounts for 69 per cent of the total Queensland rural debt by region in 2017.

This debt is driven by the larger industry debt contributors (beef, cotton, sugar and grain) as well as environmental events over this time. These respective industries are also in higher concentrations in these three regions.



**FIGURE 19: DEBT BY ABARES REGION**

Note. Reprinted from Queensland Government Statistician's Office, Queensland Treasury, *Rural Debt Survey 2017*, Output Tables



## DEBT BY REGION

- The three highest debt regions, Western Downs and Central Highlands, Southern Coastal and Eastern Darling Downs, also have among the highest number of borrowers relative to other regions (Table 7), though Northern Coastal - Mackay to Cairns has the third highest number of borrowers and is the fourth highest debt region by value in 2017.
- The smallest debt holding region was Cape York and the Gulf. It is noted that the borrowers in this region have also reduced.
- On average, the debt per borrower for these three regions is lower than the smaller debt holding regions.
- The Central North region has the greatest debt per borrower.

TABLE 7: DEBT BY REGION AND CHANGE SINCE 2011

(\$'000) ABARES REGION	2017	% OF TOTAL REGION DEBT	BORROWERS	AVERAGE DEBT PER BORROWER	2011	2011 - 2017 MOVEMENT	2011 - 2017 % CHANGE
Cape York & the Gulf	32,392	0.19%	55	589	292,890	-260,498	-88.94%
Central North	1,496,216	8.68%	935	1,600	1,361,017	135,199	9.93%
Charleville - Longreach	1,040,832	6.04%	815	1,277	852,418	188,414	22.10%
Eastern Darling Downs	2,465,629	14.30%	2,846	866	1,767,782	697,847	39.48%
Northern Coastal - Mackay to Cairns	2,056,091	11.92%	3,575	575	2,055,632	459	0.02%
Southern Coastal - Curtis to Moreton	3,990,013	23.14%	5,547	719	3,668,746	321,267	8.76%
West & South West	686,637	3.98%	480	1,430	765,591	-78,954	-10.31%
Western Downs & Central Highlands	5,475,029	31.75%	4,446	1,231	6,212,226	-737,197	-11.87%
<b>TOTAL</b>	<b>17,242,838</b>		<b>18,699</b>		<b>16,976,301</b>	<b>266,536</b>	<b>1.57%</b>

Note. Reprinted from Queensland Government Statistician's Office, Queensland Treasury, *Rural Debt Survey 2017*, Output Tables

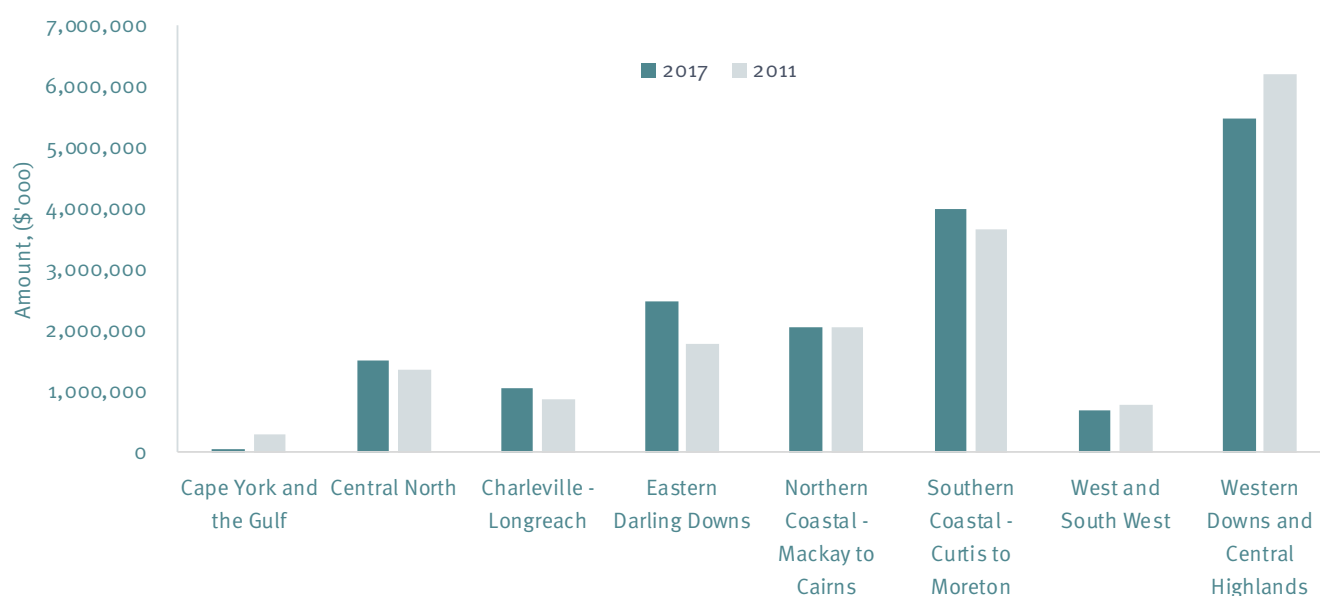


FIGURE 20: 2011 AND 2017 TOTAL DEBT BY REGION

Note. Reprinted from Queensland Government Statistician's Office, Queensland Treasury, *Rural Debt Survey 2017*, Output Tables

## MOVEMENT

- There has been significant movement in debt in the regions since 2011. There was an 88.94 per cent decrease in debt in the Cape York and the Gulf region, which is reflected in the reduction in number of borrowers since 2011 (Figure 21).
- There are a number of factors which may have contributed to the reduction in borrowers including absentee landowners, consolidations and variations in reporting since the previous survey.
- Eastern Darling Downs and Charleville-Longreach have seen increases in debt over the same time.
- Specific regional movement for industries is depicted in the 'All Industries' section of this report.

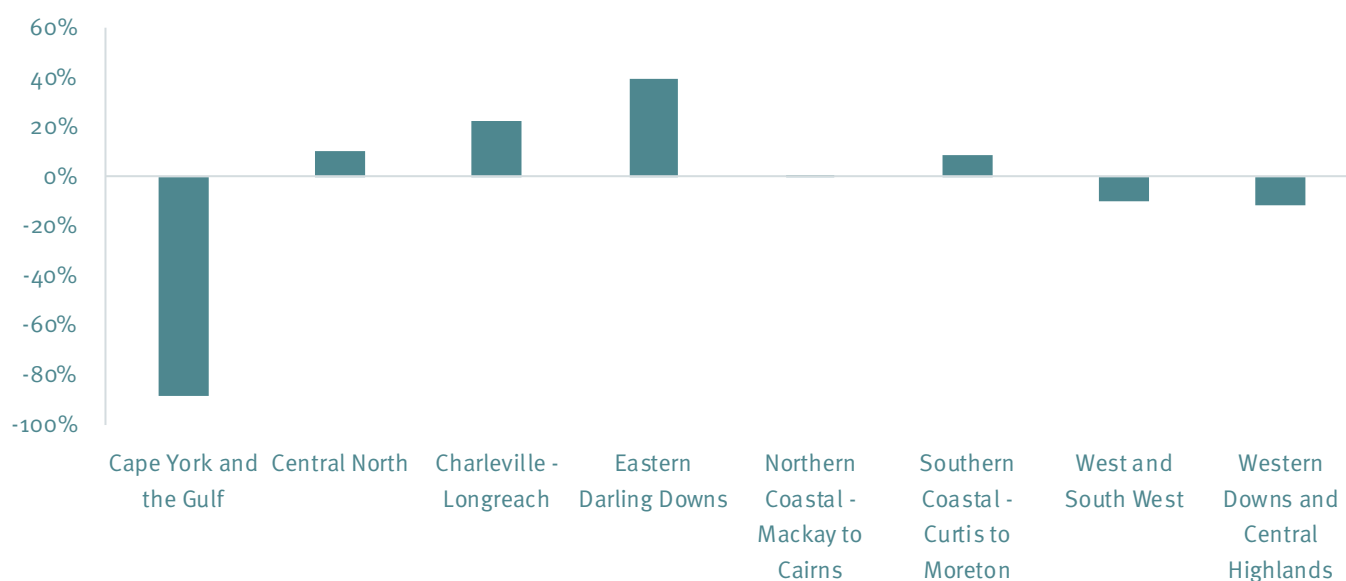


FIGURE 21: MOVEMENT OF DEBT BY REGION

Note. Reprinted from Queensland Government Statistician's Office, Queensland Treasury, *Rural Debt Survey 2017*, Output Tables

## COMPARISON OF REGIONAL DEBT

- Comparing the regions to the 2011 data, the top three regions for 2011 and 2017 are displayed in Table 8.
- The two highest debt areas have not changed since 2011, however the Eastern Darling Downs now holds a higher portion of debt than the Northern Coastal – Mackay to Cairns (it is the fourth highest for 2017 at 11.92 per cent).

TABLE 8: COMPARISON OF HIGHEST DEBT REGIONS

2011	% OF TOTAL	2017	% OF TOTAL
Western Downs & Central Highlands	36.59%	Western Downs and Central Highlands	31.75%
Southern Coastal - Curtis to Moreton	21.61%	Southern Coastal - Curtis to Moreton	23.14%
Northern Coastal - Mackay to Cairns	12.11%	Eastern Darling Downs	14.30%

See back of report for change in 2011 to 2017 regions.

Note. Reprinted from Queensland Government Statistician's Office, Queensland Treasury, *Rural Debt Survey 2017*, Output Tables

# RISK PROFILE

There has been noteworthy movement in the risk profile of rural debt in Queensland since 2011 with an overall 18 per cent increase in viable (A) rated debt. The total debt movement from 2011 to 2017 was 1.57 per cent.

TABLE 9: RISK PROFILE

LOAN RATING# (\$'000)	AMOUNT (\$)	BORROWERS	AVERAGE DEBT (\$)
A	13,563,361	14,365	944
B+	2,715,917	2,817	964
B1	538,113	685	786
B2	188,287	293	643
C	237,161	238	996
<b>TOTAL</b>	<b>17,242,838</b>	<b>18,398</b>	

# For loan rating definitions, refer to glossary.

Note. Reprinted from Queensland Government Statistician's Office, Queensland Treasury, *Rural Debt Survey 2017*, Output Tables

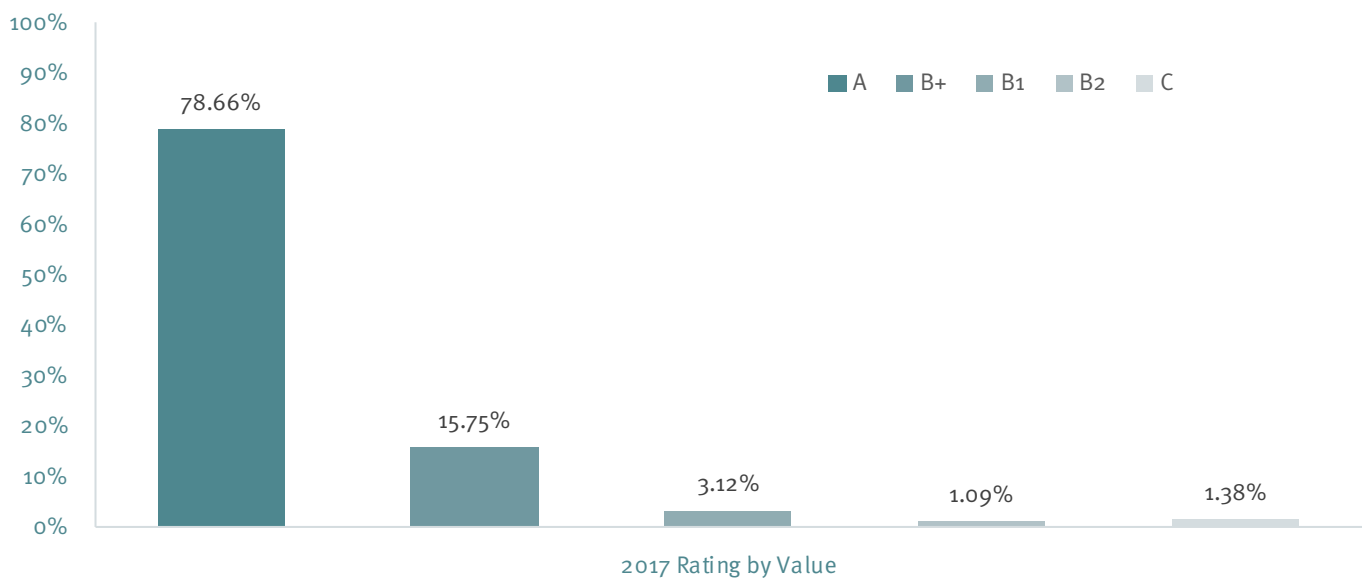


FIGURE 22: DISSECTION OF DEBT VALUE BY LOAN RATING

Note. Reprinted from Queensland Government Statistician's Office, Queensland Treasury, *Rural Debt Survey 2017*, Output Tables

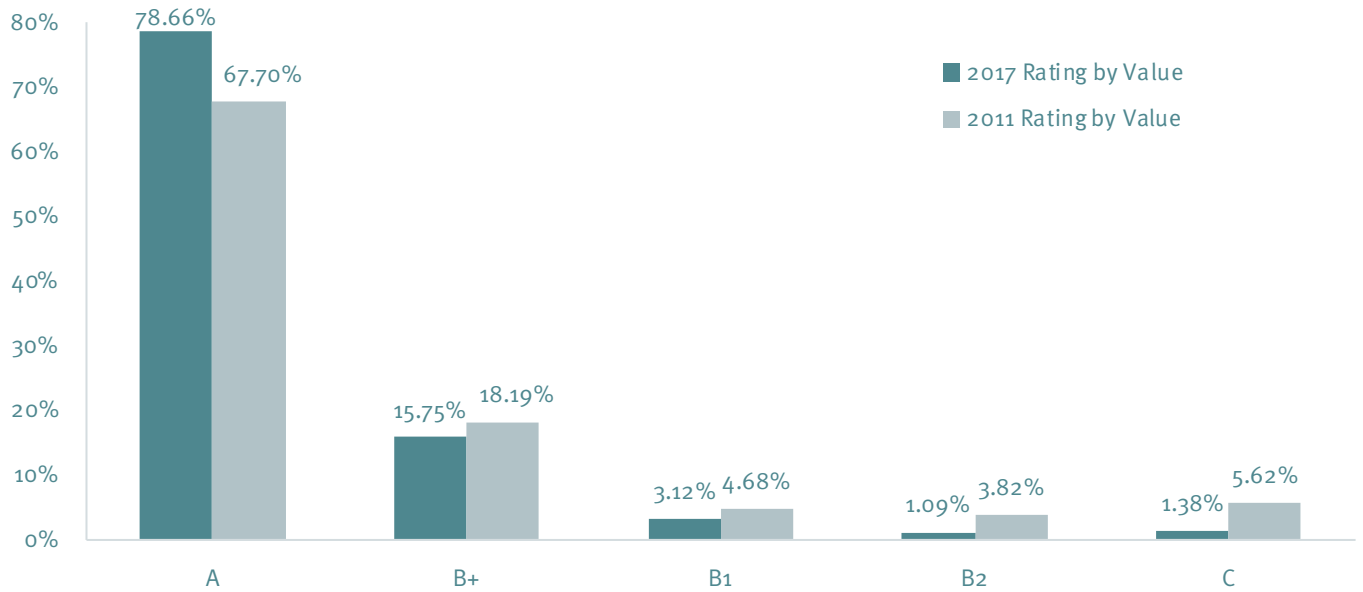
TABLE 10: MOVEMENT IN VALUE OF DEBT SPLIT BY LOAN RATING

LOAN RATING (\$'000)	VALUE OF DEBT 2017 (\$)	VALUE OF DEBT 2011 (\$)	MOVEMENT IN DEBT (\$)	% CHANGE
A	13,563,361	11,492,662	2,070,699	18.02%
B+	2,715,917	3,088,369	-372,452	-12.06%
B1	538,113	793,731	-255,618	-32.20%
B2	188,287	648,195	-459,908	-70.95%
C	237,161	953,344	-716,183	-75.12%
<b>TOTAL</b>	<b>17,242,838</b>	<b>16,976,301</b>	<b>266,537</b>	<b>1.57%</b>

- There has been a movement from other ratings to A with 78.66 per cent of the debt now in A (Figure 22).
- Since 2011, there has been an 18.02 per cent increase in the amount of A ratings.
- B+, B1, B2 and C have all had decreases in their ratings
- Notably, there has been a 75.12 per cent decrease in the amount of non-viable (C) rated debt.

Note. Reprinted from Queensland Government Statistician's Office, Queensland Treasury, *Rural Debt Survey 2017*, Output Tables

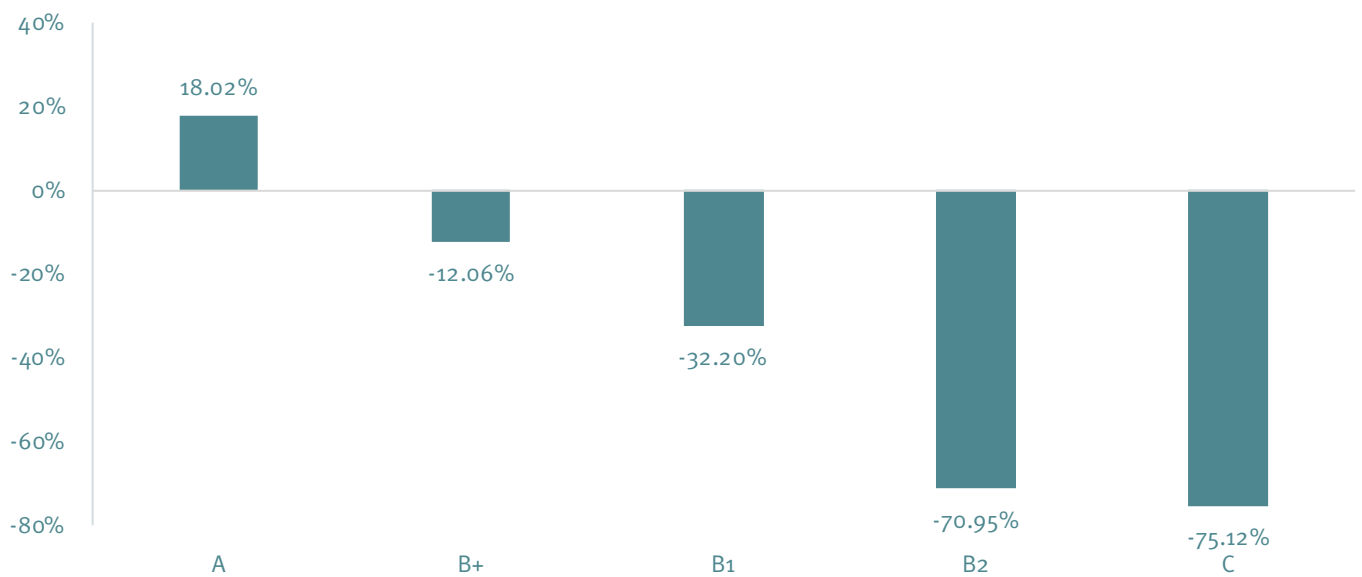
## DISSECTION OF DEBT VALUE BY LOAN RATING OVER TIME



**FIGURE 23: 2011 AND 2017 TOTAL DEBT BY RISK RATING**

Note. Reprinted from Queensland Government Statistician's Office, Queensland Treasury, *Rural Debt Survey 2017*, Output Tables

## MOVEMENT IN DEBT 2011-2017



**FIGURE 24: MOVEMENT OF TOTAL DEBT BY RISK RATING 2011-2017**

Note. Reprinted from Queensland Government Statistician's Office, Queensland Treasury, *Rural Debt Survey 2017*, Output Tables

## ABARES REGION BY A AND B+ DEBT RATING

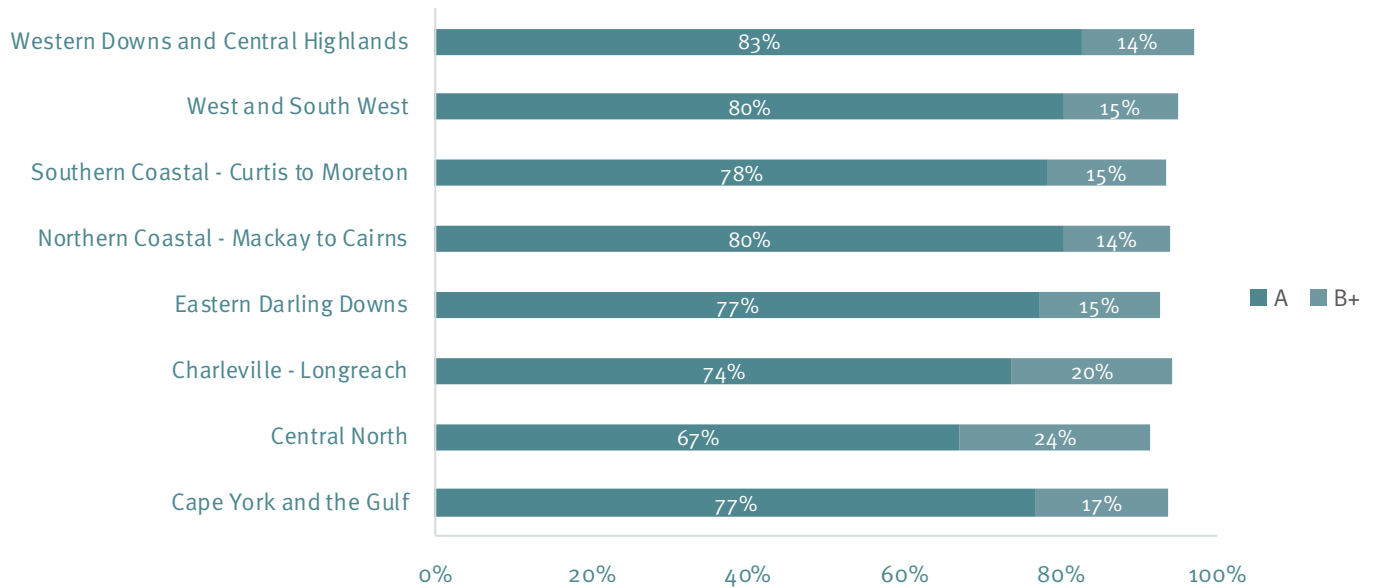


FIGURE 25: TOTAL DEBT BY REGION BY A AND B+ DEBT RATING

Note. Reprinted from Queensland Government Statistician's Office, Queensland Treasury, *Rural Debt Survey 2017*, Output Tables

TABLE 11: AMOUNT, BORROWERS AND AVERAGE DEBT BY ABARES REGION

ABARES REGION (\$'000)		LOAN RATING					TOTAL
		A	B+	B1	B2	C	
Cape York & the Gulf	\$	24,904	5,473	123	dw	dw	32,392
	Borrowers	41	10	3	dw	dw	55
	Average debt	607	547	41	dw	dw	
Central North	\$	1,004,722	361,217	31,325	56,170	42,782	1,496,216
	Borrowers	751	133	26	17	15	942
	Average debt	1,338	2,716	1,205	3,304	2,852	
Charleville - Longreach	\$	767,914	211,887	41,057	6,056	13,918	1,040,832
	Borrowers	602	167	29	10	9	817
	Average debt	1,276	1,269	1,416	606	1,546	
Eastern Darling Downs	\$	1,905,948	377,592	142,023	21,479	18,587	2,465,629
	Borrowers	2,189	453	145	36	30	2,853
	Average debt	871	834	979	597	620	
Northern Coastal - Mackay to Cairns	\$	1,650,759	283,169	64,970	18,144	39,047	2,056,091
	Borrowers	2,916	445	111	53	61	3,586
	Average debt	566	636	585	342	640	
Southern Coastal - Curtis to Moreton	\$	3,125,692	601,422	125,767	42,587	94,544	3,990,013
	Borrowers	4,343	855	181	103	86	5,568
	Average debt	720	703	695	413	1,099	
West & South West	\$	551,261	100,663	32,155	dw	dw	686,637
	Borrowers	355	95	29	dw	dw	483
	Average debt	1,553	1,060	1,109	dw	dw	
Western Downs & Central Highlands	\$	4,532,161	774,493	100,692	40,539	27,145	5,475,029
	Borrowers	3,524	660	163	73	34	4,454
	Average debt	1,286	1,173	618	555	798	
TOTAL	\$	13,563,361	2,715,917	538,113	188,287	237,161	17,242,838
	BORROWERS	14,721	2,818	687	294	238	18,758

Note. Reprinted from Queensland Government Statistician's Office, Queensland Treasury, *Rural Debt Survey 2017*, Output Tables

# INDUSTRY

## DEBT BY INDUSTRY

Beef, cotton, sugar and grain account for 73 per cent of the total debt for 2017.

TABLE 12: PERCENTAGE OF DEBT BY INDUSTRY

INDUSTRY	PERCENTAGE
Grain/Grazing	5.03%
Horticulture - Tree crops	3.90%
Horticulture - Vegetables	3.03%
Intensive Livestock	2.65%
Dairy	1.49%
Sheep/Wool	0.76%
Marine Fishing	0.52%
Aquaculture	0.23%
Other*	8.98%

\*Other includes other, services to agriculture, forestry & logging and hunting & trapping

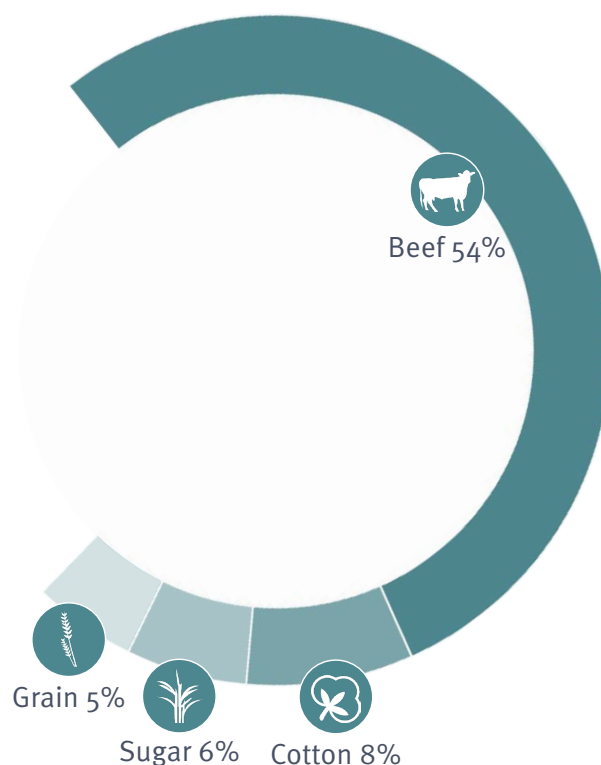


FIGURE 26: SUMMARISED DEBT BY INDUSTRY

Note. Reprinted from Queensland Government Statistician's Office, Queensland Treasury, *Rural Debt Survey 2017*, Output Tables

TABLE 13: MOVEMENT IN VALUE OF DEBT BY INDUSTRY

INDUSTRY (\$'000)	2017	% OF TOTAL	NUMBER OF BORROWERS	AVERAGE DEBT PER BORROWER	2011	MOVEMENT	CHANGE
Beef	9,353,614	54.25%	7,553	1,238	9,178,477	175,137	1.91%
Cotton	1,332,056	7.73%	443	3,007	1,305,935	26,121	2.00%
Sugar	1,038,000	6.02%	1,981	524	976,030	61,970	6.35%
Grain	932,788	5.41%	831	1,122	1,098,885	-166,097	-15.12%
Grain/Grazing	867,366	5.03%	975	890	1,160,728	-293,362	-25.27%
Tree crops	671,826	3.90%	925	726	590,035	81,791	13.86%
Vegetables	523,226	3.03%	538	973	595,624	-72,398	-12.16%
Intensive Livestock	457,344	2.65%	580	789	471,642	-14,298	-3.03%
Dairy	257,104	1.49%	528	487	237,420	19,684	8.29%
Sheep/Wool	131,594	0.76%	226	582	96,677	34,917	36.12%
Marine Fishing	88,966	0.52%	389	229	140,904	-51,938	-36.86%
Aquaculture	40,124	0.23%	66	608	30,369	9,755	32.12%
<b>TOTAL ^</b>	<b>17,242,838</b>		<b>18,896</b>		<b>16,976,301</b>	<b>266,537</b>	<b>1.57%</b>

^Includes 'other\*' in total

\*Other includes other, services to agriculture, forestry & logging and hunting & trapping

Note. Reprinted from Queensland Government Statistician's Office, Queensland Treasury, *Rural Debt Survey 2017*, Output Tables



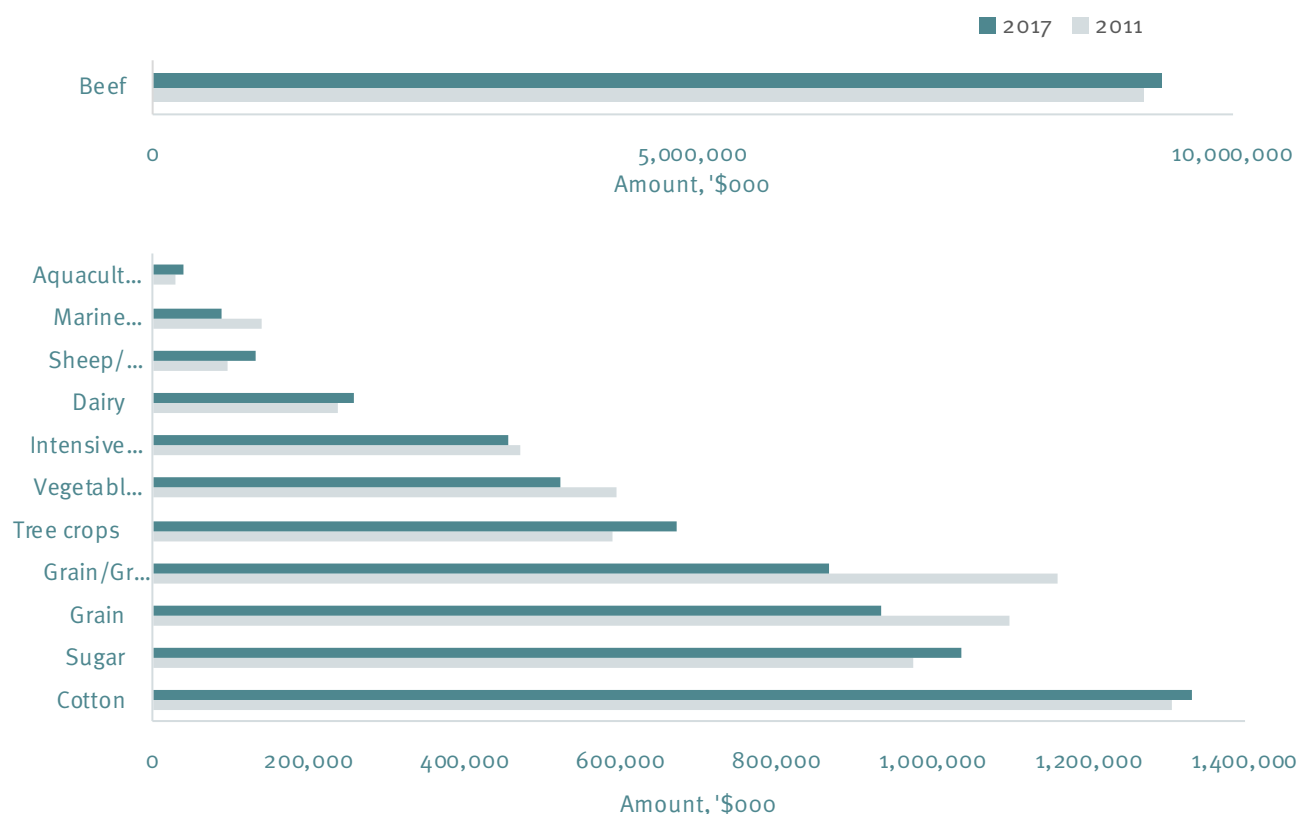


FIGURE 27: TOTAL DEBT BY INDUSTRY 2011 AND 2017

Note. Reprinted from Queensland Government Statistician's Office, Queensland Treasury, *Rural Debt Survey 2017*, Output Tables

## MOVEMENT IN DEBT 2011-2017

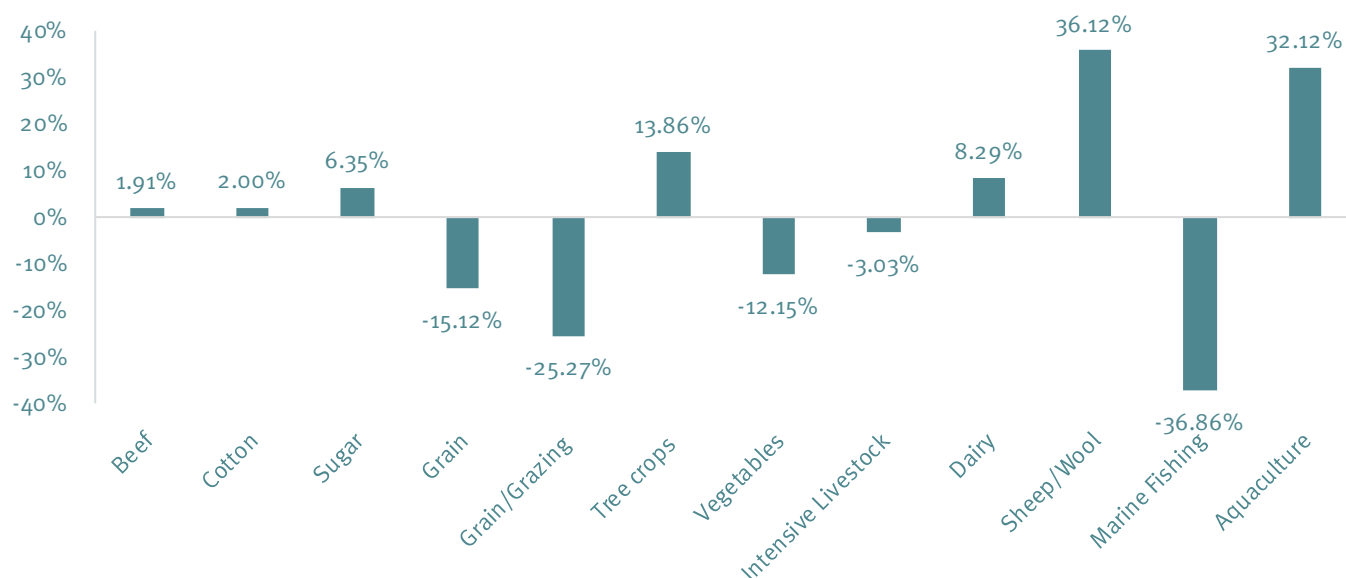


FIGURE 28: MOVEMENT OF TOTAL DEBT BY INDUSTRY 2011-2017

Note. Reprinted from Queensland Government Statistician's Office, Queensland Treasury, *Rural Debt Survey 2017*, Output Tables



# ALL INDUSTRIES



*In this section some of the industries identified in the survey are analysed further to assist with ascertaining the extent of the debt in Queensland.*



## BEEF

Total debt: \$9,354m  
 Movement\*:  $\uparrow$ 1.91%  
 Borrowers: 7,553



## COTTON

Total debt: \$1,332m  
 Movement\*:  $\uparrow$ 2.00%  
 Borrowers: 443



## SUGAR

Total debt: \$1,038m  
 Movement\*:  $\uparrow$ 6.35%  
 Borrowers: 1,981



## GRAIN

Total debt: \$933m  
 Movement\*:  $\downarrow$ 15.12%  
 Borrowers: 831



## GRAIN/GRAZING

Total debt: \$867m  
 Movement\*:  $\downarrow$ 25.27%  
 Borrowers: 975



## HORTICULTURE

Total debt: \$672m (TC) \$523m (V)  
 Movement\*:  $\uparrow$ 13.86% (TC)  $\downarrow$ 12.16% (V)  
 Borrowers: 925 (TC) 538 (V)



TC - Tree Crops, V - Vegetables

## INTENSIVE LIVESTOCK

Total debt: \$457m  
 Movement\*:  $\downarrow$ 3.03%  
 Borrowers: 580



## DAIRY

Total debt: \$257m  
 Movement\*:  $\uparrow$ 8.29%  
 Borrowers: 528



## SHEEP/WOOL

Total debt: \$132m  
 Movement\*:  $\uparrow$ 36.12%  
 Borrowers: 226



## MARINE

Total debt: \$89m  
 Movement\*:  $\downarrow$ 36.86%  
 Borrowers: 389



## VARIOUS INDUSTRIES

## Aquaculture

Total Debt: \$40m; Borrowers: 66

## Forestry and Logging

Total Debt: \$104m; Borrowers: 154

## Services to Agriculture

Total Debt: \$806m; Borrowers: 2,173

## Hunting and Trapping

Total Debt: \$2m; Borrowers: 26

## Other

Total Debt: \$637m; Borrowers: 1,508



\*Movement in debt 2011-2017

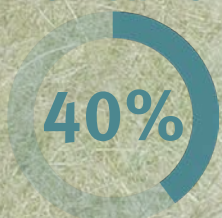
Please note some borrowers had debt across several industries



**Beef represents 54 per cent of total rural debt in 2017, up \$175 million or 2 per cent in value from 2011. The number of beef borrowers rose and the proportion of beef debt rated viable (A) increased by 13 per cent.**



PERCENTAGE OF  
BORROWERS



PERCENTAGE OF  
TOTAL DEBT



Average debt  
per borrower  
**\$1.2 million**





## BEEF AT A GLANCE

TABLE 14: SUMMARY OF BEEF DEBT

AMOUNT (\$'000)	2017	2011	\$ MOVEMENT	% MOVEMENT
Total debt (\$)	9,353,614	9,178,477	+ 175,137	+ 1.91
Number of borrowers	7,553	6,499	+ 1,054	+ 16.22
Average \$ debt per borrower	1,238	1,412	- 174	- 12.32

Note. Reprinted from Queensland Government Statistician's Office, Queensland Treasury, *Rural Debt Survey 2017*, Output Tables

*The industry classification for beef considers both beef cattle farming and feedlots and those with cattle and sheep farming.*

## KEY FINDINGS

- Since 2011, the movement of total debt in the cattle industry has increased by 1.91 per cent or \$175 million.
- There has been an increase in beef borrowers by 1,054 or 16.22 per cent.
- Debt movement has gone from an 11.32 per cent increase from 2009 to 2011 to a 1.9 per cent increase in 2011 to 2017.
- The region with the greatest amount of beef debt for 2017 was Western Downs and Central Highlands.
- There has been a significant increase in debt for the Eastern Darling Downs region since 2011 (Table 16). Cape York and the Gulf have seen almost a 87.97 per cent reduction in debt.

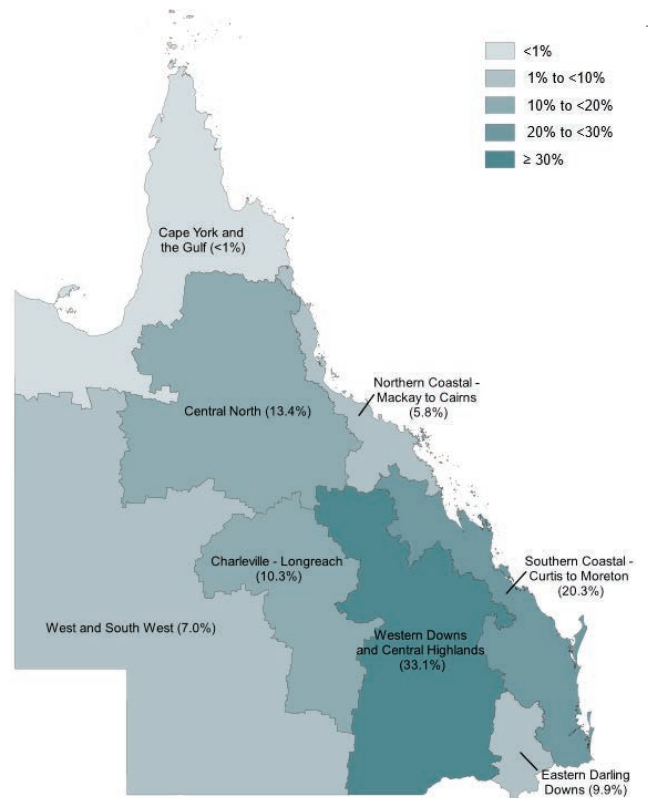


FIGURE 29: PER CENT OF BEEF DEBT VALUE BY REGION

Note. Reprinted from Queensland Government Statistician's Office, Queensland Treasury, *Rural Debt Survey 2017*, Output Tables

- The risk ratings of borrowers for 2017 indicates that there has been an increase to viable (A) level debt by 12.81 per cent. There has also been a 6.30 per cent increase in potentially long-term viable debt (B+) (Table 15).
- The levels of non-performing debt (B1 to C) have contracted. Non-viable (C) rated debt has decreased by 78.05 per cent.

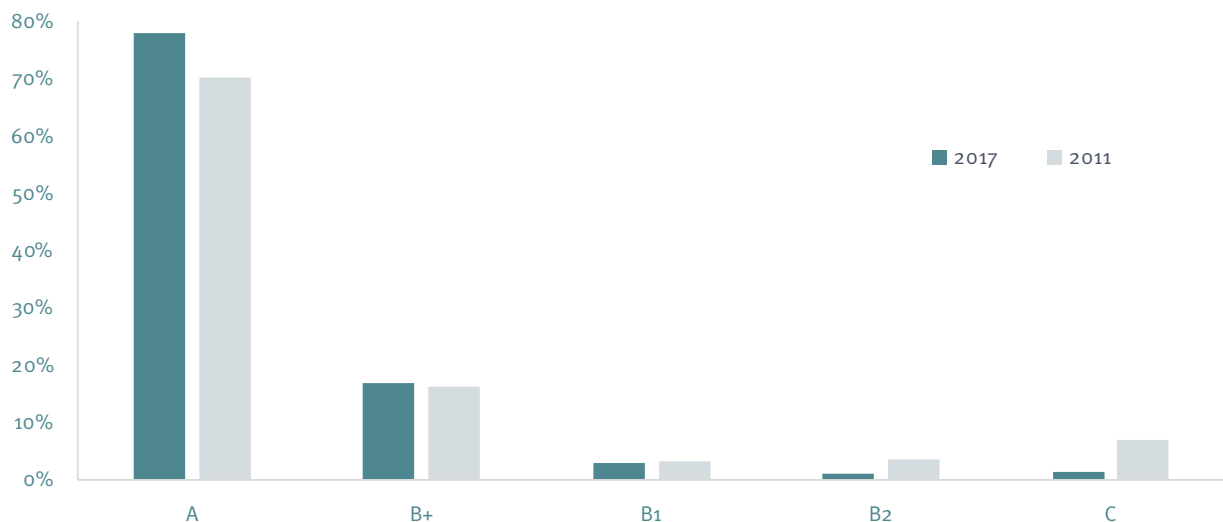


FIGURE 30: BEEF DEBT PROPORTION BY RISK RATING

Note. Reprinted from Queensland Government Statistician's Office, Queensland Treasury, *Rural Debt Survey 2017*, Output Tables

TABLE 15: BEEF DEBT, NUMBER OF BORROWERS AND AVERAGE DEBT BY LOAN RATING

RATING (\$'000)	A	B+	B1	B2	C	TOTAL
2017 \$	7,285,101	1,571,802	262,014	95,999	138,698	9,353,614
Borrowers	5,847	1,231	317	105	71	7,571
Average debt per	1,246	1,277	827	914	1,953	
2011 \$	6,458,061	1,478,621	295,119	314,857	631,820	9,178,477
\$ Movement	827,040	93,181	-33,105	-218,858	-493,122	175,137
% Movement	12.81%	6.30%	-11.22%	-69.51%	-78.05%	1.91%

Note. Reprinted from Queensland Government Statistician's Office, Queensland Treasury, *Rural Debt Survey 2017*, Output Tables

## MOVEMENT OF BEEF DEBT VALUE SINCE 2011 BY RATING

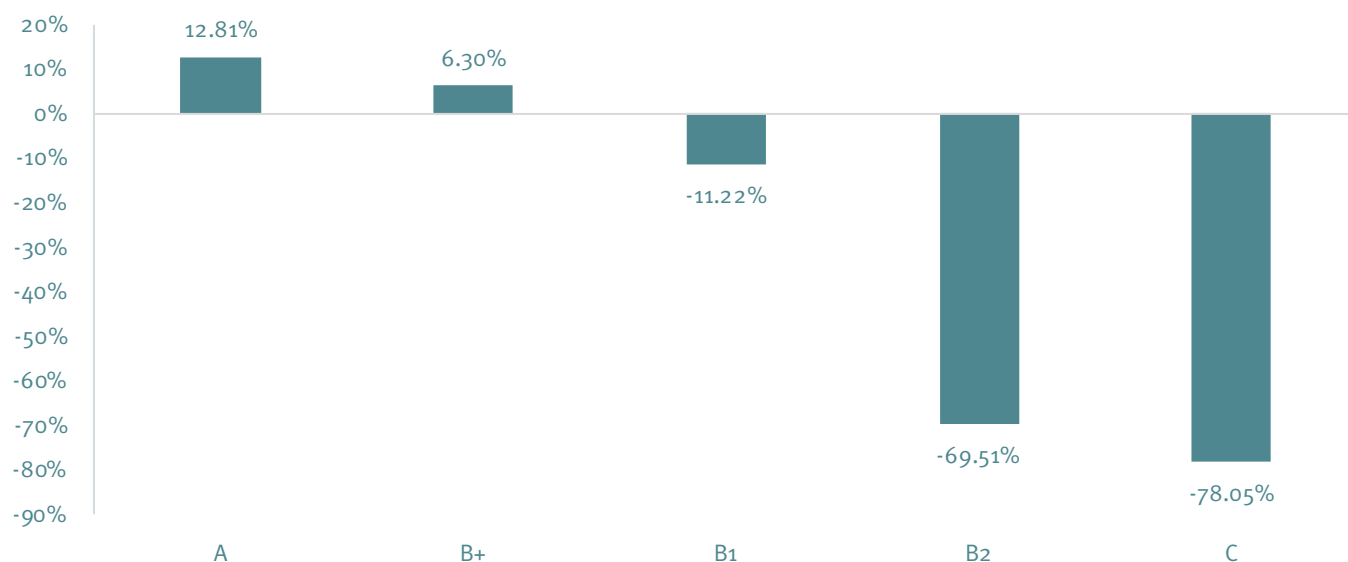


FIGURE 31: BEEF RISK RATING MOVEMENT 2011-2017

Note. Reprinted from Queensland Government Statistician's Office, Queensland Treasury, *Rural Debt Survey 2017*, Output Tables

TABLE 16: DISSECTION OF BEEF DEBT BY REGION

ABARES REGION (\$'000)	2017	% OF TOTAL REGION DEBT	NUMBER OF BORROWERS	AVERAGE DEBT PER BORROWER	2011	\$ MOVEMENT	% MOVEMENT
Western Downs & Central Highlands	3,096,466	33.10%	2,592	1,195	3,356,833	-260,367	-7.76%
Southern Coastal - Curtis to Moreton	1,897,939	20.29%	2,055	924	1,741,374	156,565	8.99%
Eastern Darling Downs	923,382	9.87%	844	1,094	512,005	411,377	80.35%
Northern Coastal - Mackay to Cairns	540,752	5.78%	527	1,026	686,328	-145,576	-21.21%
Central North	1,256,474	13.43%	580	2,166	1,168,905	87,569	7.49%
Charleville - Longreach	959,186	10.25%	656	1,462	785,884	173,302	22.05%
West & South West	650,375	6.95%	354	1,837	685,817	-35,442	-5.17%
Cape York & the Gulf	29,041	0.31%	28	1,037	241,332	-212,291	-87.97%

Note. Reprinted from Queensland Government Statistician's Office, Queensland Treasury, *Rural Debt Survey 2017*, Output Tables



## INDUSTRY ENVIRONMENT

- For the 2015-16 year, there were 22 million cattle in Australia. Queensland's cattle and calf herd were approximately 45.58 per cent of the Australian total, or 10 million head (ABARES, 2017f).
- The GVP for Queensland cattle in 2016-17 was \$5,731 million (ABS, 2018).
- Weather impacts have significantly affected primary producers in the beef industry. Drought, in particular, has been widespread throughout this time and whilst there has been high prices for cattle toward the end of the period, maintaining or rebuilding in much of the state has been limited due to lack of ground cover and water.
- The Eastern Young Cattle Indicator (EYCI) (Figure 32), indicates the price fluctuation from 440 c/kg cwt in April 2015 to a peak of 725 c/kg cwt in August 2016 with an average of 585c/kg. This increase in prices, has in turn increased the prices received by producers, particularly those in areas which have received rainfall over this time.

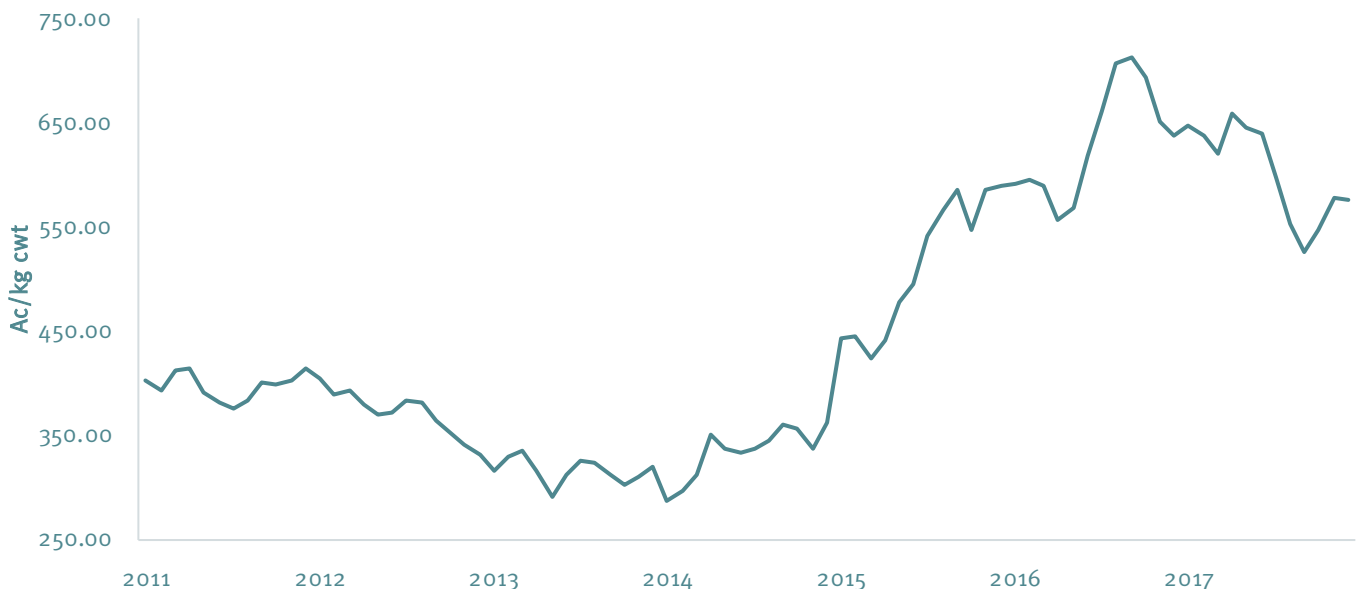
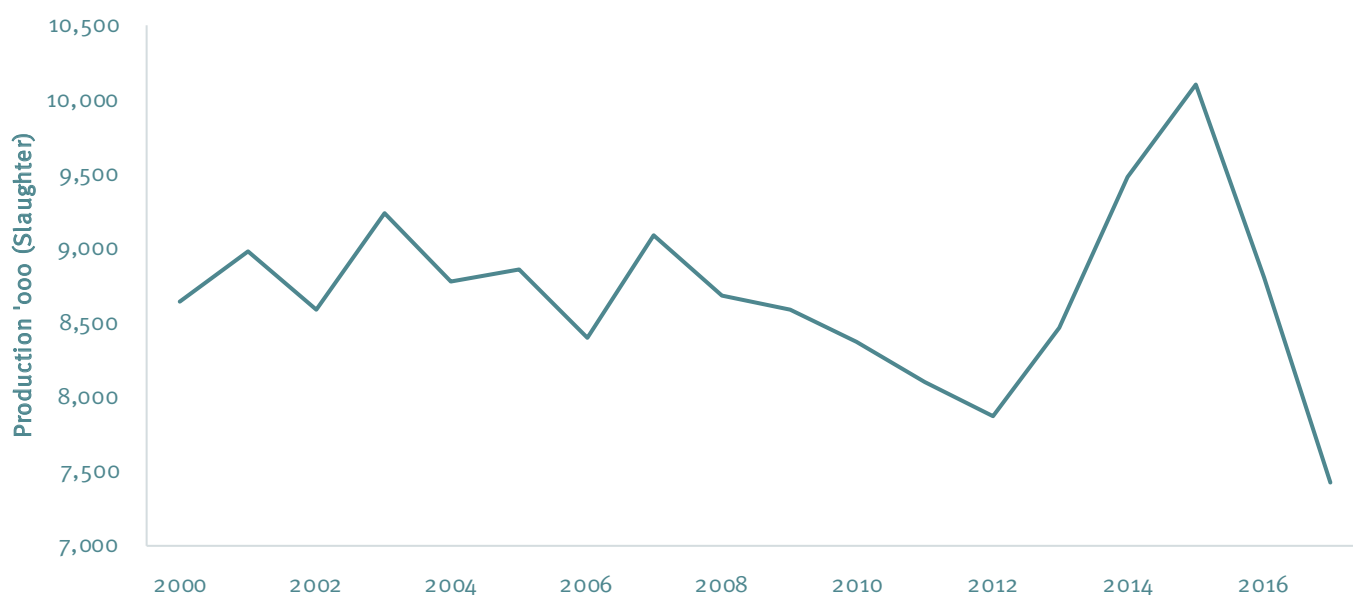


FIGURE 32: EASTERN YOUNG CATTLE INDICATOR (EYCI) (C/KG CWT)

Note. EYCI and ESTLI Market Information, Statistics Database, by Meat and Livestock Australia, 2018, Retrieved from <http://statistics.mla.com.au/Report/RunReport/2e5d210f-ecae-40d1-91d0-b734326a85ad>

The Eastern Young Cattle Indicator (EYCI) peaked at 725c/kg cwt in August 2016

- ABARES stated that ‘average farm cash incomes of Queensland beef industry farms increased from \$106,500 to \$170,100 per farm in 2015-16 as a result of higher prices for beef cattle’ (ABARES, 2017a). For the 2016-17 financial year, the Queensland beef industry farm income increased to \$179,000 (ABARES, 2017a). Cattle prices are expected to remain high at around 455c/kg cwt (ABARES, 2018a).
- The increase in beef farm incomes as a result of higher cattle prices may have enabled some beef producers to pay down debt in 2017 as reflected in the small rise of two per cent in the overall value of beef debt.
- Figure 33 depicts the production in terms of slaughter for beef and veal. The production (numbers slaughtered) greatly increased from 2011-12 to 2014, before retracting from 2014 to levels of approximately seven million head as at December 2017. This reflects the increase in prices for cattle.
- In 2012, there was an outbreak of Bovine Johnes Disease (BJD) which impacted several properties. Whilst this is not reflected in the state-wide data, the impact of this biosecurity event was significant as it changed the way in which trade freely occurred across the states and reduced the freedom of movement.
- Commentators suggest that, over the last six years, there has been an increase in the on-farm grain assisted finishing of beef cattle. This is reflected in the reduction of wheat and other grain exports since 2011-12 as this market is being met by domestic demand (ACCC, 2017, p. 31).



**FIGURE 33: AUSTRALIAN SUPPLY AND USE – BEEF AND VEAL**

Note. Commodity Trade Data – Meat beef tables, by ABARES, 2018, Retrieved from <http://www.agriculture.gov.au/abares/research-topics/agricultural-commodities/agricultural-commodities-trade-data#2017>



*Cotton represents 8 per cent of total rural debt in 2017, up \$26 million or 2 per cent in value from 2011. The number of cotton borrowers rose and the proportion of cotton debt rated viable (A) increased by 74 per cent.*

PERCENTAGE OF  
BORROWERS

2%

PERCENTAGE OF  
TOTAL DEBT

8%



Average debt  
per borrower  
**\$3 million**



## COTTON AT A GLANCE

TABLE 17: SUMMARY OF COTTON DEBT

AMOUNT (\$'000)	2017	2011	\$ MOVEMENT	% MOVEMENT
Total debt (\$)	1,332,056	1,305,935	+26,121	+2.00
Number of borrowers	443	361	+82	+22.71
Average \$ debt per borrower	\$3,007	3,618	-611	-16.89

Note. Reprinted from Queensland Government Statistician's Office, Queensland Treasury, *Rural Debt Survey 2017*, Output Tables

## KEY FINDINGS

- Since 2011, the debt level for cotton has risen by 2 per cent, or \$26 million. This movement is much less than the previous 2009-2011 debt movement, where there was an increase of 37 per cent.
- There has been an increase of 82 borrowers since 2011, or a 22.71 per cent increase.
- The region with the greatest amount of cotton debt was Western Downs and Central Highlands which is a significant region for cotton production in Queensland.

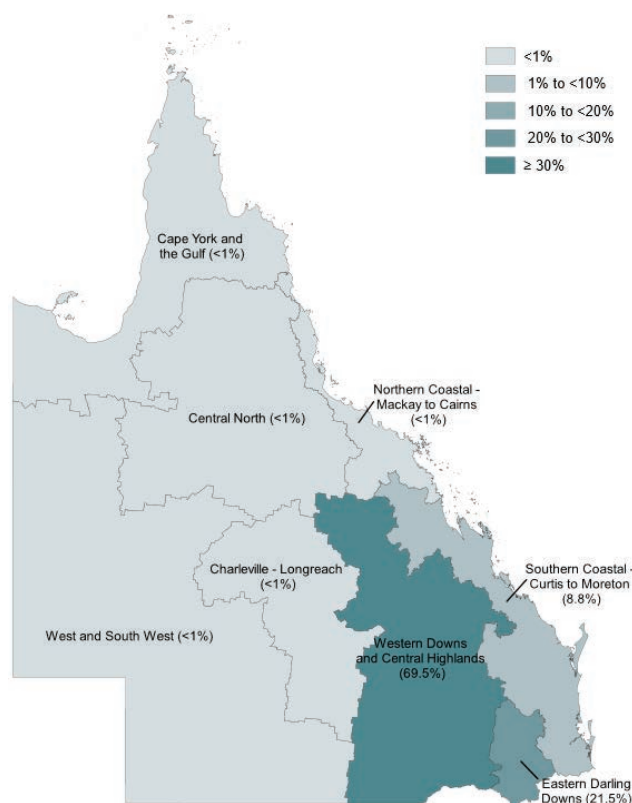


FIGURE 34: PER CENT OF COTTON DEBT VALUE BY REGION

Note. Reprinted from Queensland Government Statistician's Office, Queensland Treasury, *Rural Debt Survey 2017*, Output Tables

- The risk ratings of borrowers for 2017 indicates that there has been a transition to viable (A) debt by 74 per cent.
- The levels of all other debt (potentially long-term viable, deteriorating and non-performing debt) have decreased substantially over this time. There was no non-viable (C) debt recorded for cotton for the 2017 year.

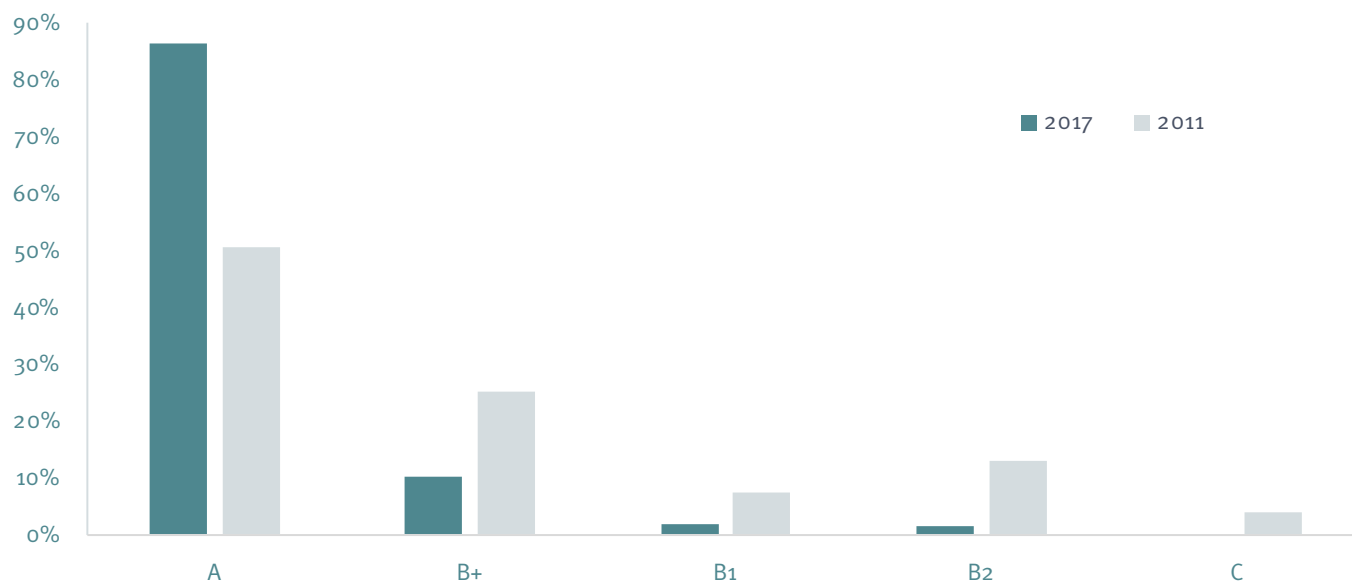


FIGURE 35: COTTON DEBT PROPORTION BY RISK RATING

Note. Reprinted from Queensland Government Statistician's Office, Queensland Treasury, *Rural Debt Survey 2017*, Output Tables

TABLE 18: COTTON DEBT, NUMBER OF BORROWERS AND AVERAGE DEBT BY LOAN RATING

RATING (\$'000)	A	B+	B1	B2	C	TOTAL
2017 \$	1,149,546	138,030	25,783	18,696	0	1,332,056
Borrowers	384	45	9	6	0	444
Average debt per	2,994	3,067	2,865	3,116	0	
2011 \$	660,935	328,342	95,558	171,062	50,038	1,305,935
\$ Movement	488,611	-190,312	-69,775	-152,366	-50,038	26,121
% Movement	73.93%	-57.96%	-73.02%	-89.07%	-100.00%	2.00%

Note. Reprinted from Queensland Government Statistician's Office, Queensland Treasury, *Rural Debt Survey 2017*, Output Tables

MOVEMENT OF COTTON DEBT VALUE SINCE 2011 BY RATING

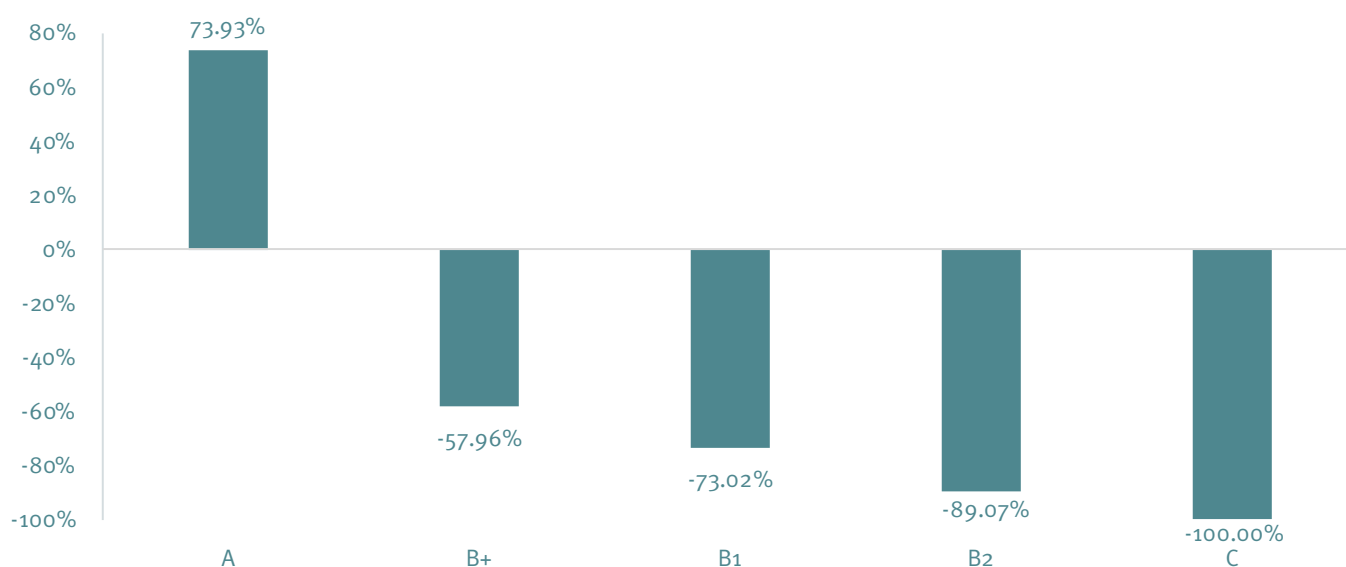


FIGURE 36: COTTON RISK RATING MOVEMENT 2011-2017

Note. Reprinted from Queensland Government Statistician's Office, Queensland Treasury, *Rural Debt Survey 2017*, Output Tables

TABLE 19: DISSECTION OF COTTON DEBT BY REGION

ABARES REGION (\$'000)	2017	% OF TOTAL REGION DEBT	NUMBER OF BORROWERS	AVERAGE DEBT PER BORROWER	2011	\$ MOVEMENT	% MOVEMENT
Western Downs & Central Highlands	926,211	69.53%	211	4,390	951,282	-25,071	-2.64%
Southern Coastal - Curtis to Moreton	117,746	8.84%	43	2,738	163,819	-46,073	-28.12%
Eastern Darling Downs	286,986	21.54%	181	1,586	190,835	96,151	50.38%
Northern Coastal - Mackay to Cairns	951	0.07%	7	136		951	
West & South West	162	0.01%	3	54		162	

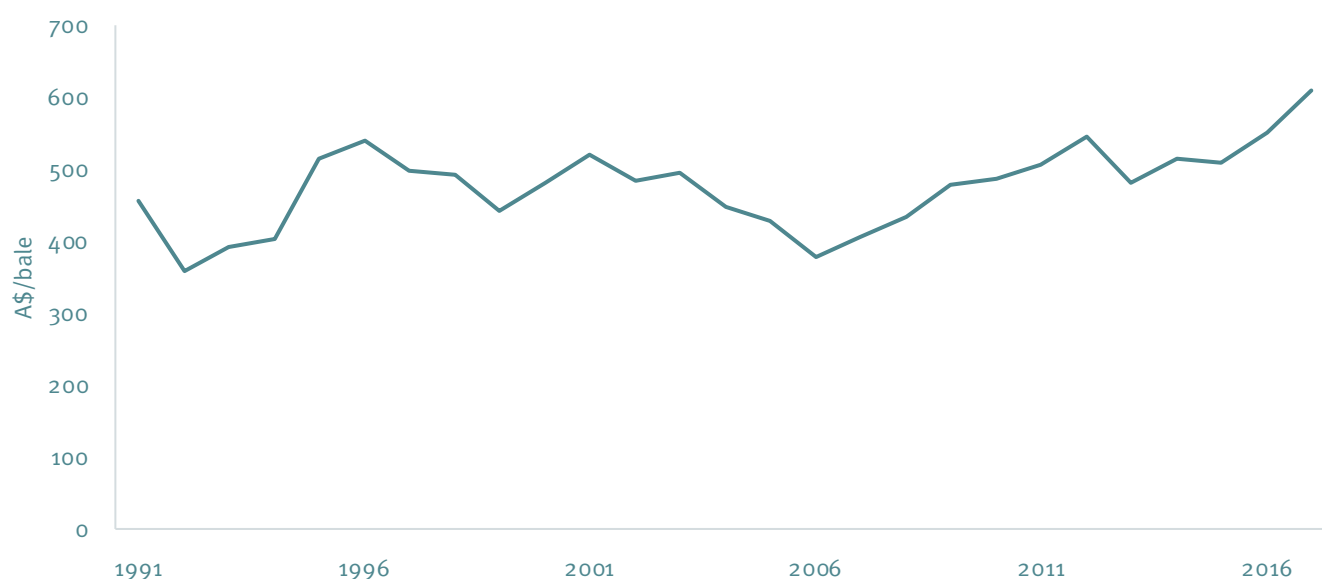
There was no cotton debt recorded for Cape York and the Gulf, Central Northern or Charleville – Longreach for the 2017 survey.

Note. Reprinted from Queensland Government Statistician's Office, Queensland Treasury, *Rural Debt Survey 2017*, Output Tables



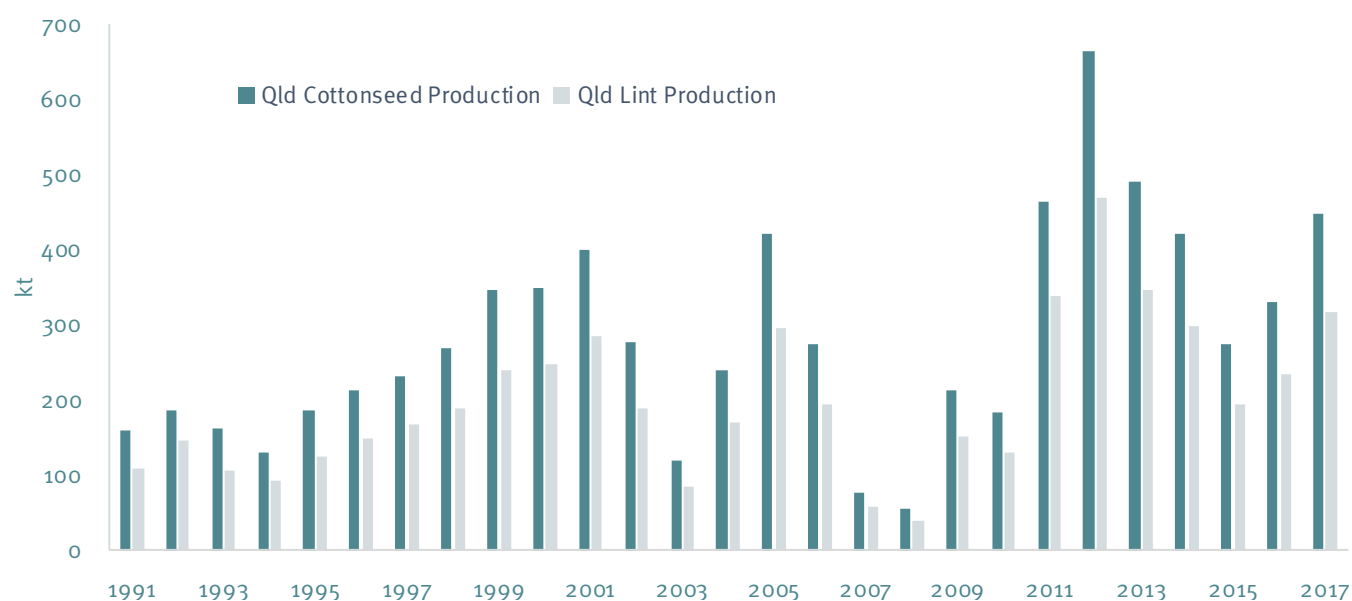
## INDUSTRY ENVIRONMENT

- In 2016-17, cotton composed 4.69 per cent of the GVP in Queensland, at \$622 million (ABS, 2018).
- One third of the total Australian cotton crop is grown in Queensland. The total area harvested in Queensland in the 2016-17 season was 187,000 hectares; this is down from the 241,000 hectares harvested in the 2011-12 season (ABARES, 2017d).
- Water is considered the key driver for crop productivity. Cotton relies on a significant portion of this water through rainfall during the growing season. As discussed previously, the Queensland rainfall from 2014 to 2016 has been reduced through much of Queensland. Prime cotton producing areas in Queensland have had well below expected falls and as a result less cotton has been planted (Figure 5). In 2017, 73.73 per cent of Queensland cotton crop was irrigated (Cotton Australia, personal communication, May 23, 2018).
- As depicted in Figure 37, the Australian gin-gate return (A\$/bale) has been increasing since 2013. Whilst these cotton prices are the highest on record, it is apparent that the cottonseed and lint production has dipped in this time (Figure 38).
- Over the past decade, the average annual amount of cotton lint produced in Australia was three million bales. Over this time, production reached a record high in 2011-12 at five million bales and a low in 2007-08 at 0.6 million bales. The five-year average production quantity from 2012-13 to 2016-17 is 3.4 million bales (Cotton Australia, 2017a).
- In 2016-17 it was predicted that the irrigated cotton planted was 131,583 hectares, a yield of 10.11 bales per hectare and 1,329,878 bales produced overall (Cotton Australia, personal communication, May 23, 2018).
- The cotton industry is one of the fastest adopting agricultural industries, with significant investments made in both new genetics (Bollgard 3) and harvesting equipment (round balers) since 2011. This has seen improvements in integrated pest management and reduction in pesticide costs as well as increased traceability in the field providing valuable data to producers on variations in the paddock.
- Additionally, industry commentators suggested that there has been a 100 per cent increase in energy costs over the period.
- Regionally specific weather events across the 2011, 2012 and 2013 seasons saw numerous producers affected and significant crop reductions. This may assist in explaining the increase in the Eastern Darling Downs region's debt levels.



**FIGURE 37: AUSTRALIAN GIN-GATE RETURN A\$/BALE**

Note. Reprinted from *Rural commodities – cotton*, by ABARES, 2017, retrieved from <http://www.agriculture.gov.au/abares/research-topics/agricultural-commodities/agricultural-commodities-trade-data#2017>



**FIGURE 38: QUEENSLAND COTTONSEED AND LINT PRODUCTION**

Note. Reprinted from *Rural commodities – cotton*, by ABARES, 2017, retrieved from <http://www.agriculture.gov.au/abares/research-topics/agricultural-commodities/agricultural-commodities-trade-data#2017>

Significant investments have been made  
in both new genetics and harvesting  
equipment, with 112 round bale Cotton  
Pickers currently registered in Queensland<sup>^</sup>

<sup>^</sup> Registered through Transport and Main Roads



***Sugar represents 6 per cent of total rural debt in 2017, up \$62 million or over 6 per cent in value from 2011. The number of sugar borrowers rose and the proportion of sugar debt rated viable (A) increased by 4 per cent.***

PERCENTAGE OF  
BORROWERS



PERCENTAGE OF  
TOTAL DEBT



**Average debt  
per borrower  
\$524 thousand**





## SUGAR AT A GLANCE

TABLE 20: SUMMARY OF SUGAR DEBT

AMOUNT (\$'000)	2017	2011	\$ MOVEMENT	% MOVEMENT
Total debt (\$)	1,038,000	976,030	+61,970	+6.35
Number of borrowers	1,981	1,742	+239	+13.72
Average \$ debt per borrower	524	560	-36	-6.43

Note. Reprinted from Queensland Government Statistician's Office, Queensland Treasury, *Rural Debt Survey 2017*, Output Tables

## KEY FINDINGS

- Since 2011, the debt level for sugar has risen by 6.35 per cent, or \$62 million.
- Sugar borrowers have increased by 239 or 13.72 per cent.
- The region with the greatest amount of sugar debt was Northern Coastal – Mackay to Cairns, with a debt level of \$880 million. This region is where the vast majority of cane is produced in Queensland.
- The risk ratings of borrowers for 2017 indicates that there has been an increase of 3.66 per cent to the viable (A) level debt and a 51.56 per cent increase to potentially long-term viable (B+) debt.

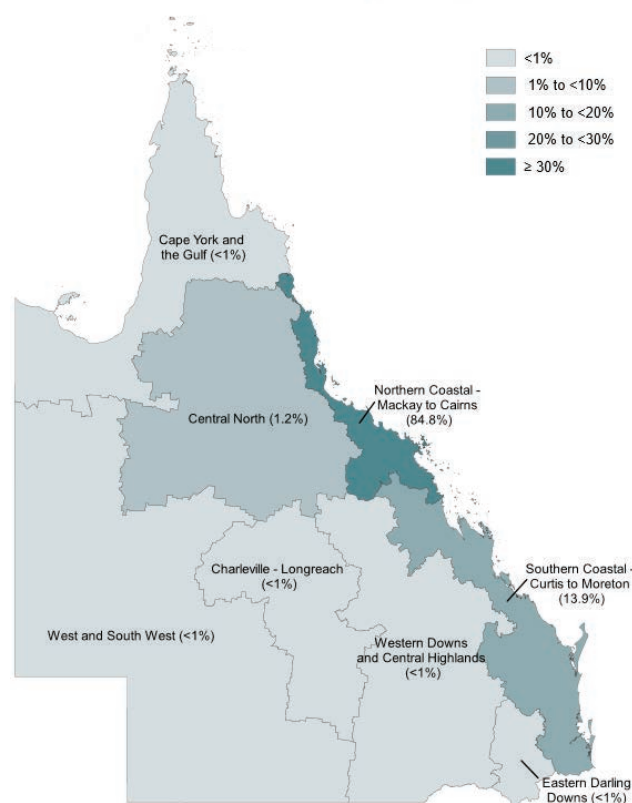


FIGURE 39: PER CENT OF SUGAR DEBT VALUE BY REGION

Note. Reprinted from Queensland Government Statistician's Office, Queensland Treasury, *Rural Debt Survey 2017*, Output Tables

- Borrowers with debt servicing difficulties (B1 and B2) have decreased by 31.71 and 68.27 per cent respectively.
- The levels of non-viable (C) debt have increased by 89.69 per cent. It is noted that there has been an increase in sugar borrowers in this category since the previous survey.

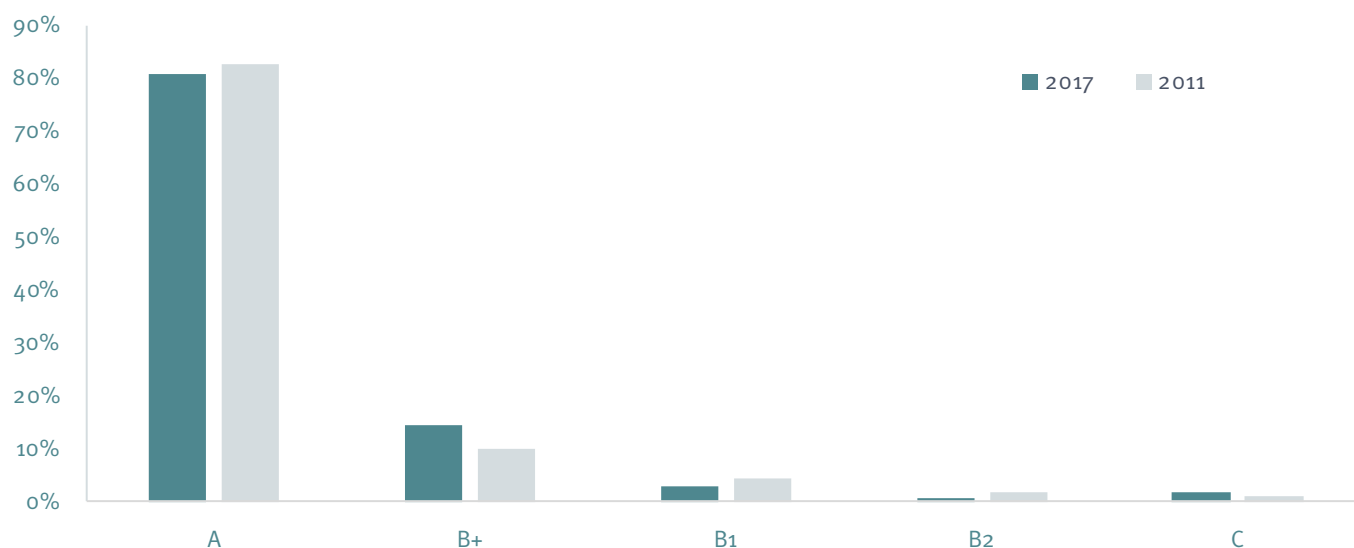


FIGURE 40: SUGAR DEBT PROPORTION BY RISK RATING

Note. Reprinted from Queensland Government Statistician's Office, Queensland Treasury, *Rural Debt Survey 2017*, Output Tables

TABLE 21: SUGAR DEBT, NUMBER OF BORROWERS AND AVERAGE DEBT BY LOAN RATING

RATING (\$'000)	A	B+	B1	B2	C	TOTAL
2017 \$	837,678	148,728	28,727	5,964	16,903	1,038,000
Borrowers	1,672	239	40	14	19	1,984
Average debt per	501	622	718	426	890	
2011 \$	808,078	98,134	42,065	18,795	8,958	976,030
\$ Movement	29,600	50,594	-13,338	-12,831	7,945	61,970
% Movement	3.66%	51.56%	-31.71%	-68.27%	88.69%	6.35%

Note. Reprinted from Queensland Government Statistician's Office, *Queensland Treasury, Rural Debt Survey 2017*, Output Tables

MOVEMENT OF SUGAR DEBT VALUE SINCE 2011 BY RATING

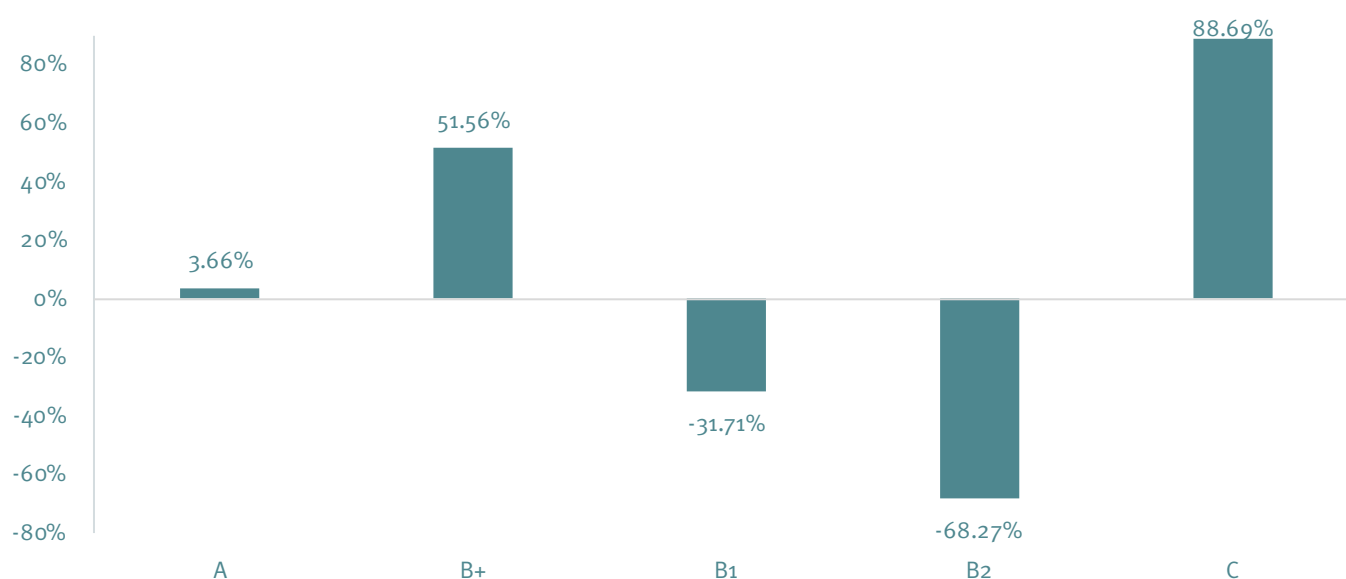


FIGURE 41: SUGAR RISK RATING MOVEMENT 2011-2017

Note. Reprinted from Queensland Government Statistician's Office, *Queensland Treasury, Rural Debt Survey 2017*, Output Tables

TABLE 22: DISSECTION OF SUGAR DEBT BY REGION

ABARES REGION (\$'000)	2017	% OF TOTAL REGION DEBT	NUMBER OF BORROWERS	AVERAGE DEBT PER BORROWER	2011	\$ MOVEMENT	% MOVEMENT
Southern Coastal - Curtis to Moreton	144,163	13.89%	287	502	83,656	60,507	72.33%
Northern Coastal - Mackay to Cairns	880,037	84.78%	1,668	528	817,612	62,425	7.64%
Central North	12,879	1.24%	30	429	16,455	-3,576	-21.73%

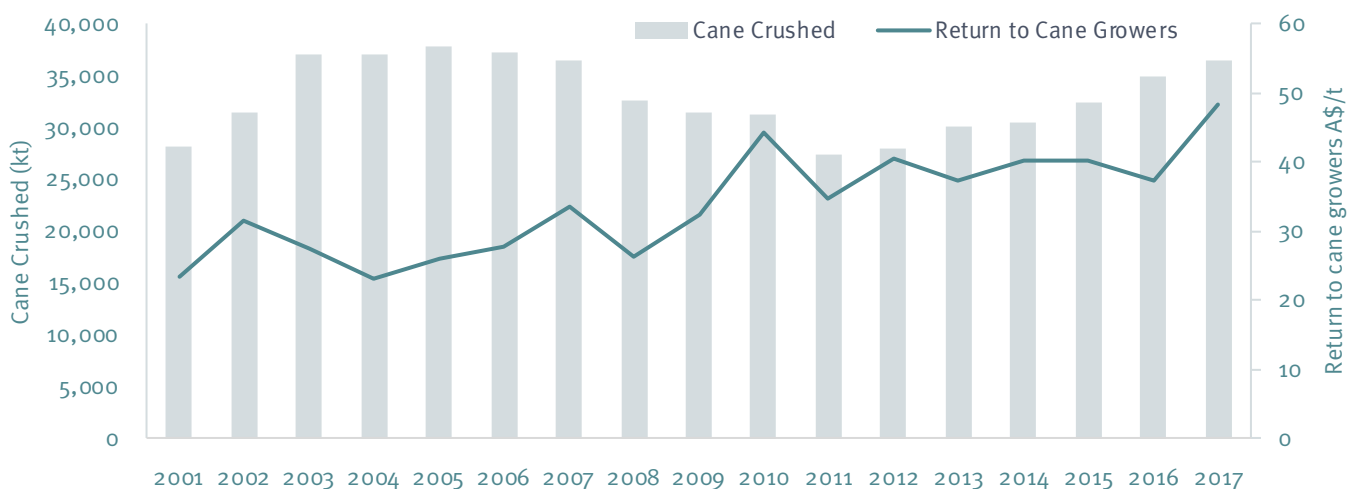
There was no debt recorded for sugar in Cape York and the Gulf and West and South West. Charleville-Longreach, Eastern Darling Downs and Western Downs and Central Highlands debt was too small to determine for 2017.

Note. Reprinted from Queensland Government Statistician's Office, *Queensland Treasury, Rural Debt Survey 2017*, Output Tables



## INDUSTRY ENVIRONMENT

- The sugarcane industry's season runs for approximately 13 months, with harvest occurring from June. By December, normally a producer has received a large portion of their return, however the year does not formally finish until approximately July the following year.
- The gross value of production for the 2016-17 year for sugar cane was \$1,527 million (ABS 2018).
- Whilst cane is a robust plant that can sustain some rain, there has been multiple cyclones and rain events that have severely impacted the sugarcane producing areas.
- The average farm cash income for cane is dependent on the size of the property. On average, in 2013-14, the farm cash income was \$89,700 and, comparatively, down to \$70,000 in 2014-15 (Cane Connection, 2016). It has been suggested that this is due to lower sugar prices and higher farm input costs (Cane Connection, 2016).
- There are several varieties of cane available, however those higher yielding varieties have had a low take up. As the cane crop has a staged replanting schedule, it can take up to five years for a farm to transition new varieties.
- Yellow Canopy Syndrome (YCS) became more prevalent from 2013 and has impacted some producers. However, there is limited information of YCS at this stage and ways in which cane growers can manage the incursion (Sugar Research Australia, 2018).
- From 2011 to 2017, the average annual cane crushed has been 32,027 kt and average annual return to growers has been \$40.60 per tonne (Figure 42).



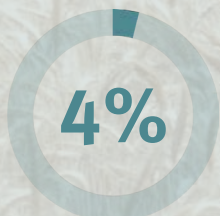
**FIGURE 42: SUGAR CANE CRUSHED AND RETURN TO GROWERS**

Note. Reprinted from *Sugar Tables*, by Australian Bureau of Agricultural Resource Economics and Sciences (ABARES), 2018, retrieved from <http://www.agriculture.gov.au/abares/research-topics/agricultural-commodities/agricultural-commodities-trade-data#2017>

*Grain represents 5 per cent of total rural debt in 2017, down \$166 million or 15 per cent in value from 2011. The number of grain borrowers was steady and the proportion of grain debt rated viable (A) reduced by 4 per cent.*



PERCENTAGE OF  
BORROWERS



PERCENTAGE OF  
TOTAL DEBT



Average debt  
per borrower  
**\$1 million**



## GRAIN AT A GLANCE

TABLE 23: SUMMARY OF GRAIN DEBT

AMOUNT (\$'000)	2017	2011	\$ MOVEMENT	% MOVEMENT
Total debt (\$)	932,788	1,098,885	-166,097	-15.12
Number of borrowers	831	826	+5	+0.61
Average \$ debt per borrower	1,122	1,330	-208	-15.64

Note. Reprinted from Queensland Government Statistician's Office, Queensland Treasury, *Rural Debt Survey 2017*, Output Tables

## KEY FINDINGS

- Since 2011, the debt level for grain has decreased by 15.12 per cent, or \$166 million. This movement is considerably less than the 17.19 per cent increase seen between the 2009 and 2011 survey period.
- Grain borrowers have only increased by 0.61 per cent or five borrowers.
- The region with the greatest amount of grain debt was the Western Downs and Central Highlands, where the majority of Queensland grain production occurs, with a total of \$435 million.
- The risk ratings of borrowers for 2017 indicates there has been a decrease in viable (A) debt of 4.35 per cent since 2011. Potentially long-term viable (B+) debt has decreased by 38.78 per cent.
- Those experiencing debt-servicing difficulties has increased in B1 by 27.77 per cent and B2 has decreased by 87.48 per cent.
- The levels of non-viable (C) debt have decreased by 87.43 per cent. Overall, these risk ratings changes align with the overall decrease in grain debt.

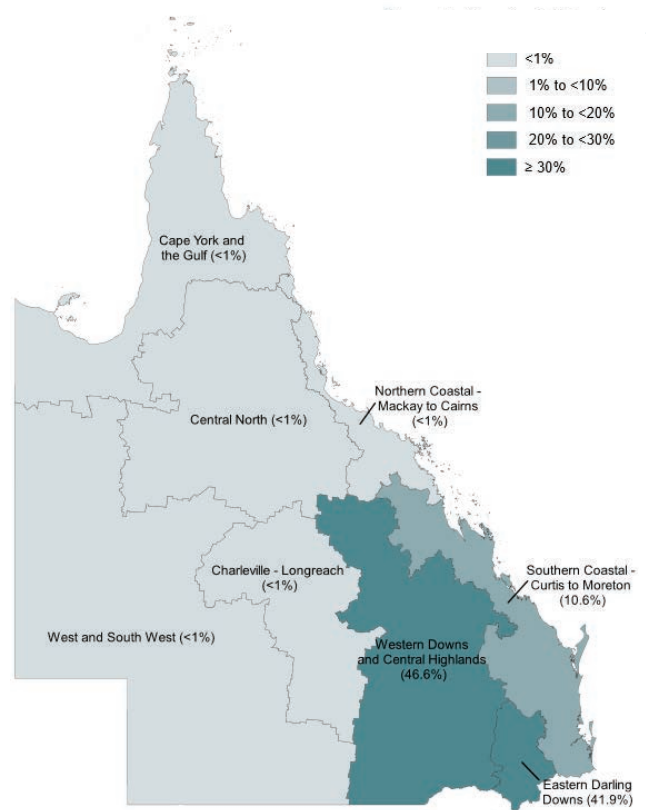


FIGURE 43: PER CENT OF GRAIN DEBT VALUE BY REGION

Note. Reprinted from Queensland Government Statistician's Office, Queensland Treasury, *Rural Debt Survey 2017*, Output Tables

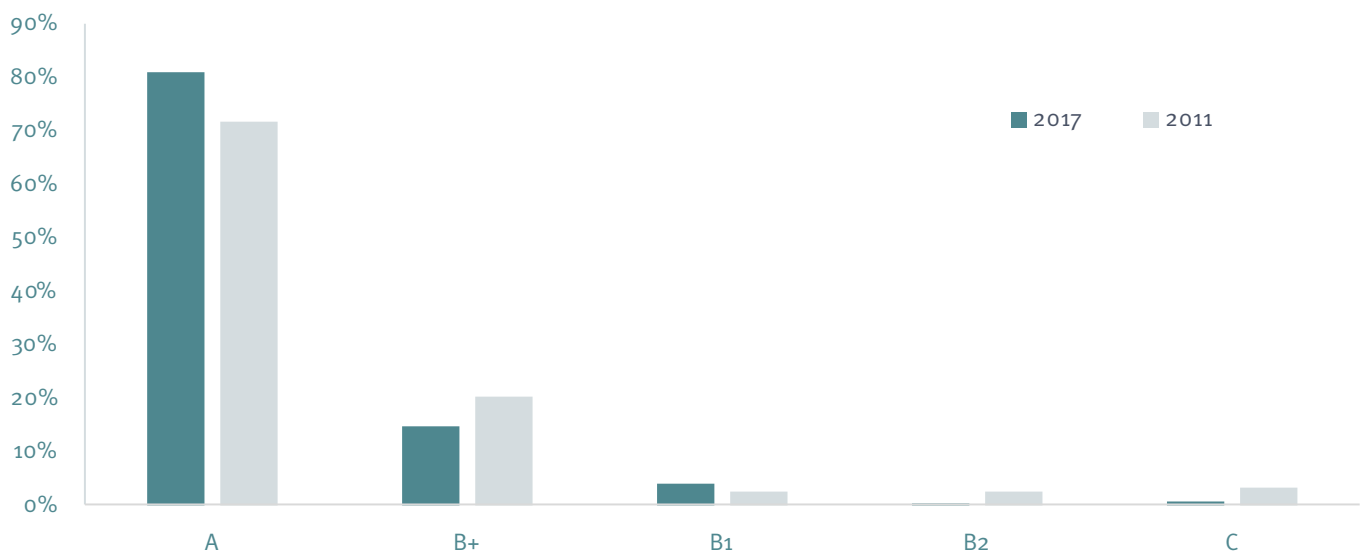


FIGURE 44: GRAIN DEBT PROPORTION BY RISK RATING

Note. Reprinted from Queensland Government Statistician's Office, Queensland Treasury, *Rural Debt Survey 2017*, Output Tables



TABLE 24: GRAIN DEBT, NUMBER OF BORROWERS AND AVERAGE DEBT BY LOAN RATING

RATING (\$'000)	A	B+	B1	B2	C	TOTAL
2017 \$	752,436	135,987	36,656	3,488	4,221	932,788
Borrowers	686	115	21	5	8	835
Average debt per	1,097	1,182	1,746	698	528	
2011 \$	786,625	222,139	28,690	27,856	33,574	1,098,885
\$ Movement	-34,189	-86,152	7,966	-24,368	-29,353	-166,097
% Movement	-4.35%	-38.78%	27.77%	-87.48%	-87.43%	-15.12%

Note. Reprinted from Queensland Government Statistician's Office, Queensland Treasury, *Rural Debt Survey 2017*, Output Tables

## MOVEMENT OF GRAIN DEBT VALUE SINCE 2011 BY RATING

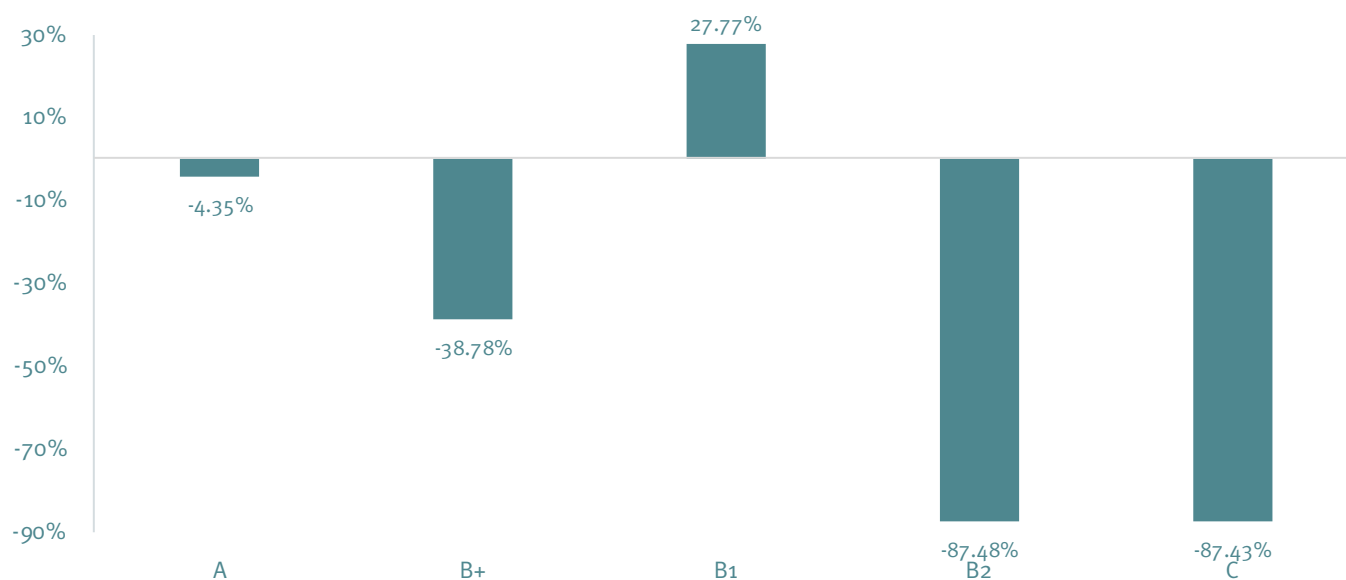


FIGURE 45: GRAIN RISK RATING MOVEMENT 2011-2017

Note. Reprinted from Queensland Government Statistician's Office, Queensland Treasury, *Rural Debt Survey 2017*, Output Tables

TABLE 25: DISSECTION OF GRAIN DEBT BY REGION

ABARES REGION (\$'000)	2017	% OF TOTAL REGION DEBT	NUMBER OF BORROWERS	AVERAGE DEBT PER BORROWER	2011	\$ MOVEMENT	% MOVEMENT
Western Downs & Central Highlands	434,779	46.61%	308	1,412	671,766	-236,987	-35.28%
Southern Coastal - Curtis to Moreton	99,101	10.62%	137	723	97,216	1,885	1.94%
Eastern Darling Downs	390,906	41.91%	382	1,023	302,027	88,879	29.43%
Central North	1,028	0.11%	3	343	4,844	-3,816	-78.78%

There was no debt recorded for Cape York and the Gulf and West and South West. Charleville-Longreach and Northern Coastal -Mackay to Cairns debt was too small to determine for 2017.

Note. Reprinted from Queensland Government Statistician's Office, Queensland Treasury, *Rural Debt Survey 2017*, Output Tables

## INDUSTRY ENVIRONMENT

- The reduction in debt since the 2011 survey can be attributed to several factors including the success of winter crops and the rapid increase in chickpea production off the back of exceptional chickpea prices in 2015 and 2016.
- Since 2011, the area of grain production has steadied. Sorghum has significantly reduced from 633,000 hectares in 2010-11 to an estimated 396,000 hectares in 2016-17 (ABARES 2017g). For wheat, in 2010-11, 13,502,000 hectares and in 2016-17 an estimated 12,832,000 hectares (ABARES 2017g).
- Yields have gradually increased overall. Barley has risen, from 2.2 t/ha in 2010-11 to an estimated 3.3 t/ha in 2016-17 (ABARES 2017g). Sorghum has decreased from 3.1t/ha in 2010-11 to an estimated 2.6t/ha in 2016-17 (ABARES 2017f).
- In terms of production, sorghum and wheat are the two notables (Figure 46). Sorghum production has decreased from 1,925 kt to 1,017kt since 2011 (ABARES 2017f). Wheat has increased from 27,410kt to 35,009kt since 2011 (ABARES 2017g). As global demand continues to increase, so too will Australian production and exports (ABARES, 2018a, p.43)
- In 2015-16, farm cash income for Queensland grain was \$275,600 per farm (ABARES, 2017a). 'In 2016-17 average farm cash income for Queensland grains farms is estimated to have increased to \$402,000 per farm, around 192 per cent above the 10-year average to 2015-16' (ABARES, 2017a).
- Overall, yields have been increasing for winter crops since 2013-14, however for summer crops the yields have been more stagnant (or reduced slightly). ABARES estimates that this has increased crop receipts by almost 30 per cent (2017a).

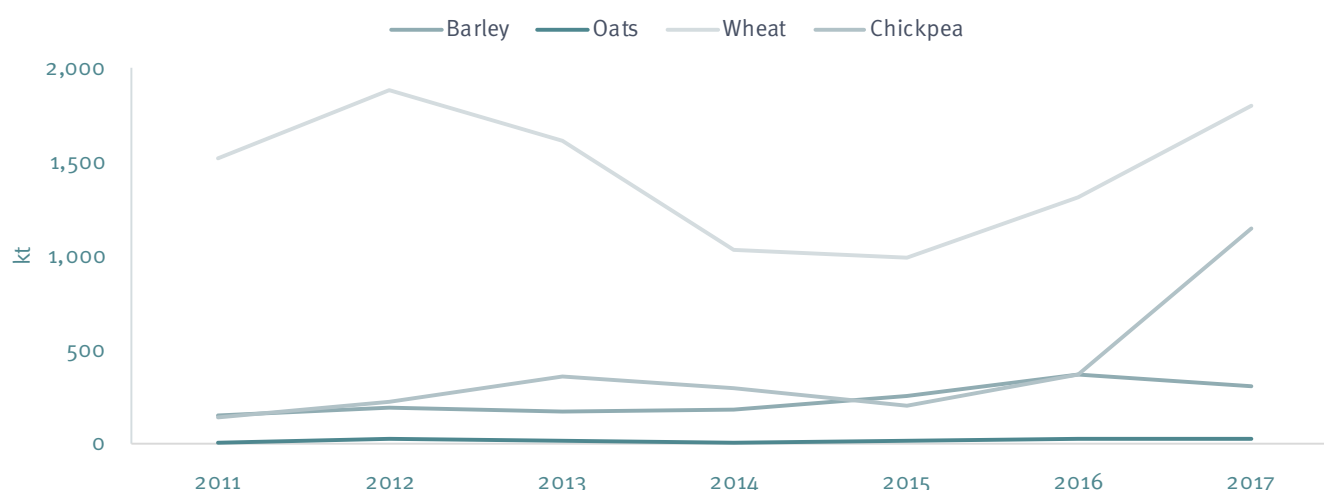


FIGURE 46: WINTER CROP – PRODUCTION 2011 TO 2017

Note. *Rural commodities – coarse grains; Rural commodities – wheat*, by Australian Bureau of Agricultural Resource Economics and Sciences (ABARES), 2017, retrieved from <http://www.agriculture.gov.au/abares/research-topics/agricultural-commodities/agricultural-commodities-trade-data#2017>

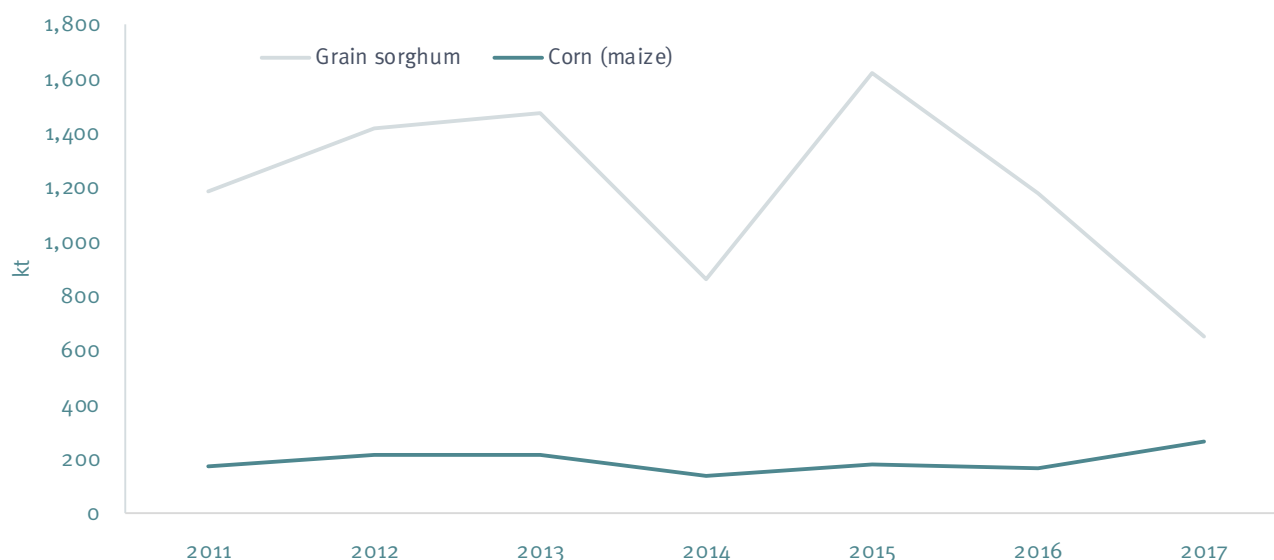


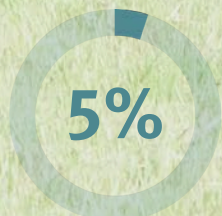
FIGURE 47: SUMMER CROP – PRODUCTION 2011 TO 2017

Note. *Rural commodities – coarse grains; Rural commodities – wheat*, by Australian Bureau of Agricultural Resource Economics and Sciences (ABARES), 2017, retrieved from <http://www.agriculture.gov.au/abares/research-topics/agricultural-commodities/agricultural-commodities-trade-data#2017>



*Grain/grazing represents 5 per cent of total rural debt in 2017, down \$293 million or 25 per cent in value from 2011. The number of grain/grazing borrowers reduced by 14 per cent and the proportion of grain/grazing debt rated viable (A) reduced by 11 per cent.*

PERCENTAGE OF  
BORROWERS



PERCENTAGE OF  
TOTAL DEBT



Average debt  
per borrower  
**\$890 thousand**





# GRAIN/GRAZING

## GRAIN/GRAZING AT A GLANCE

TABLE 26: SUMMARY OF GRAIN/GRAZING DEBT

AMOUNT (\$'000)	2017	2011	\$ MOVEMENT	% MOVEMENT
Total debt (\$)	867,366	1,160,728	-293,362	-25.27
Number of borrowers	975	1,140	-165	-14.47
Average \$ debt per borrower	890	1,018	-128	-12.57

Note. Reprinted from Queensland Government Statistician's Office, Queensland Treasury, *Rural Debt Survey 2017*, Output Tables

*Grain/grazing comprises of sheep and cattle as well as grain enterprises.*

## KEY FINDINGS

- Since 2011, the debt level for grain/grazing has decreased by 25.27 per cent, or \$293 million. Comparatively, from 2009 to 2011 there was a 34.11 per cent increase in grain/grazing debt.
- Grain/grazing borrowers have decreased by 14.47 per cent or 165 borrowers.
- The region with the greatest amount of grain/grazing debt for 2017 was the Western Downs and Central Highlands, with \$624 million of debt. Mixed enterprise farms are prevalent in this area, with 71.98 per cent of grain/grazing debt accounted for in this region.
- The risk ratings of borrowers for 2017 indicates that there has been a decrease in movement of all levels of debt. Debt-servicing difficulties (B1 and B2) experienced a decrease of 54.35 and 71.34 per cent.
- The levels of non-viable (C) debt have decreased by almost 79.75 per cent since 2011.

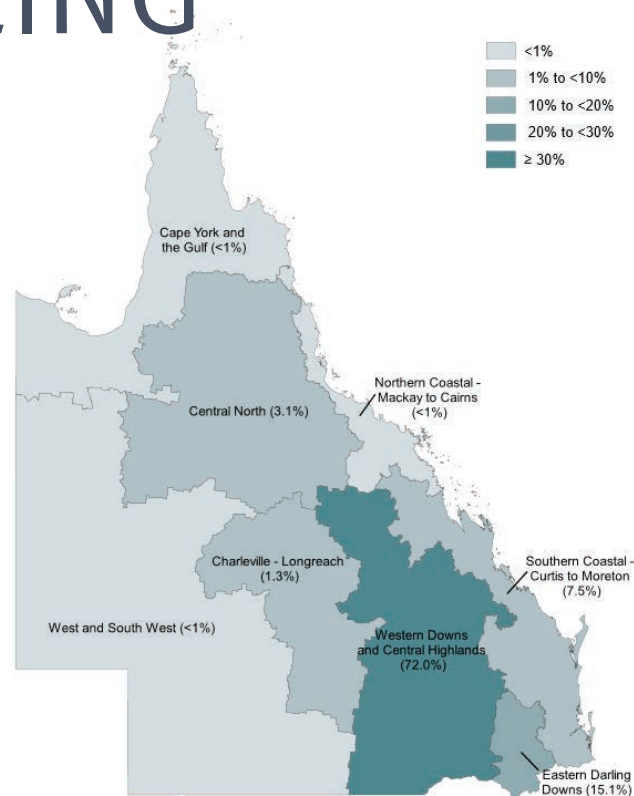


FIGURE 48: PER CENT OF GRAIN/GRAZING DEBT VALUE BY REGION

Note. Reprinted from Queensland Government Statistician's Office, Queensland Treasury, *Rural Debt Survey 2017*, Output Tables

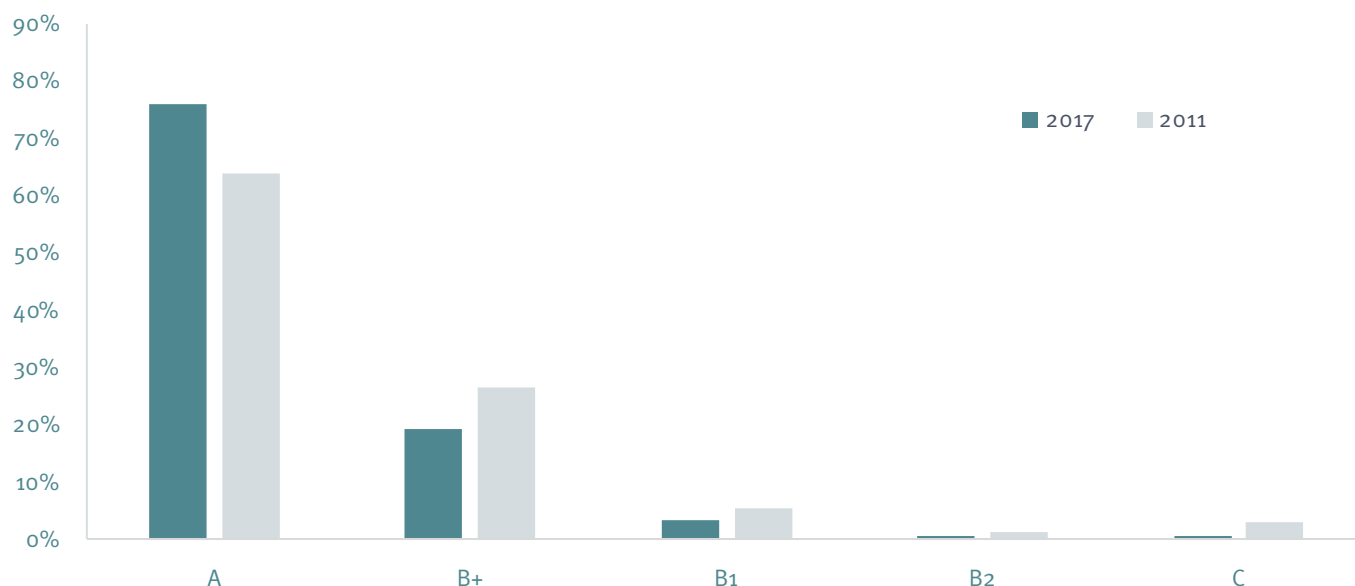


FIGURE 49: GRAIN/GRAZING DEBT PROPORTION BY RISK RATING

Note. Reprinted from Queensland Government Statistician's Office, Queensland Treasury, *Rural Debt Survey 2017*, Output Tables

TABLE 27: GRAIN/GRAZING DEBT, NUMBER OF BORROWERS AND AVERAGE DEBT BY LOAN RATING

RATING (\$'000)	A	B+	B1	B2	C	TOTAL
2017 \$	659,156	168,150	28,888	4,206	6,966	867,366
Borrowers	748	181	24	16	11	980
Average debt per	881	929	1,204	263	633	
2011 \$	740,838	307,524	63,284	14,675	34,408	1,160,728
\$ Movement	-81,682	-139,374	-34,396	-10,469	-27,442	-293,362
% Movement	-11.03%	-45.32%	-54.35%	-71.34%	-79.75%	-25.27%

Note. Reprinted from Queensland Government Statistician's Office, Queensland Treasury, *Rural Debt Survey 2017*, Output Tables

## MOVEMENT OF GRAIN/GRAZING DEBT VALUE SINCE 2011 BY RATING

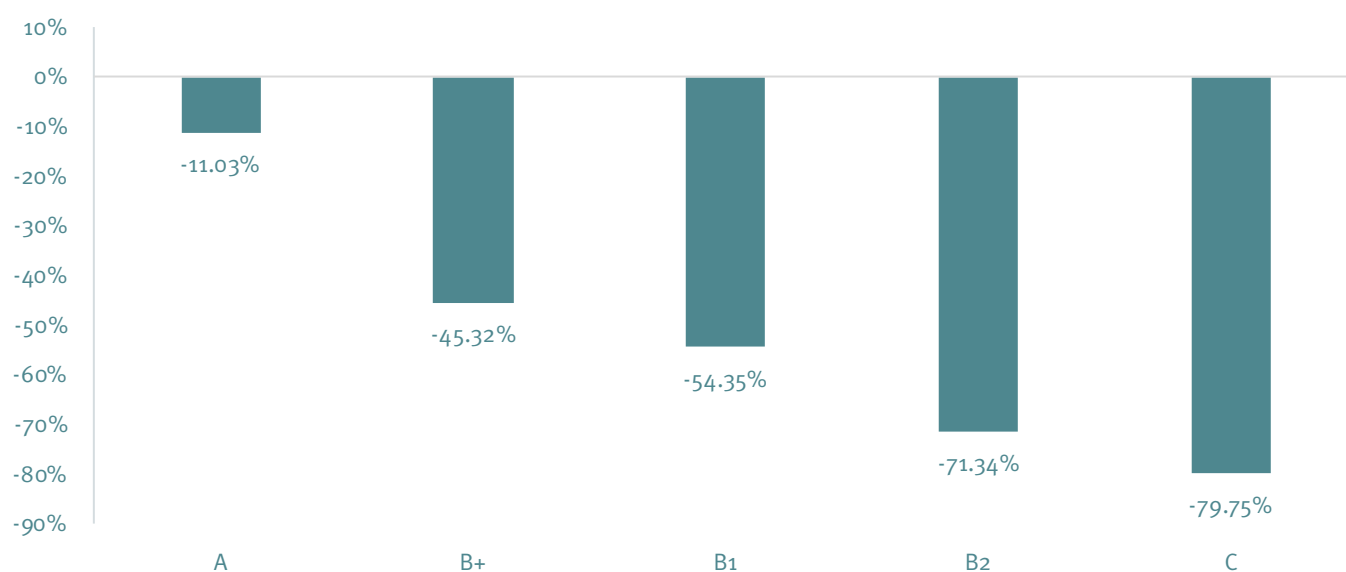


FIGURE 50: GRAIN/GRAZING RISK RATING MOVEMENT 2011-2017

Note. Reprinted from Queensland Government Statistician's Office, Queensland Treasury, *Rural Debt Survey 2017*, Output Tables

TABLE 28: DISSECTION OF GRAIN/GRAZING DEBT BY REGION

ABARES REGION (\$'000)	2017	% OF TOTAL REGION DEBT	NUMBER OF BORROWERS	AVERAGE DEBT PER BORROWER	2011	\$ MOVEMENT	% MOVEMENT
Western Downs & Central Highlands	624,368	71.98%	509	1,227	829,920	-205,552	-24.77%
Southern Coastal - Curtis to Moreton	65,176	7.51%	154	423	122,647	-57,471	-46.86%
Eastern Darling Downs	131,074	15.11%	259	506	110,708	20,366	18.40%
Northern Coastal - Mackay to Cairns	6,780	0.78%	23	295	17,182	-10,402	-60.54%
Central North	27,307	3.15%	14	1,950	25,349	1,958	7.72%
Charleville - Longreach	11,365	1.31%	9	1,263	20,104	-8,739	-43.47%

Cape York and the Gulf and West and South West debt was too small to determine for 2017.

Note. Reprinted from Queensland Government Statistician's Office, Queensland Treasury, *Rural Debt Survey 2017*, Output Tables



***Horticulture – vegetables represents 3 per cent of total rural debt in 2017, down \$72 million or 12 per cent in value from 2011. The number of borrowers reduced by almost 24 per cent and the proportion of debt rated viable (A) increased by 10 per cent.***

PERCENTAGE OF  
BORROWERS

3%

PERCENTAGE OF  
TOTAL DEBT

3%



Average debt  
per borrower  
**\$973 thousand**





# HORTICULTURE-VEGETABLES

## VEGETABLES AT A GLANCE

TABLE 29: SUMMARY OF VEGETABLE DEBT

AMOUNT (\$'000)	2017	2011	\$ MOVEMENT	% MOVEMENT
Total debt (\$)	523,226	595,624	-72,398	-12.15
Number of borrowers	538	707	-169	-23.90
Average \$ debt per borrower	973	842	+131	+15.56

Note. Reprinted from Queensland Government Statistician's Office, Queensland Treasury, *Rural Debt Survey 2017*, Output Tables

*Horticulture – vegetables, includes both vegetable growing indoors and outdoors.*

## KEY FINDINGS

- Since 2011, the debt level for vegetable borrowers has decreased by 12.15 per cent, or \$72 million.
- Vegetable borrowers have decreased by 169 or 23.90 per cent since 2011.
- The region with the greatest amount of vegetable debt for 2017 was Southern Coastal – Curtis to Moreton at \$319 million, with 61.04 per cent of vegetable debt in this region.

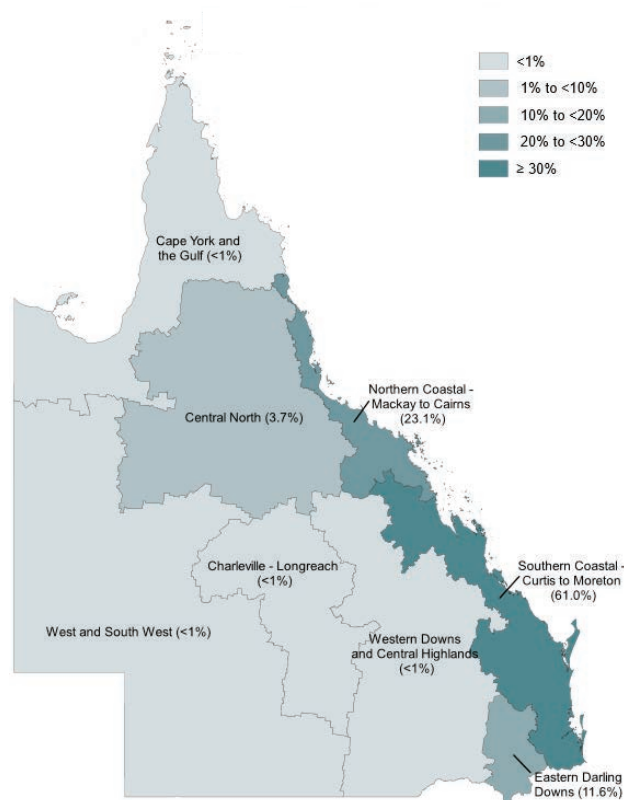


FIGURE 51: PER CENT OF VEGETABLE DEBT VALUE BY REGION

Note. Reprinted from Queensland Government Statistician's Office, Queensland Treasury, *Rural Debt Survey 2017*, Output Tables

- The risk ratings of borrowers for 2017 indicates that there has been a transition to viable (A) debt of 10.12 per cent and a decrease in all other risk ratings.
- Non-viable (C) debt has decreased by 85.30 per cent since 2011.

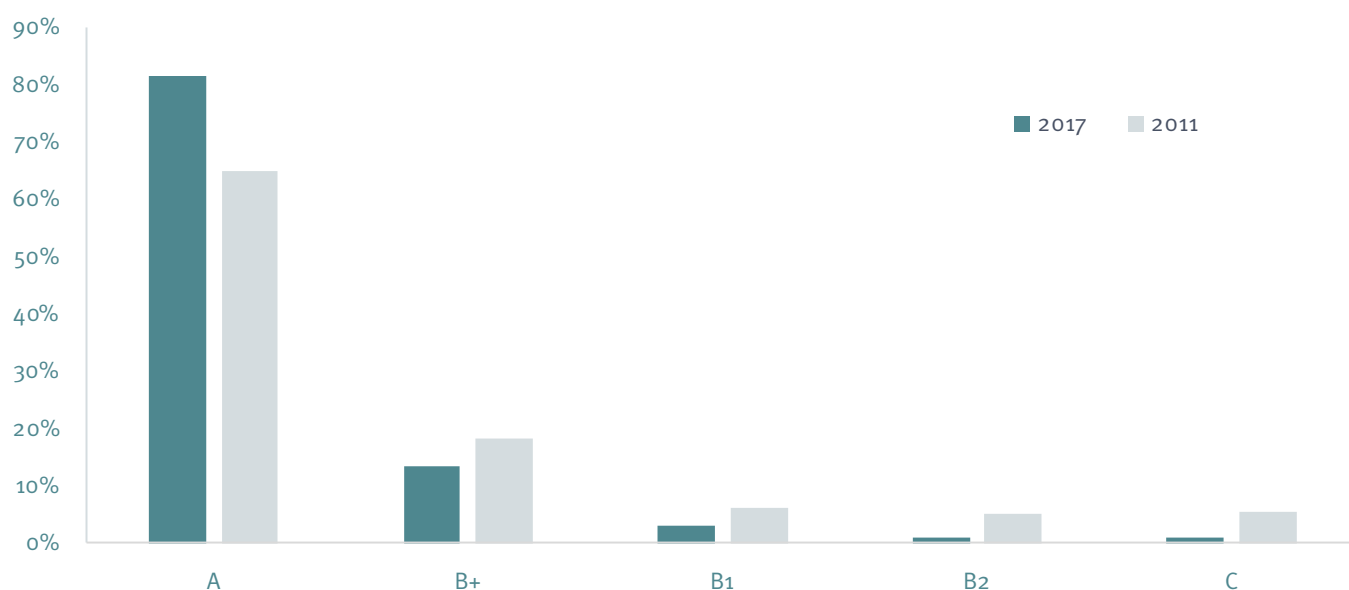


FIGURE 52: VEGETABLES DEBT PROPORTION BY RISK RATING

Note. Reprinted from Queensland Government Statistician's Office, Queensland Treasury, *Rural Debt Survey 2017*, Output Tables

TABLE 30: VEGETABLE DEBT, NUMBER OF BORROWERS AND AVERAGE DEBT BY LOAN RATING

RATING (\$'000)	A	B+	B1	B2	C	TOTAL
2017 \$	426,175	70,463	16,739	5,158	4,691	523,226
Borrowers	429	75	18	9	10	541
Average debt per	993	940	930	573	469	
2011 \$	386,993	109,693	37,034	30,001	31,903	595,624
\$ Movement	39,182	-39,230	-20,295	-24,843	-27,212	-72,398
% Movement	10.12%	-35.76%	-54.80%	-82.81%	-85.30%	-12.15%

Note. Reprinted from Queensland Government Statistician's Office, Queensland Treasury, *Rural Debt Survey 2017*, Output Tables

MOVEMENT OF VEGETABLE DEBT VALUE SINCE 2011 BY RATING

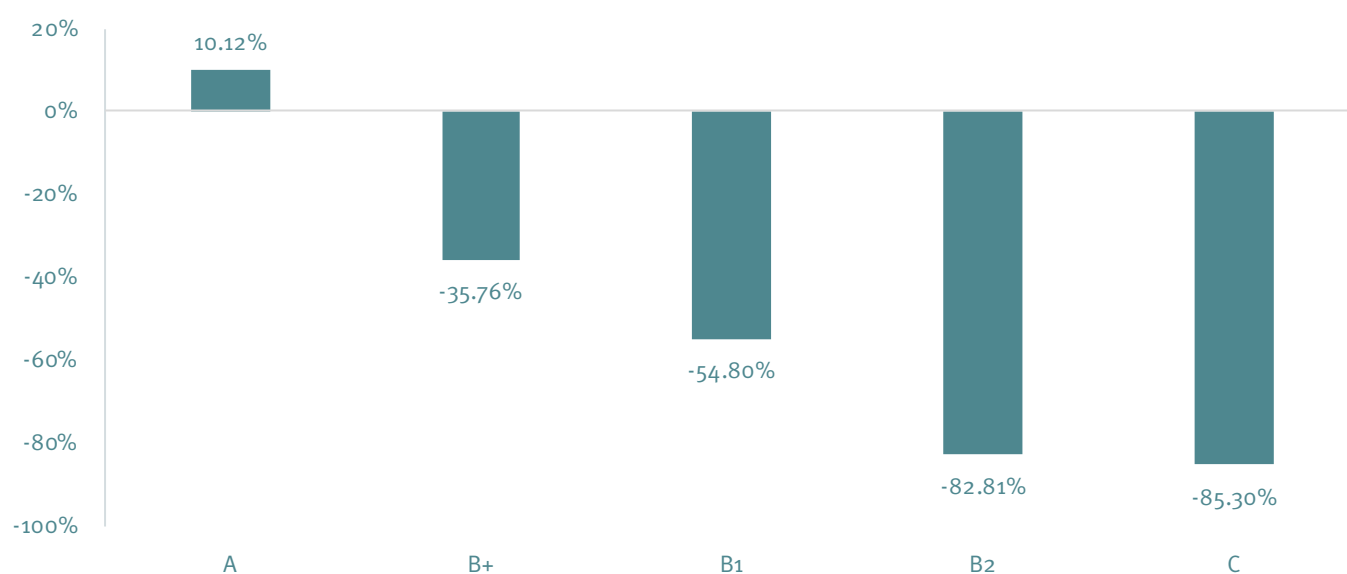


FIGURE 53: VEGETABLE RISK RATING MOVEMENT 2011-2017

Note. Reprinted from Queensland Government Statistician's Office, Queensland Treasury, *Rural Debt Survey 2017*, Output Tables

TABLE 31: DISSECTION OF VEGETABLE DEBT BY REGION

ABARES REGION (\$'000)	2017	% OF TOTAL REGION DEBT	NUMBER OF BORROWERS	AVERAGE DEBT PER BORROWER	2011	\$ MOVEMENT	% MOVEMENT
Western Downs & Central Highlands	3,336	0.64%	12	278	12,267	-8,931	-72.81%
Southern Coastal - Curtis to Moreton	319,359	61.04%	306	1,044	352,150	-32,791	-9.31%
Eastern Darling Downs	60,540	11.57%	94	644	75,104	-14,564	-19.39%
Northern Coastal - Mackay to Cairns	120,693	23.07%	102	1,183	129,621	-8,928	-6.89%
Central North	19,298	3.69%	26	742	25,735	-6,437	-25.01%

There was no vegetable debt identified in 2017 for Cape York and the Gulf, Charleville-Longreach and West and South West.

Note. Reprinted from Queensland Government Statistician's Office, Queensland Treasury, *Rural Debt Survey 2017*, Output Tables

## INDUSTRY ENVIRONMENT

- The Queensland vegetable industry makes up just over a quarter of the Australian vegetable industry with the gross value of vegetable commodities produced in Queensland at \$1,266 million in 2016-17; for Australia this was \$3,904 million (Figure 54) (ABS, 2018).
- Table 32 identifies the GVP for selected vegetables in Queensland. Over the past five years, there has been a decrease in GVP for tomato and potatoes. This may be attributed to weather events in their respective regions as well as the exiting of several major vegetable growers in this time.
- Overall since 2011, there has been an 17.49 per cent increase in value of vegetable production, which aligns with the decrease in overall debt for vegetables (Table 32).

TABLE 32: SELECTED VEGETABLE GVP FOR QUEENSLAND AND CHANGE OVER FIVE YEARS

VEGETABLE (\$M)	2016-17	2010-11	CHANGE SINCE 2011 (%)
Tomato	179	230	-21.91%
Potatoes	41	52	-19.36%
<b>TOTAL VEGETABLES</b>	<b>1,266</b>	<b>1,077</b>	<b>17.49%</b>

Note. Reprinted from, *Agricultural Commodities Produced, Australia, 2010-11*, by ABS, 2012, retrieved from <http://www.abs.gov.au/ausstats/abs@.nsf/lookup/7503.0Media%20Release12010-11>; Reprinted from *Agricultural Commodities Produced, Australia, 2016-17*, by ABS, 2017, retrieved from <http://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/7503.02016-17?OpenDocument>

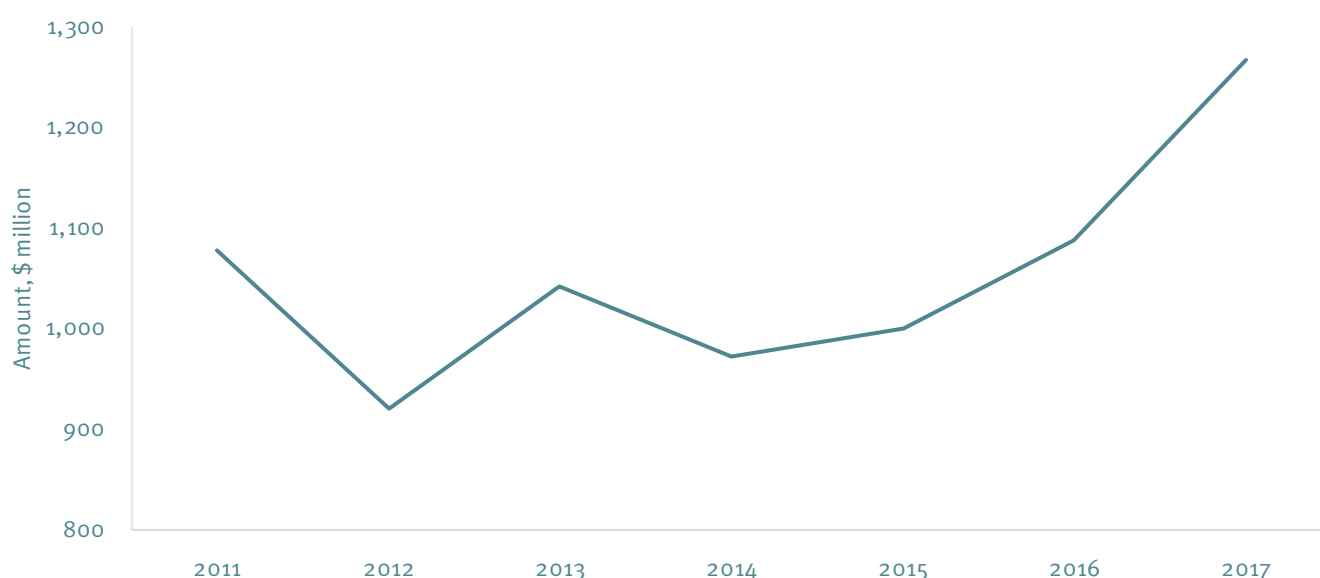


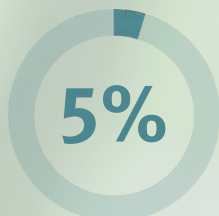
FIGURE 54: GROSS VALUE OF VEGETABLES IN QUEENSLAND

Note. Reprinted from *Agriculture: Gross value of Production by commodity, Queensland, 1984-85 to 2017-17*, 2017 by Queensland Government, retrieved from <https://data.qld.gov.au/dataset/agriculture-gross-value-production/resource/of13be3b-307c-4a8f-920f-913247d936fc>

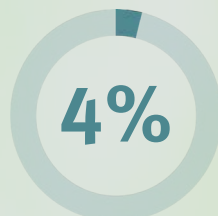


***Horticulture – Tree crops represent almost 4 per cent of total rural debt in 2017, up \$82 million or 14 per cent in value from 2011. The number of borrowers rose by 18 per cent and the proportion of debt rated viable (A) increased by more than 38 per cent.***

PERCENTAGE OF  
BORROWERS



PERCENTAGE OF  
TOTAL DEBT



**Average debt  
per borrower  
\$726 thousand**



# HORTICULTURE - TREE CROPS

## TREE CROPS AT A GLANCE

TABLE 33: SUMMARY OF TREE CROP DEBT

AMOUNT (\$'000)	2017	2011	\$ MOVEMENT	% MOVEMENT
Total debt (\$)	671,826	590,035	+81,791	+13.86
Number of borrowers	925	779	+146	+18.74
Average \$ debt per borrower	726	757	-31	-4.10

Note. Reprinted from Queensland Government Statistician's Office, Queensland Treasury, *Rural Debt Survey 2017*, Output Tables

*Horticulture – tree crops comprises of fruit and tree nut growing, including grapes, kiwifruit, berry, apples and pears, stone fruit, citrus fruit, olives and other tree crops not listed.*

## KEY FINDINGS

- Since 2011, the debt level for tree crops has increased by 13.86 per cent, or almost \$82 million. Comparatively, from 2009 to 2011 the movement of debt increased by 2 per cent.
- Tree crop borrowers have increased by 146 or 18.74 per cent since 2011.
- The region with the greatest amount of tree crop debt for 2017 was Southern Coastal – Curtis to Moreton with a value of \$302 million. Almost 44.91 per cent of tree crop debt is located in this region.

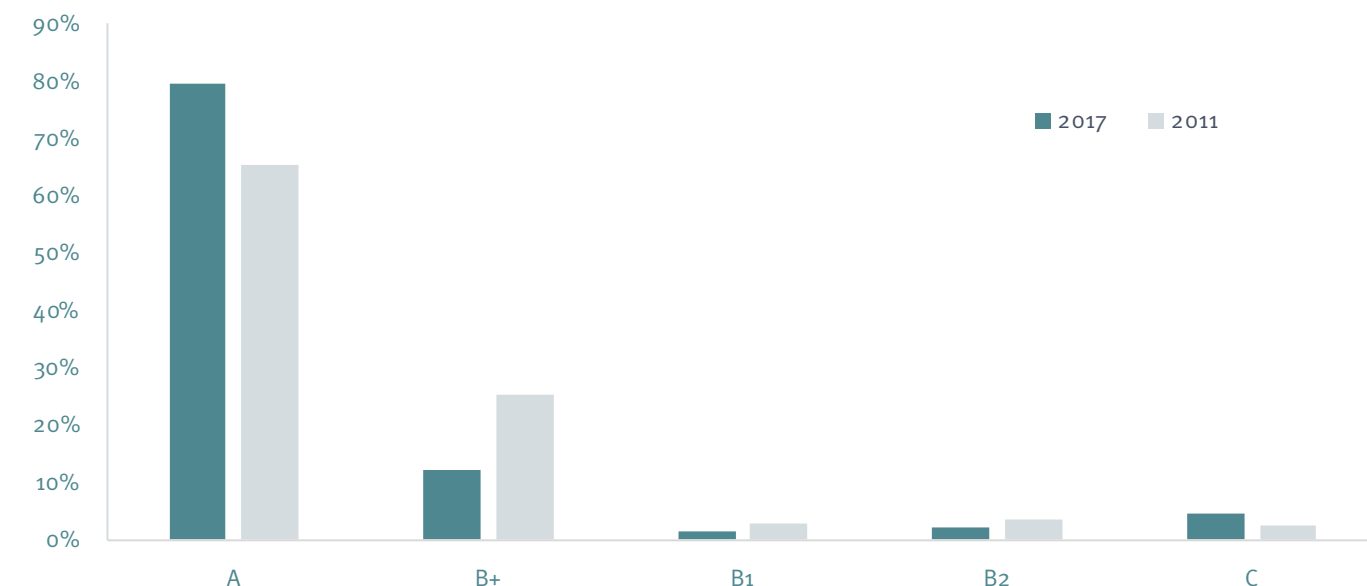


FIGURE 56: TREE CROP DEBT PROPORTION BY RISK RATING

Note. Reprinted from Queensland Government Statistician's Office, Queensland Treasury, *Rural Debt Survey 2017*, Output Tables

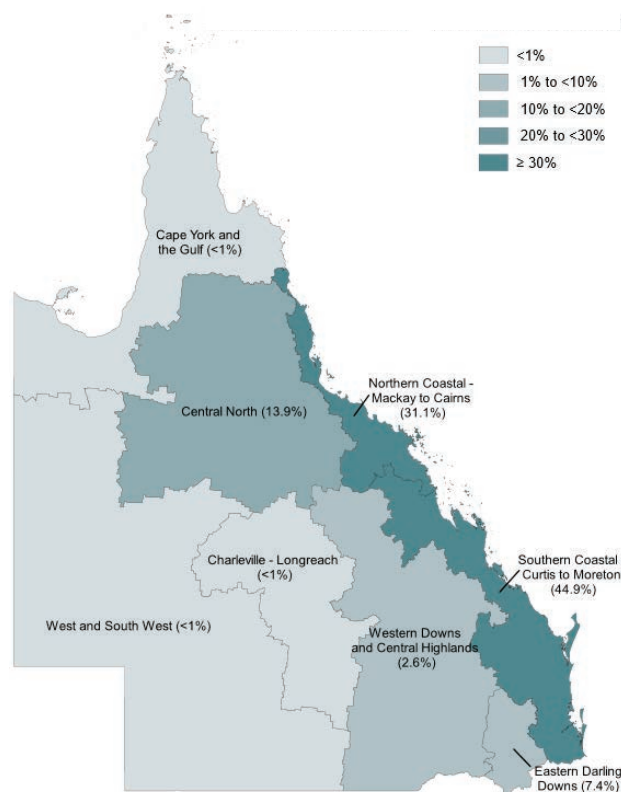


FIGURE 55: PER CENT OF TREE CROP DEBT VALUE BY REGION

Note. Reprinted from Queensland Government Statistician's Office, Queensland Treasury, *Rural Debt Survey 2017*, Output Tables

- The risk ratings of borrowers for 2017 indicates that there has been a 38.62 per cent increase in viable (A) debt. Potential long-term viable (B+) debt has decreased by 46.16 per cent.
- Debt servicing difficulties (B1 and B2) have decreased by 42.41 per cent and 32.28 per cent respectively.
- The levels of non-viable (C) debt have increased by 105.76 per cent.

TABLE 34: TREE CROP DEBT, NUMBER OF BORROWERS AND AVERAGE DEBT BY LOAN RATING

RATING (\$'000)	A	B+	B1	B2	C	TOTAL
2017 \$	535,650	80,973	10,120	13,850	31,233	671,826
Borrowers	737	126	29	20	17	929
Average debt per	727	643	349	693	1,837	
2011 \$	386,427	150,405	17,572	20,451	15,179	590,035
\$ Movement	149,223	-69,432	-7,452	-6,601	16,054	81,791
% Movement	38.62%	-46.16%	-42.41%	-32.28%	105.76%	13.86%

Note. Reprinted from Queensland Government Statistician's Office, Queensland Treasury, *Rural Debt Survey 2017*, Output Tables

## MOVEMENT OF TREE CROP DEBT VALUE SINCE 2011 BY RATING

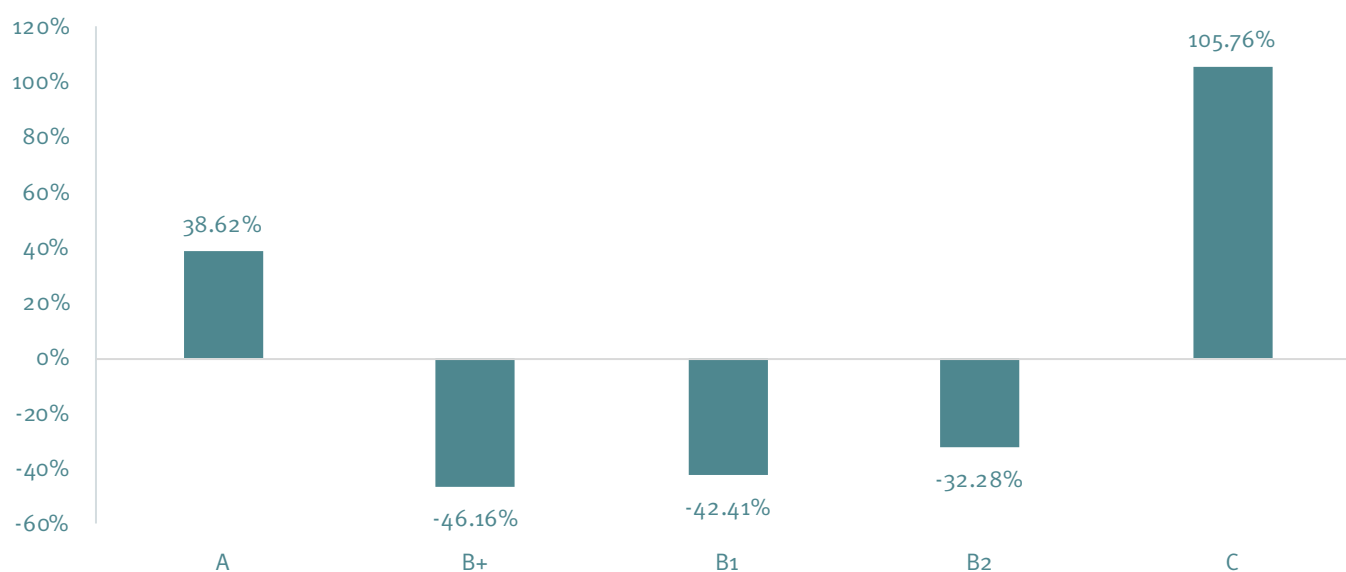


FIGURE 57: TREE CROP RISK RATING MOVEMENT 2011-2017

Note. Reprinted from Queensland Government Statistician's Office, Queensland Treasury, *Rural Debt Survey 2017*, Output Tables

TABLE 35: DISSECTION OF TREE CROP DEBT BY REGION

ABARES REGION (\$'000)	2017	% OF TOTAL REGION DEBT	NUMBER OF BORROWERS	AVERAGE DEBT PER BORROWER	2011	\$ MOVEMENT	% MOVEMENT
Western Downs & Central Highlands	17,222	2.56%	24	718	41,888	-24,666	-58.89%
Southern Coastal - Curtis to Moreton	301,718	44.91%	369	818	236,511	65,207	27.57%
Eastern Darling Downs	50,039	7.45%	75	667	75,903	-25,864	-34.08%
Northern Coastal - Mackay to Cairns	208,936	31.10%	331	631	159,267	49,669	31.19%
Central North	93,651	13.94%	128	732	61,298	32,353	52.78%

Cape York and the Gulf, Charleville-Longreach and West and South West debt was too small to determine for 2017.

Note. Reprinted from Queensland Government Statistician's Office, Queensland Treasury, *Rural Debt Survey 2017*, Output Tables

## INDUSTRY ENVIRONMENT

- The Queensland fruit and nut industry make up 35 per cent of the Australian fruit and nut industry, with the gross value of fruit and nut commodities produced in Queensland \$1,458 million; for Australia this was \$4,234 million (Figure 58) (ABS, 2018).
- Table 36 identifies the GVP for selected fruit and nuts in Queensland. Over the past five years, there has been an 86.80 per cent increase for bananas. Most notably for the banana industry since 2011, there has been an outbreak of Panama disease tropical race 4 (Panama TR4). Whilst it is difficult to predict whether this has significantly impacted the debt results for tree crops, the banana industry has undergone significant changes in their biosecurity practices.
- Since 2011, avocado growing has increased in GVP by 196.99 per cent. There has been significant investment made in avocados in this time (particularly in planting trees) to meet increased market demand.
- Macadamia production has also increased, with the GVP increasing by 292.66 per cent since 2011. Substantial plantings have occurred over the past four to five years in response to increased market demand.
- Overall, the tree crop industry has increased by 69.21 per cent from 2011 to 2017. The significant investment in plantings would be a major indicator for the increase in debt over this time.

TABLE 36: SELECTED TREE CROP GVP FOR QUEENSLAND AND CHANGE OVER 5 YEARS

FRUIT AND NUTS (\$M)	2016-17	2010-2011	CHANGE OVER 5 YEARS TO 2017-18 (%)
Bananas	526	283	86.80%
Avocado	158	53	196.99%
Macadamia	139	35	292.66%
<b>TOTAL FRUIT AND NUTS</b>	<b>1,458</b>	<b>862</b>	<b>69.21%</b>

Note. Reprinted from, *Agricultural Commodities Produced, Australia, 2010-11*, ABS, 2012, retrieved from <http://www.abs.gov.au/ausstats/abs@.nsf/lookup/7503.0Media%20Release12010-11>; Reprinted from *Agricultural Commodities Produced, Australia, 2016-17*, ABS, 2017, retrieved from <http://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/7503.02016-17?OpenDocument>

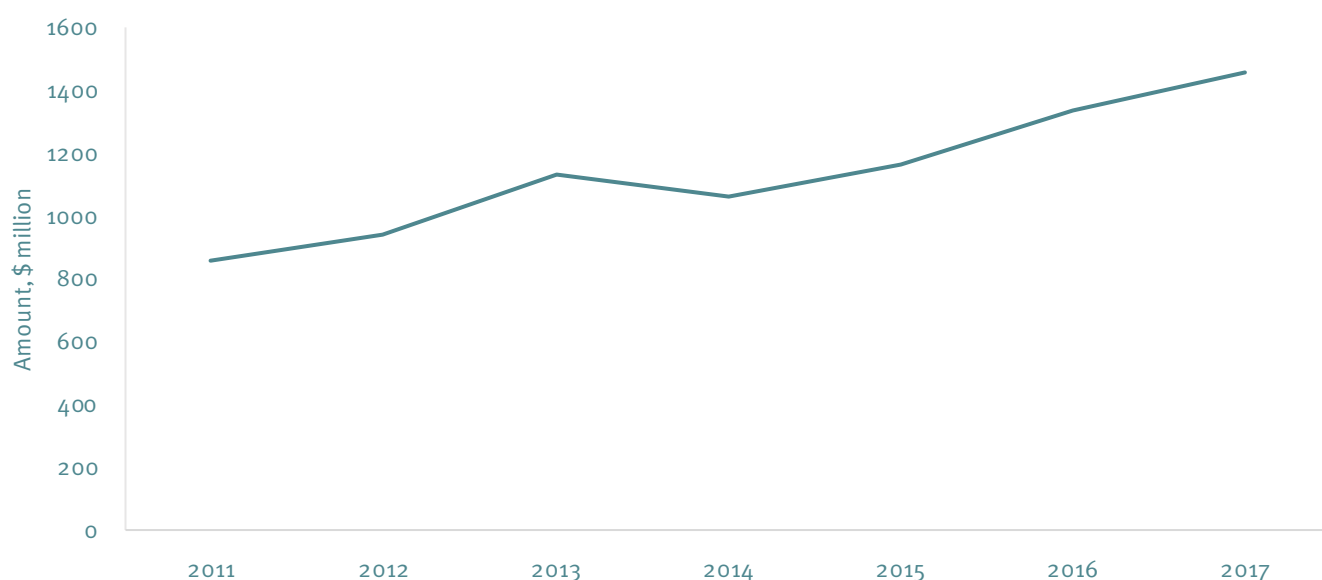


FIGURE 58: GROSS VALUE OF FRUIT AND NUTS IN QUEENSLAND

Summary of Queensland statistics for fruit, nuts and vegetables

Note. Reprinted from *Agriculture: Gross value of Production by commodity, Queensland, 1984-85 to 2017-17*, 2017, by Queensland Government, retrieved from <https://data.qld.gov.au/dataset/agriculture-gross-value-production/resource/0f13be3b-307c-4a8f-920f-913247d936fc>



**Intensive livestock represent 3 per cent of total rural debt in 2017, down \$14 million or 3 per cent in value from 2011. The number of borrowers rose 17 per cent and the proportion of debt rated viable (A) reduced by 5 per cent.**

PERCENTAGE OF  
BORROWERS

3%

PERCENTAGE OF  
TOTAL DEBT

3%



Average debt  
per borrower  
**\$789 thousand**





# INTENSIVE LIVESTOCK

## INTENSIVE LIVESTOCK AT A GLANCE

TABLE 37: SUMMARY OF INTENSIVE LIVESTOCK DEBT

AMOUNT (\$'000)	2017	2011	\$ MOVEMENT	% MOVEMENT
Total debt (\$)	457,344	471,642	-14,298	-3.03
Number of borrowers	580	495	+85	+17.17
Average \$ debt per borrower	789	953	-164	-17.21

Note. Reprinted from Queensland Government Statistician's Office, Queensland Treasury, *Rural Debt Survey 2017*, Output Tables

*Intensive livestock includes poultry farming for meat and eggs, deer farming, horse farming, pig farming and other farming not elsewhere identified.*

## KEY FINDINGS

- Since 2011, the debt level for intensive livestock has decreased by 3.03 per cent, or \$14 million.
- Intensive livestock borrowers have increased by 85 or 17.17 per cent since 2011.
- The region with the greatest amount of intensive livestock debt for 2017 was Eastern Darling Downs with a debt amount of \$182 million.
- The risk ratings of borrowers for 2017 indicates that there has approximately been a 5.62 per cent reduction in viable (A) debt. A 46.06 per cent increase has been observed in potentially long-term viable (B+) debt.

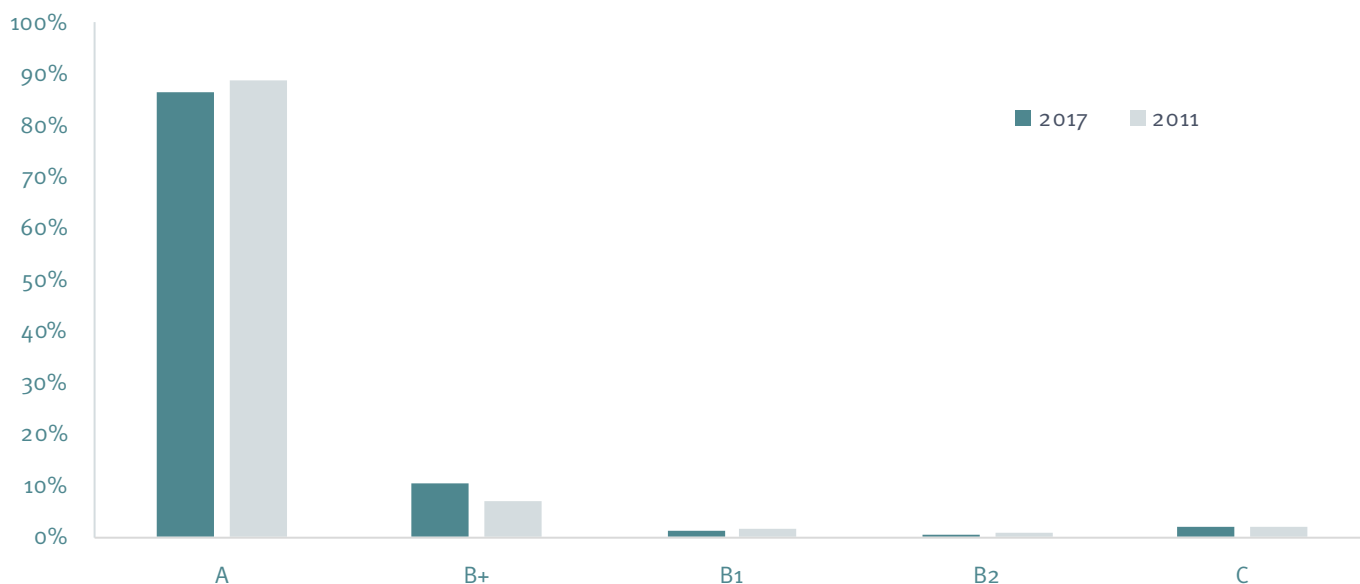


FIGURE 60: INTENSIVE LIVESTOCK DEBT PROPORTION BY RISK RATING

Note. Reprinted from Queensland Government Statistician's Office, Queensland Treasury, *Rural Debt Survey 2017*, Output Tables

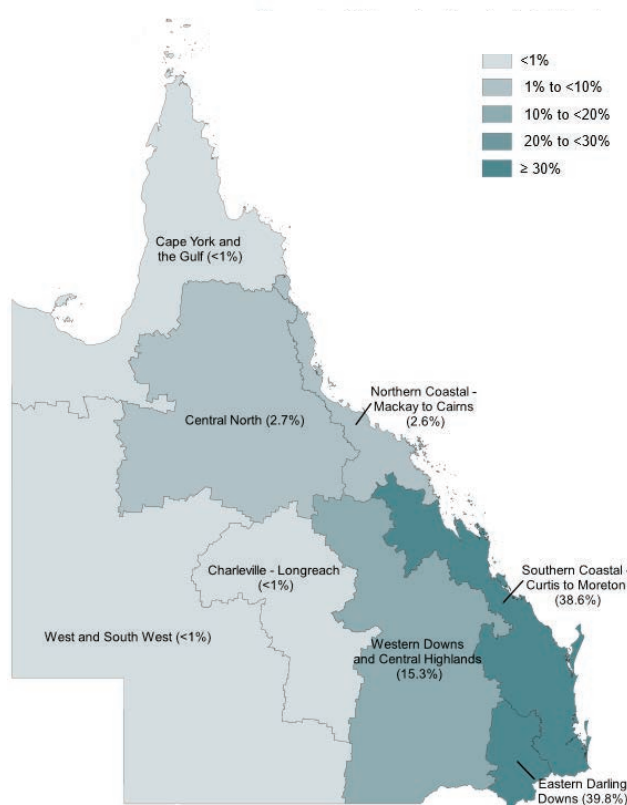


FIGURE 59: PER CENT OF INTENSIVE LIVESTOCK DEBT VALUE BY REGION

Note. Reprinted from Queensland Government Statistician's Office, Queensland Treasury, *Rural Debt Survey 2017*, Output Tables

- Debt servicing difficulties (B1 and B2) have decreased by nearly 38.72 and 50.50 per cent respectively.
- The levels of non-viable (C) debt have decreased by 10.63 per cent since 2011.

TABLE 38: INTENSIVE LIVESTOCK DEBT, NUMBER OF BORROWERS AND AVERAGE DEBT BY LOAN RATING

RATING (\$'000)	A	B+	B1	B2	C	TOTAL
2017 \$	395,531	47,078	4,736	1,578	8,422	457,344
Borrowers	476	64	16	12	14	582
Average debt per	831	736	296	131	602	
2011 \$	419,070	32,233	7,728	3,188	9,424	471,642
\$ Movement	-23,539	14,845	-2,992	-1,610	-1,002	-14,298
% Movement	-5.62%	46.06%	-38.72%	-50.50%	-10.63%	-3.03%

Note. Reprinted from Queensland Government Statistician's Office, Queensland Treasury, *Rural Debt Survey 2017*, Output Tables

MOVEMENT OF INTENSIVE LIVESTOCK DEBT VALUE SINCE 2011 BY RATING



FIGURE 61: INTENSIVE LIVESTOCK RISK RATING MOVEMENT 2011-2017

Note. Reprinted from Queensland Government Statistician's Office, Queensland Treasury, *Rural Debt Survey 2017*, Output Tables

TABLE 39: DISSECTION OF INTENSIVE LIVESTOCK DEBT BY REGION

ABARES REGION (\$'000)	2017	% OF TOTAL REGION DEBT	NUMBER OF BORROWERS	AVERAGE DEBT PER BORROWER	2011	\$ MOVEMENT	% MOVEMENT
Western Downs & Central Highlands	69,778	15.26%	79	883	81,275	-11,497	-14.15%
Southern Coastal - Curtis to Moreton	176,521	38.60%	302	585	199,250	-22,729	-11.41%
Eastern Darling Downs	181,865	39.77%	138	1,318	168,182	13,683	8.14%
Northern Coastal - Mackay to Cairns	11,782	2.58%	34	347	13,491	-1,709	-12.67%
Central North	12,561	2.75%	17	739	8,844	3,717	42.03%
Charleville - Longreach	1,136	0.25%	7	162	116	1,020	879.31%

Cape York and the Gulf and West and South West debt was too small to determine for 2017.

Note. Reprinted from Queensland Government Statistician's Office, Queensland Treasury, *Rural Debt Survey 2017*, Output Tables

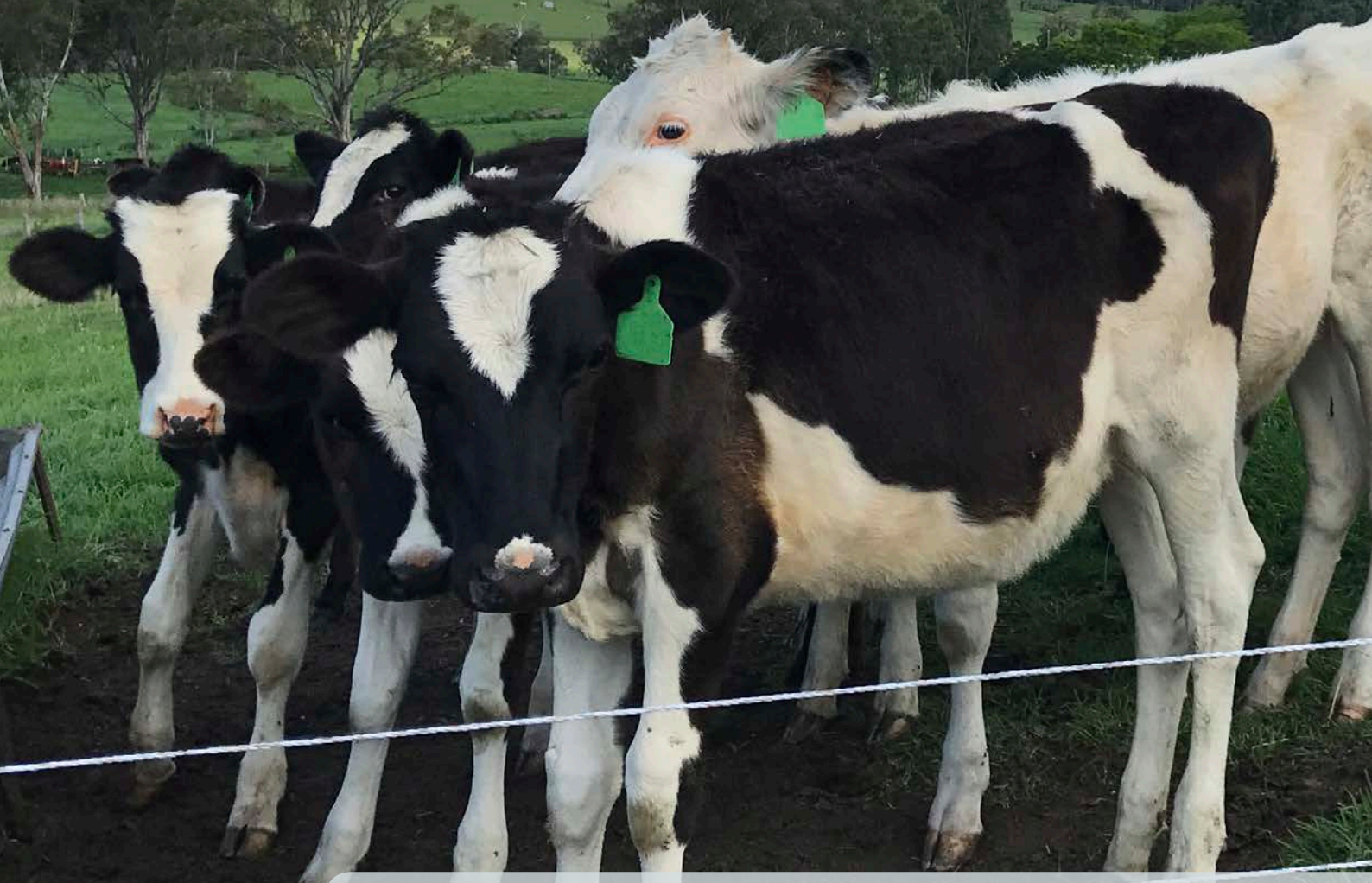


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## INDUSTRY ENVIRONMENT

- The GVP for pigs in Queensland was \$293 million, for Australia it was \$1,342 million in 2016-17 (ABS, 2018). In 2011 the GVP for pigs in Queensland was \$221 million, thus there has been an increase of 32.58 per cent (ABS, 2018).
- The GVP for poultry in 2017 Queensland was \$650 million, for Australia it was \$2,728 million (ABS, 2018). From 2011, the GVP for poultry in Queensland has increased by 64.14 per cent (Queensland GVP in 2011 was \$396 million) (ABS, 2018).
- The Queensland GVP for eggs for 2017 was \$234 million; Australia wide it was \$820 million (ABS, 2018). From 2011, the GVP for eggs has increased by 57.04 per cent (Queensland GVP in 2011 was \$149 million) (ABS, 2018).

***Dairy represents 1.5 per cent of total rural debt in 2017, up \$19.7 million or more than 8 per cent in value from 2011. The number of dairy borrowers increased by 17 per cent and the proportion of dairy debt rated viable (A) increased by 23 per cent.***



PERCENTAGE OF  
BORROWERS

3%

PERCENTAGE OF  
TOTAL DEBT

1.5%



Average debt  
per borrower  
**\$487 thousand**



## DAIRY AT A GLANCE

TABLE 40: SUMMARY OF DAIRY DEBT

AMOUNT (\$'000)	2017	2011	\$ MOVEMENT	% MOVEMENT
Total debt (\$)	257,104	237,420	+19,684	+8.29
Number of borrowers	528	452	76	16.81
Average \$ debt per borrower	487	525	-38	-7.24

Note. Reprinted from Queensland Government Statistician's Office, Queensland Treasury, *Rural Debt Survey 2017*, Output Tables

## KEY FINDINGS

- Since 2011, the debt level for dairy has risen by 8.29 per cent or \$19.68 million. The movement of debt from 2009 to 2011 survey depicted a decrease of 11 per cent.
- Dairy borrowers have increased by 16.81 per cent or 76 borrowers.
- The region with the greatest amount of dairy debt for 2017 was Southern Coastal – Curtis to Moreton at \$125 million.
- The risk ratings of borrowers for 2017 indicates an increase in viable (A) debt by 23.20 per cent. Potentially long-term viable (B+) debt has decreased by 61.74 per cent.
- Those experiencing debt difficulties (B1 & B2) increased by 76.91 and 238.14 per cent respectively.
- The level of non-viable (C) debt has increased by 221.36 per cent. It is noted that the number of borrowers represent two per cent of total dairy borrowers in this category.

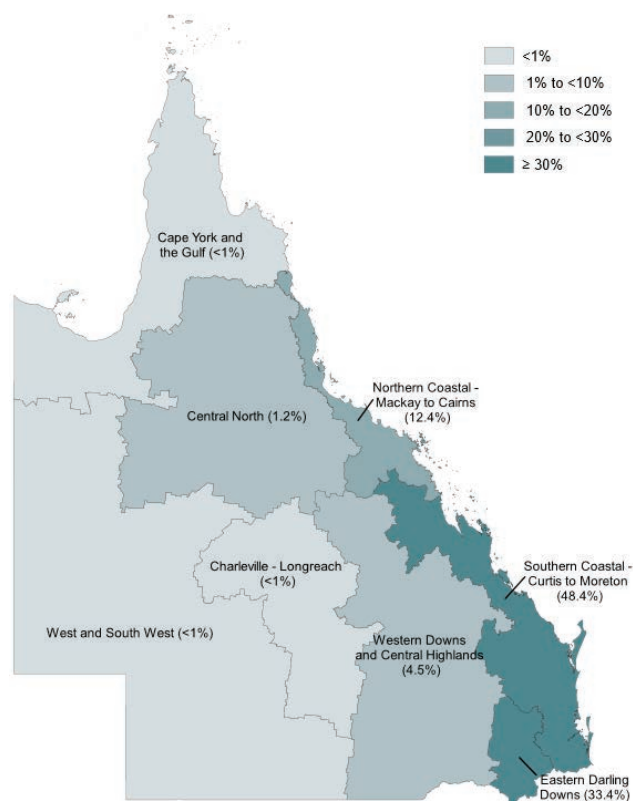


FIGURE 62: PER CENT OF DAIRY DEBT VALUE BY REGION

Note. Reprinted from Queensland Government Statistician's Office, Queensland Treasury, *Rural Debt Survey 2017*, Output Tables

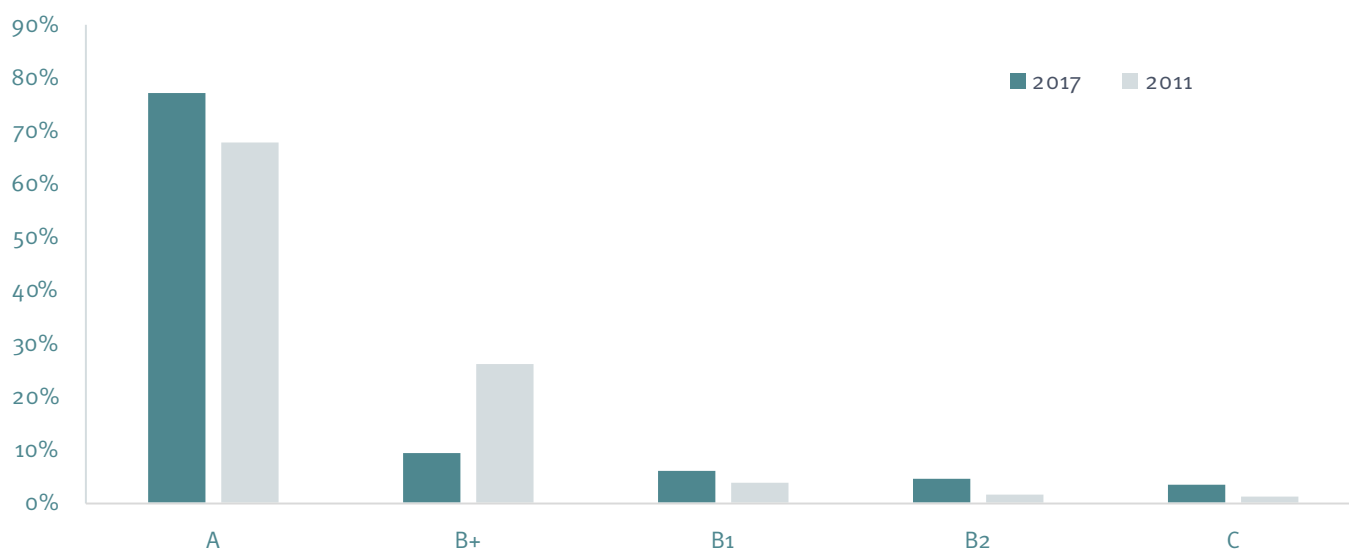


FIGURE 63: DAIRY DEBT PROPORTION BY RISK RATING

Note. Reprinted from Queensland Government Statistician's Office, Queensland Treasury, *Rural Debt Survey 2017*, Output Tables



TABLE 41: DAIRY DEBT, NUMBER OF BORROWERS AND AVERAGE DEBT BY LOAN RATING

RATING (\$'000)	A	B+	B1	B2	C	TOTAL
2017 \$	197,965	23,754	15,007	11,561	8,818	257,104
Borrowers	426	65	12	15	11	529
Average debt per	465	365	1,251	771	802	
2011 \$	160,683	62,091	8,483	3,419	2,744	237,420
\$ Movement	37,282	-38,337	6,524	8,142	6,074	19,684
% Movement	23.20%	-61.74%	76.91%	238.14%	221.36%	8.29%

Note. Reprinted from Queensland Government Statistician's Office, Queensland Treasury, *Rural Debt Survey 2017*, Output Tables

MOVEMENT OF DAIRY DEBT VALUE SINCE 2011 BY RATING

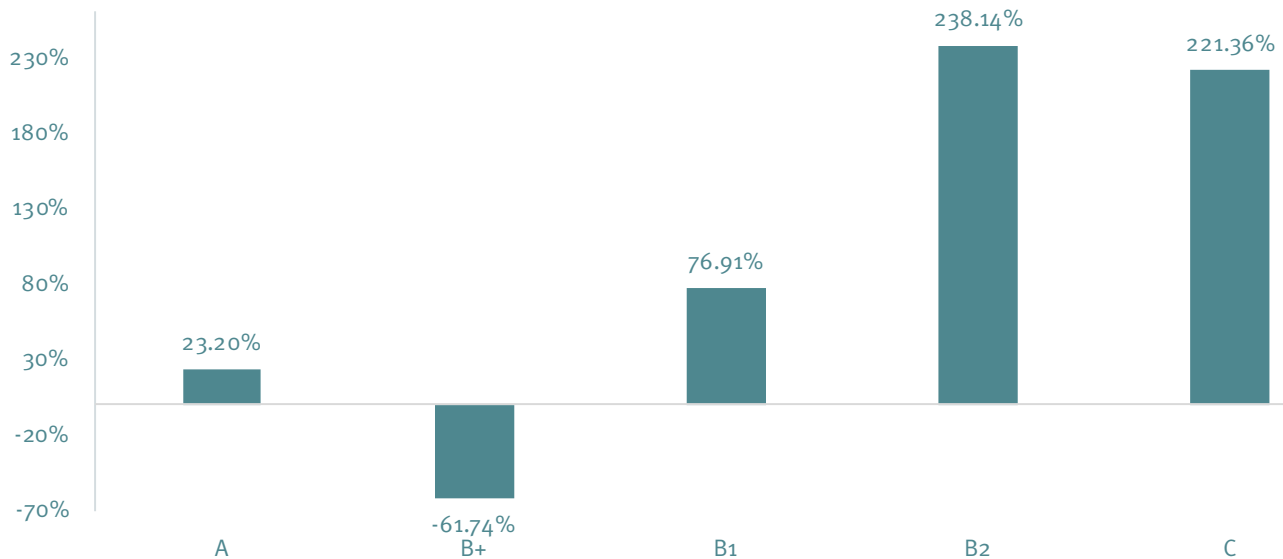


FIGURE 64: DAIRY RISK RATING MOVEMENT 2011-2017

Note. Reprinted from Queensland Government Statistician's Office, Queensland Treasury, *Rural Debt Survey 2017*, Output Tables

TABLE 42: DISSECTION OF DAIRY DEBT BY REGION

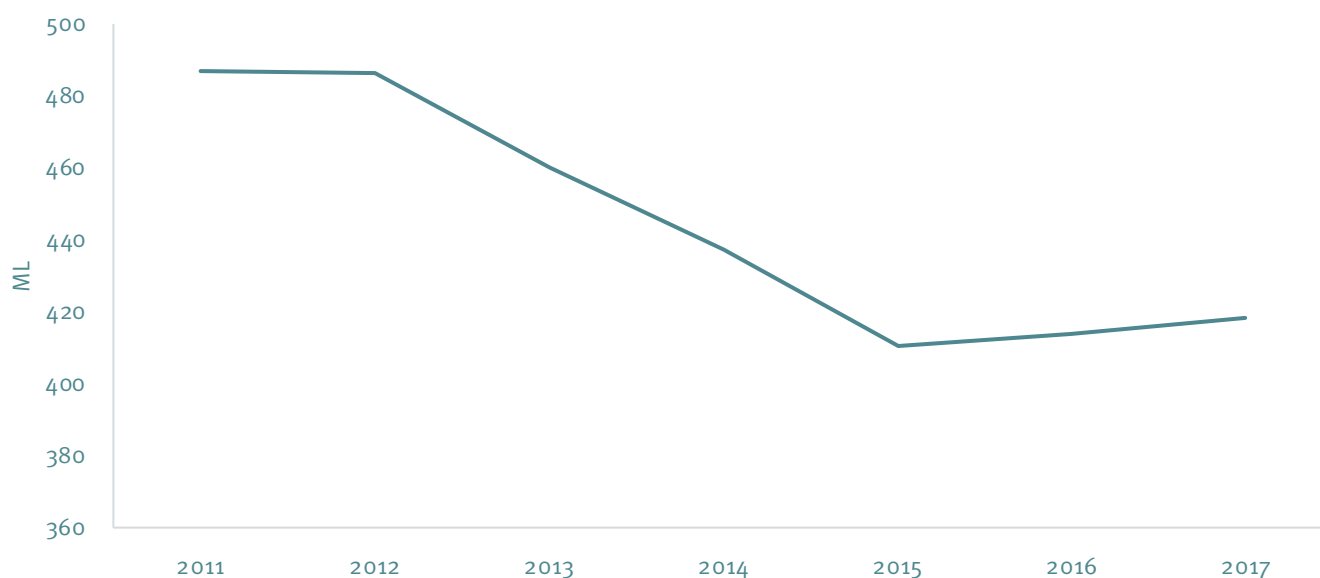
ABARES REGION (\$'000)	2017	% OF TOTAL REGION DEBT	NUMBER OF BORROWERS	AVERAGE DEBT PER BORROWER	2011	\$ MOVEMENT	% MOVEMENT
Western Downs & Central Highlands	11,590	4.51%	29	400	14,761	-3,171	-21.48%
Southern Coastal - Curtis to Moreton	124,531	48.44%	259	481	101,715	22,816	22.43%
Eastern Darling Downs	85,928	33.42%	166	518	76,948	8,980	11.67%
Northern Coastal - Mackay to Cairns	31,875	12.40%	66	483	34,664	-2,789	-8.05%
Central North	3,147	1.22%	7	450	9,241	-6,094	-65.95%

Cape York and the Gulf, Charleville to Longreach and West and South west debt was too small to determine for 2017.

Note. Reprinted from Queensland Government Statistician's Office, Queensland Treasury, *Rural Debt Survey 2017*, Output Tables

## INDUSTRY ENVIRONMENT

- In 2016-17 there were 1.5 million dairy cows in Australia, of which 87,000 were in Queensland (ABARES, 2017e).
- In 2011-12 there were 555 dairy farms registered in Queensland; in 2016-17 there was a predicted level of 410 dairy farms (Dairy Australia, 2017, p.6).
- The total Australian GVP peaked at \$4,729 million in 2013-14 and has since decreased to \$3,695 million in 2016-17 (ABARES, 2017e; ABS, 2018). The returns for Queensland are a small proportion of Australia's total milk production. The GVP for Queensland milk was \$250 million in 2016-17 (ABS, 2018).
- Queensland's share of national milk production is 4.6 per cent (Dairy Australia, 2017, p. 36).
- As seen in Figure 65, the Queensland production of whole milk has been declining since the late 1990s, which has plateaued in the past few years.
- Higher prices for cull dairy cows and other dairy and beef cattle have been supplementing income during this time (ABARES 2017e).
- Increased input costs such as grain, hay and electricity have impacted the Queensland dairy industry since 2011 (Queensland Department of Agriculture and Fisheries, 2017, p. 8).
- Continued efforts have been made throughout this time to provide avenues for new entrants to the dairy industry and allow for transition of farms.



**FIGURE 65: QUEENSLAND PRODUCTION OF WHOLE MILK**

*Note. Rural commodities – dairy products, by ABARES, 2017, retrieved from <http://www.agriculture.gov.au/abares/research-topics/agricultural-commodities/agricultural-commodities-trade-data#2017>*



*Sheep represents less than 1 per cent of total rural debt in 2017, up \$35 million or 36 per cent in value from 2011. The number of sheep borrowers rose by 50 per cent reflecting the shift by some graziers back into sheep and the proportion of sheep debt rated viable (A) increased by 42 per cent.*

PERCENTAGE OF  
BORROWERS



PERCENTAGE OF  
TOTAL DEBT



Average debt  
per borrower  
**\$582 thousand**



# SHEEP/WOOL

## SHEEP/WOOL AT A GLANCE

TABLE 43: SUMMARY OF SHEEP/WOOL DEBT

AMOUNT (\$'000)	2017	2011	\$ MOVEMENT	% MOVEMENT
Total debt (\$)	131,594	96,677	+34,917	+36.12
Number of borrowers	226	152	+74	+48.68
Average \$ debt per borrower	582	636	-54	-8.49

Note. Reprinted from Queensland Government Statistician's Office, Queensland Treasury, *Rural Debt Survey 2017*, Output Tables

## KEY FINDINGS

- Sheep/wool debt is a very small portion of the overall debt for Queensland (0.76 per cent).
- Since 2011, the movement of debt in the sheep/wool industry has increased by 36.12 per cent or nearly \$35 million.
- Sheep/wool borrowers have increased by 74 or 48.68 per cent.
- Charleville-Longreach had the greatest amount of sheep/wool debt at \$53 million; 40.35 per cent of sheep/wool debt is in this region.

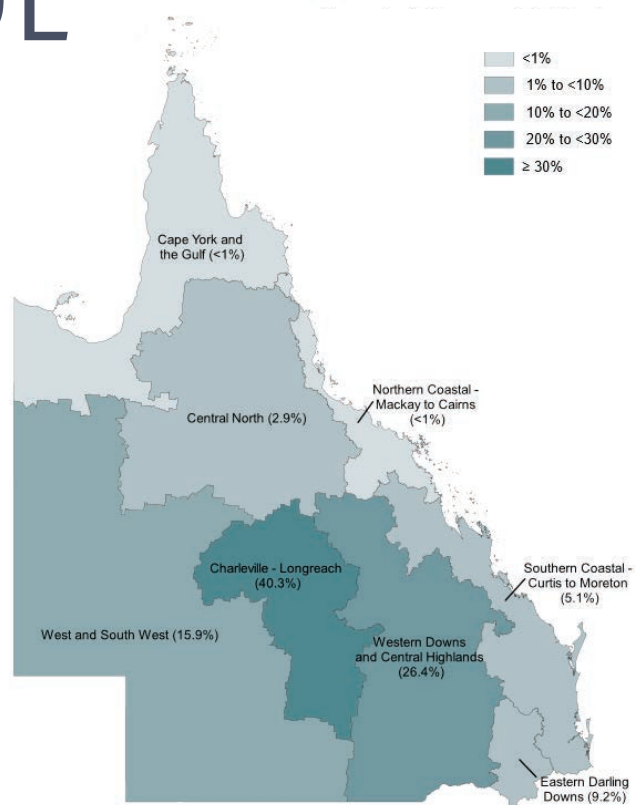


FIGURE 66: PER CENT OF TOTAL SHEEP/WOOL DEBT VALUE BY REGION  
Note. Reprinted from Queensland Government Statistician's Office, Queensland Treasury, *Rural Debt Survey 2017*, Output Tables

- The risk ratings of borrowers for 2017 indicates there has been a transition to more viable (A) debt with an increase of 42.35 per cent, with a 17.16 per cent increase in potentially long-term viable (B+) debt. A 96.70 per cent increase in B1 has occurred over this time.
- The levels of non-performing debt were unable to be defined due to the small nature of borrowers in this section. The combined level of non-performing (B2 and C) debt was 0.97 per cent.

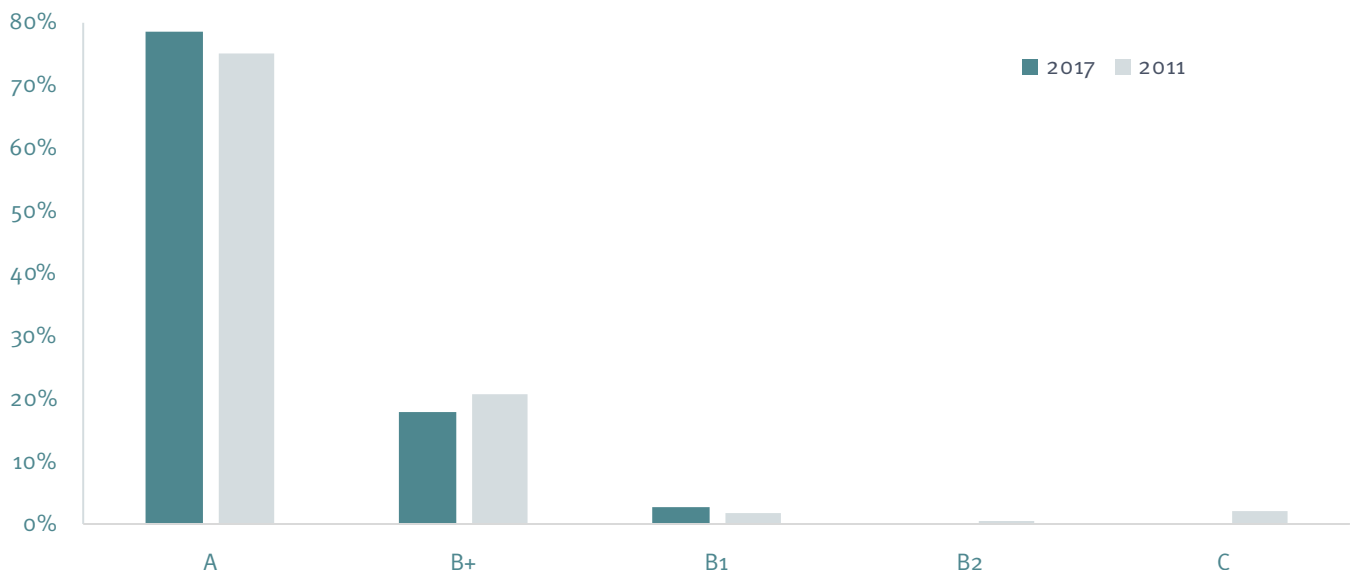


FIGURE 67: SHEEP/WOOL DEBT PROPORTION BY RISK RATING

Note. Reprinted from Queensland Government Statistician's Office, Queensland Treasury, *Rural Debt Survey 2017*, Output Tables

TABLE 44: SHEEP/WOOL DEBT, NUMBER OF BORROWERS AND AVERAGE DEBT BY LOAN RATING

RATING (\$'000)	A	B+	B1	B2	C	TOTAL
2017 \$	103,246	23,556	3,513	dw	dw	131,594
Borrowers	168	49	7	dw	dw	226
Average debt per	615	481	502	dw	dw	
2011 \$	72,528	20,106	1,786	366	1,891	96,677
\$ Movement	30,718	3,450	1,727			
% Movement	42.35%	17.16%	96.70%			

Note. Reprinted from Queensland Government Statistician's Office, Queensland Treasury, *Rural Debt Survey 2017*, Output Tables

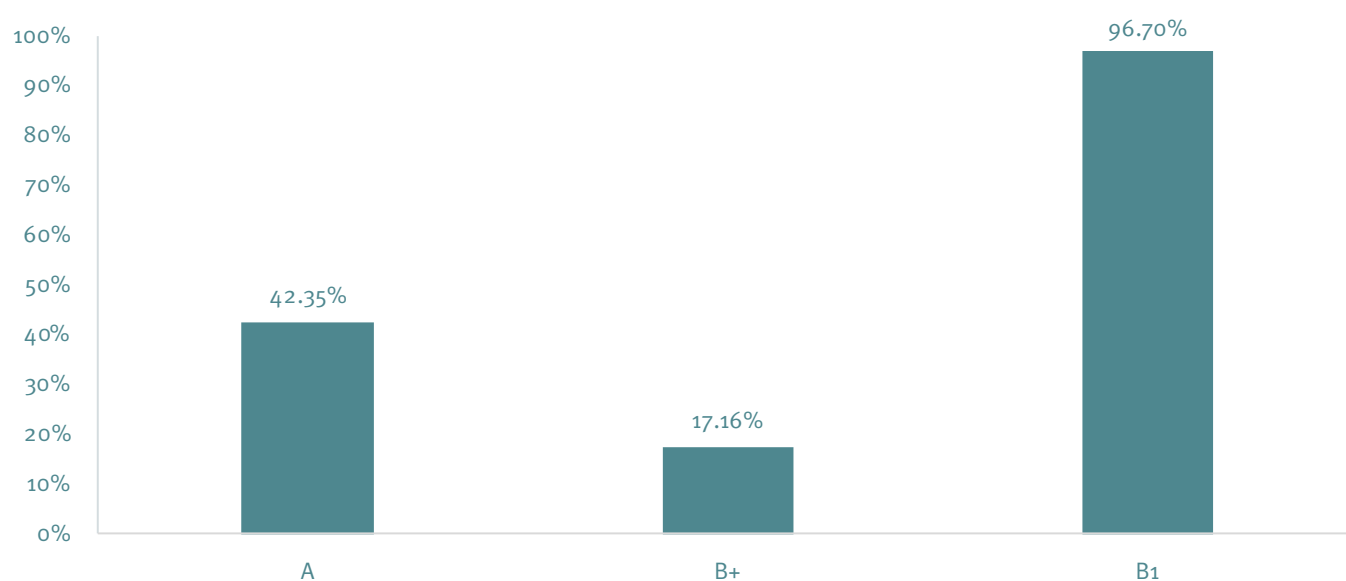


FIGURE 68: SHEEP/WOOL RISK RATING MOVEMENT 2011-2017

Note. Reprinted from Queensland Government Statistician's Office, Queensland Treasury, *Rural Debt Survey 2017*, Output Tables

TABLE 45: DISSECTION OF SHEEP/WOOL DEBT BY REGION

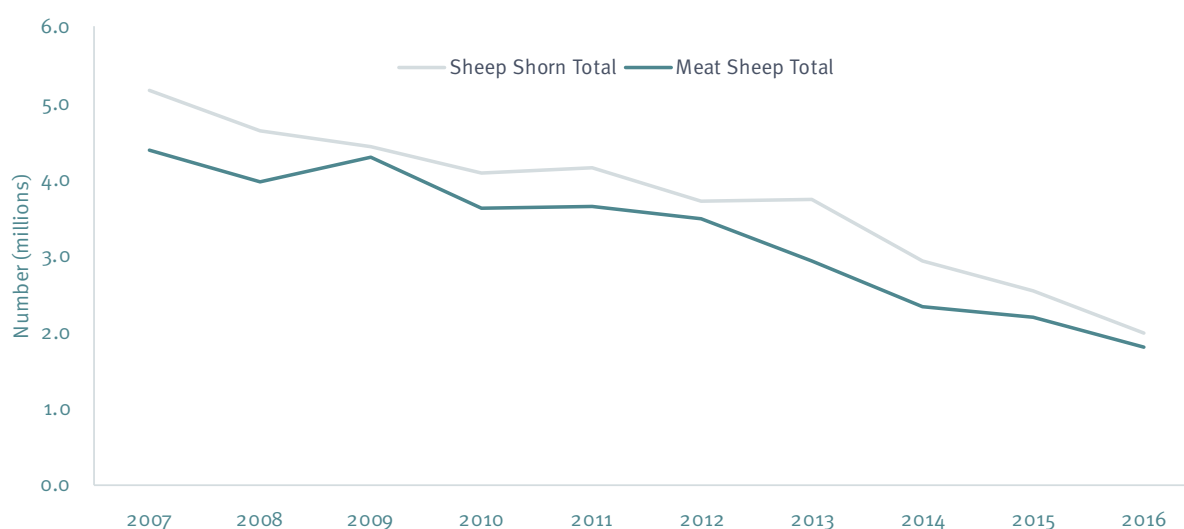
ABARES REGION (\$'000)	2017	% OF TOTAL REGION DEBT	NUMBER OF BORROWERS	AVERAGE DEBT PER BORROWER	2011	\$ MOVEMENT	% MOVEMENT
Western Downs & Central Highlands	34,726	26.39%	49	709	13,800	20,926	151.64%
Southern Coastal - Curtis to Moreton	6,676	5.07%	12	556	3,512	3,164	90.09%
Eastern Darling Downs	12,115	9.21%	37	327	14,778	-2,663	-18.02%
Charleville - Longreach	53,093	40.35%	79	672	31,092	22,001	70.76%
West & South West	20,893	15.88%	46	454	32,955	-12,062	-36.60%

The debt levels for Cape York and the Gulf, Central North and Northern Coastal – Mackay to Cairns were too small to determine for 2017.

Note. Reprinted from Queensland Government Statistician's Office, Queensland Treasury, *Rural Debt Survey 2017*, Output Tables

## INDUSTRY ENVIRONMENT

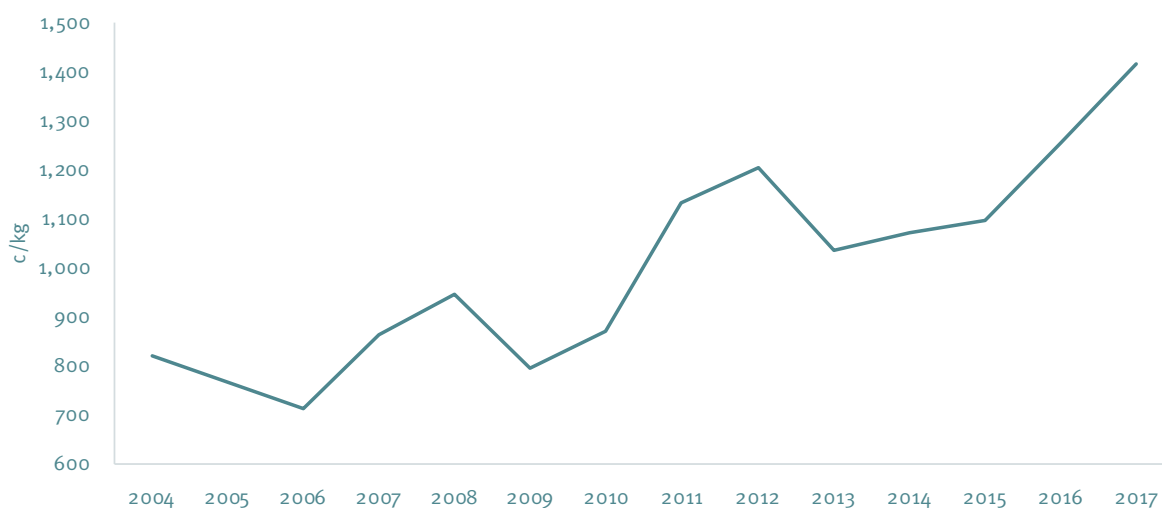
- The GVP for wool in Queensland for 2016-17 was \$76 million (ABS, 2018).
- As depicted in Figure 69, sheep numbers for Queensland have been declining for some time. With a resurgence in the wool price, there has been some increase in the past two years of sheep numbers, however with dry conditions and pest incursions, this has not been widespread.
- Diversification into other industries (such as cattle or tree crops) has reduced further the number of sheep producers in Queensland. Transitioning back to sheep has not been possible in some areas due to ongoing drought impacts.
- Average farm cash income for sheep in Queensland in 2017 was \$86,911, comparatively in 2011 it was \$92,268 (Department of Agriculture and Water Resources, 2018)
- Projections indicate that sheep meat and value of wool exports will continue to rise over the medium term (ABARES, 2018a p.105, p.116).



**FIGURE 69: QUEENSLAND SHEEP NUMBERS**

Note. Reprinted from *Rural commodities, Meat-sheep & wool tables*, by Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES), 2018, retrieved from, <http://www.agriculture.gov.au/abares/research-topics/agricultural-commodities/agricultural-commodities-trade-data#2011>

- The Eastern Market Indicator (Figure 70), displays the increase of wool price from 2011 to 2017. Since 2011, the Eastern Market Indicator has gone from 1,132c/kg to 1,415c/kg (ABARES, 2018b).



**FIGURE 70: EASTERN MARKET INDICATOR, MARKET PRICES FOR AUSTRALIAN WOOL**

Note. Reprinted from *Rural commodities, Meat-sheep & wool tables*, by Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES), 2018, retrieved from, <http://www.agriculture.gov.au/abares/research-topics/agricultural-commodities/agricultural-commodities-trade-data#2011>



- Commentators suggest that supplementary income may have been made in the ad-hoc capturing and on-selling of wild (feral) goats.
- In terms of capital expenditure, it has been suggested that the largest contributor over this time has been for exclusion fencing to curb the wild dog incursions on-farm. It is anticipated that this will assist with improved lambing rates and productivity improvements.
- Whilst a smaller industry in Queensland, the New South Wales over the hook indicators for sheep and lamb depict a gradual increase on average over the hook prices since 2015 (New South Wales over the hook indicators have been utilised as a gauge for the industry, as the majority of processing of Queensland sheep occurs in New South Wales) (Figure 71).

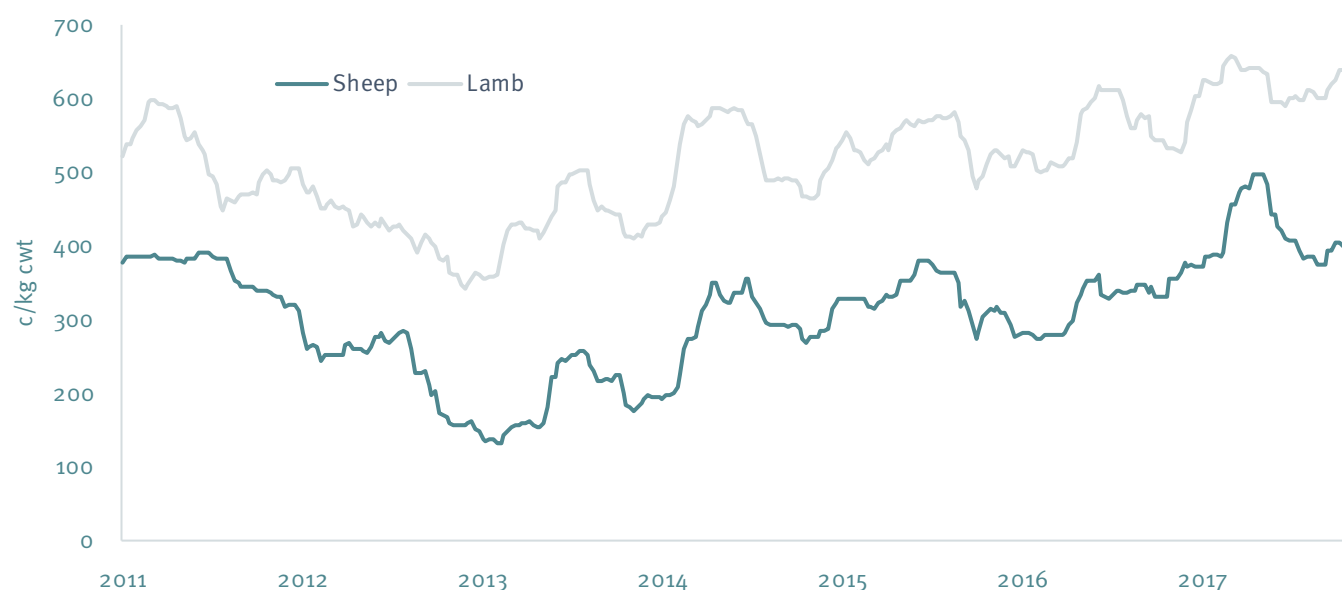


FIGURE 71: OVER THE HOOK INDICATORS, 18-24KG SHEEP & 22-24KG LAMB, NSW

Note. Reprinted from *Market Reports and Prices*, by Meat and Livestock Australia, 2018, retrieved from <https://www.mla.com.au/prices-markets/market-reports-prices/>

Since 2011, the Eastern Market Indicator has gone from 1,132c/kg to 1,415c/kg.

ABARES, 2018b

*Marine represents 0.5 per cent of total rural debt in 2017, down \$52 million or 37 per cent in value from 2011. The number of marine borrowers rose by 39 per cent and the proportion of marine debt rated viable (A) increased by 9 per cent.*

PERCENTAGE OF  
BORROWERS

2%

PERCENTAGE OF  
TOTAL DEBT

0.5%



Average debt  
per borrower  
**\$229 thousand**



## MARINE AT A GLANCE

TABLE 46: SUMMARY OF MARINE DEBT

AMOUNT (\$'000)	2017	2011	\$ MOVEMENT	% MOVEMENT
Total debt (\$)	88,966	140,904	-51,938	-36.86
Number of borrowers	389	280	+109	+38.93
Average \$ debt per borrower	229	503	-274	-54.47

Note. Reprinted from Queensland Government Statistician's Office, Queensland Treasury, *Rural Debt Survey 2017*, Output Tables

## KEY FINDINGS

- Since 2011, the debt level for the marine industry has decreased by 36.86 per cent, or \$52 million.
- Marine borrowers have increased by 109 since 2011 or 38.93 per cent.
- The region with the greatest amount of marine debt for 2017 was Southern Coastal – Curtis to Moreton at \$65 million.
- The risk ratings of borrowers for 2017 indicates there has been a 8.65 per cent increase in viable (A) debt. There has been a reduction in all other risk ratings.

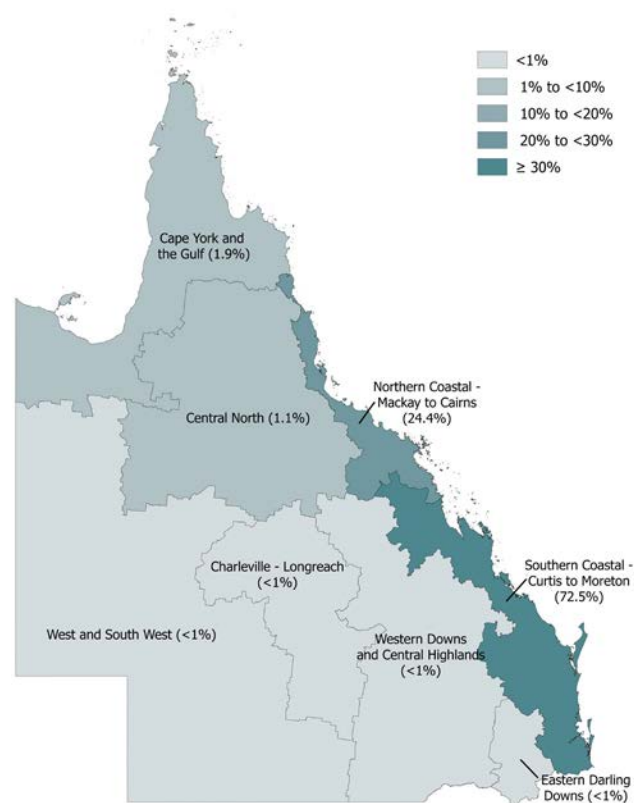


FIGURE 72: PER CENT OF MARINE DEBT VALUE BY REGION

Note. Reprinted from Queensland Government Statistician's Office, Queensland Treasury, *Rural Debt Survey 2017*, Output Tables

- The levels of non-viable (C) debt have decreased by 63.60 per cent since 2011.

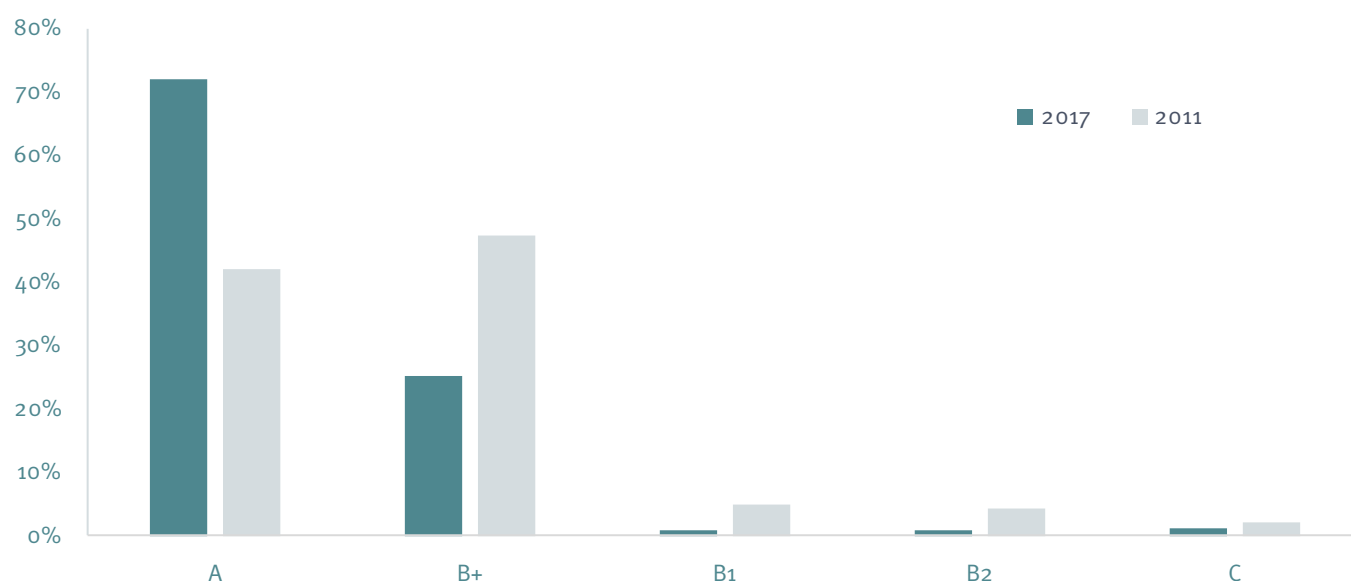


FIGURE 73: MARINE DEBT PROPORTION BY RISK RATING

Note. Reprinted from Queensland Government Statistician's Office, Queensland Treasury, *Rural Debt Survey 2017*, Output Tables



TABLE 47: MARINE DEBT, NUMBER OF BORROWERS AND AVERAGE DEBT BY LOAN RATING

RATING (\$'000)	A	B+	B1	B2	C	TOTAL
2017 \$	64,113	22,266	858	693	1,036	88,966
Borrowers	310	56	12	6	7	391
Average debt per	207	398	71	115	148	
2011 \$	59,011	66,514	6,663	5,870	2,846	140,904
\$ Movement	5,102	-44,248	-5,805	-5,177	-1,810	-51,938
% Movement	8.65%	-66.52%	-87.12%	-88.19%	-63.60%	-36.86%

Note. Reprinted from Queensland Government Statistician's Office, Queensland Treasury, *Rural Debt Survey 2017*, Output Tables

MOVEMENT OF MARINE DEBT VALUE SINCE 2011 BY RATING

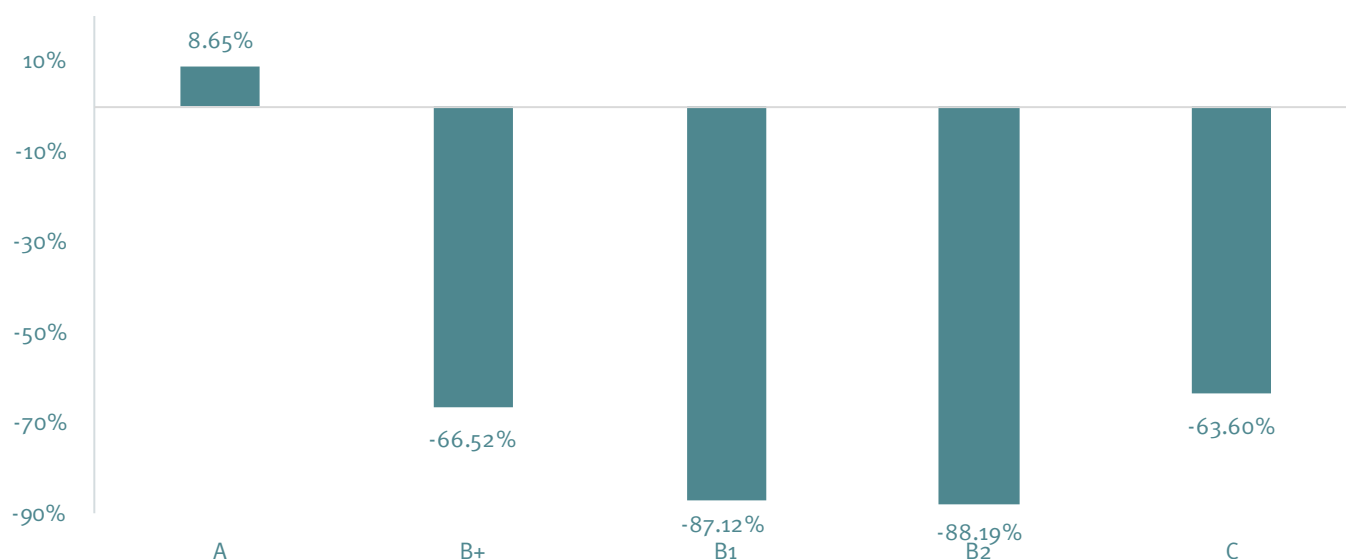


FIGURE 74: SUGAR RISK RATING MOVEMENT 2011-2017

Note. Reprinted from Queensland Government Statistician's Office, Queensland Treasury, *Rural Debt Survey 2017*, Output Tables

TABLE 48: DISSECTION OF MARINE DEBT BY REGION

ABARES REGION (\$'000)	2017	% OF TOTAL REGION DEBT	NUMBER OF BORROWERS	AVERAGE DEBT PER BORROWER	2011	\$ MOVEMENT	% MOVEMENT
Southern Coastal - Curtis to Moreton	64,512	72.51%	222	291	87,959	-23,447	-26.66%
Northern Coastal - Mackay to Cairns	21,693	24.38%	137	158	46,730	-25,037	-53.58%
Central North	1,007	1.13%	8	126	1,462	-455	-31.12%
Cape York & the Gulf	1,680	1.89%	17	99	2,128	-448	-21.05%

There was no debt recorded in the 2017 survey for Charleville-Longreach. Eastern Darling Downs, West and South West and Western Downs and Central Highlands debt was too small to determine for 2017.

Note. Reprinted from Queensland Government Statistician's Office, Queensland Treasury, *Rural Debt Survey 2017*, Output Tables

# VARIOUS INDUSTRIES

*Included in this section is a summary of Aquaculture, Forestry and Logging, Hunting and Trapping, Services to Agriculture and other industries not elsewhere covered.*





# VARIOUS INDUSTRIES

## AQUACULTURE

TABLE 49: SUMMARY OF AQUACULTURE DEBT

AMOUNT (\$'000)	2017
Total debt (\$)	40,124
Number of borrowers	66
Average \$ debt per borrower	608

Note. Reprinted from Queensland Government Statistician's Office, Queensland Treasury, *Rural Debt Survey 2017*, Output Tables

PERCENTAGE OF  
TOTAL DEBT

**0.23%**

PERCENTAGE OF  
BORROWERS

**0.35%**



Average debt  
per borrower  
**\$608 thousand**

## FORESTRY AND LOGGING

TABLE 51: SUMMARY OF FORESTRY AND LOGGING DEBT

AMOUNT (\$'000)	2017
Total debt (\$)	103,702
Number of borrowers	154
Average \$ debt per borrower	673

Note. Reprinted from Queensland Government Statistician's Office, Queensland Treasury, *Rural Debt Survey 2017*, Output Tables

PERCENTAGE OF  
TOTAL DEBT

**0.60%**

PERCENTAGE OF  
BORROWERS

**0.81%**



Average debt  
per borrower  
**\$673 thousand**

## HUNTING AND TRAPPING

TABLE 53: SUMMARY OF HUNTING AND TRAPPING DEBT

AMOUNT (\$'000)	2017
Total debt (\$)	2,248
Number of borrowers	26
Average \$ debt per borrower	86

Note. Reprinted from Queensland Government Statistician's Office, Queensland Treasury, *Rural Debt Survey 2017*, Output Tables

PERCENTAGE OF  
TOTAL DEBT

**0.01%**

PERCENTAGE OF  
BORROWERS

**0.14%**



Average debt  
per borrower  
**\$86 thousand**



TABLE 50: DISSECTION OF AQUACULTURE DEBT BY REGION

ABARES REGION (\$'000)	2017	% OF TOTAL REGION DEBT	NUMBER OF BORROWERS	AVERAGE DEBT PER BORROWER
Southern Coastal - Curtis to Moreton	14,269	35.56%	41	348
Northern Coastal - Mackay to Cairns	24,729	61.63%	22	1,124

Cape York and the Gulf, West and South West and Charleville – Longreach recorded no debt for the 2017 survey. Western Downs and Central Highlands, Eastern Darling Downs and Central North debt was too small to determine for 2017.

Note. Reprinted from Queensland Government Statistician's Office, Queensland Treasury, *Rural Debt Survey 2017*, Output Tables

TABLE 52: DISSECTION OF FORESTRY AND LOGGING BY REGION

ABARES REGION (\$'000)	2017	% OF TOTAL REGION DEBT	NUMBER OF BORROWERS	AVERAGE DEBT PER BORROWER
Western Downs & Central Highlands	2,543	2.45%	20	127
Southern Coastal - Curtis to Moreton	92,764	89.45%	99	937
Eastern Darling Downs	3,202	3.09%	20	160
Northern Coastal - Mackay to Cairns	4,712	4.54%	13	362

Central North recorded no debt for the 2017 survey. Central North, Charleville-Longreach and West and South West debt was too small to determine for 2017.

Note. Reprinted from Queensland Government Statistician's Office, Queensland Treasury, *Rural Debt Survey 2017*, Output Tables

TABLE 54: DISSECTION OF HUNTING AND TRAPPING DEBT BY REGION

ABARES REGION (\$'000)	2017	% OF TOTAL REGION DEBT	NUMBER OF BORROWERS	AVERAGE DEBT PER BORROWER
Western Downs & Central Highlands	158	7.03%	3	53
Southern Coastal - Curtis to Moreton	1,232	54.79%	9	137
Eastern Darling Downs	171	7.59%	3	57
Northern Coastal - Mackay to Cairns	149	6.64%	4	37
Charleville - Longreach	471	20.94%	4	118
West & South West	68	3.00%	3	23

Cape York and the Gulf and Central North recorded no debt for the 2017 survey.

Note. Reprinted from Queensland Government Statistician's Office, Queensland Treasury, *Rural Debt Survey 2017*, Output Tables

## SERVICES TO AGRICULTURE

TABLE 55: SUMMARY OF SERVICES TO AGRICULTURE DEBT

AMOUNT (\$'000)	2017
Total debt (\$)	805,968
Number of borrowers	2,173
Average \$ debt per borrower	371

Note. Reprinted from Queensland Government Statistician's Office, Queensland Treasury, *Rural Debt Survey 2017*, Output Tables

PERCENTAGE OF  
TOTAL DEBT

**4.67%**

PERCENTAGE OF  
BORROWERS

**11.50%**



Average debt  
per borrower  
**\$371 thousand**

## OTHER - NOT COVERED ELSEWHERE

TABLE 57: SUMMARY OF OTHER DEBT

AMOUNT (\$'000)	2017
Total debt (\$)	636,912
Number of borrowers	1,508
Average \$ debt per borrower	422

Note. Reprinted from Queensland Government Statistician's Office, Queensland Treasury, *Rural Debt Survey 2017*, Output Tables

PERCENTAGE OF  
TOTAL DEBT

**3.69%**

PERCENTAGE OF  
BORROWERS

**7.98%**



Average debt  
per borrower  
**\$422 thousand**

TABLE 56: DISSECTION OF SERVICES TO AGRICULTURE DEBT BY REGION

ABARES REGION (\$'000)	2017	% OF TOTAL REGION DEBT	NUMBER OF BORROWERS	AVERAGE DEBT PER BORROWER
Western Downs & Central Highlands	150,919	18.73%	442	341
Southern Coastal - Curtis to Moreton	312,167	38.73%	710	440
Eastern Darling Downs	180,009	22.33%	394	457
Northern Coastal - Mackay to Cairns	128,888	15.99%	458	281
Central North	17,851	2.21%	68	263
Charleville - Longreach	10,198	1.27%	55	185
West & South West	5,030	0.62%	47	107
Cape York & the Gulf	906	0.11%	6	151

Note. Reprinted from Queensland Government Statistician's Office, Queensland Treasury, *Rural Debt Survey 2017*, Output Tables

TABLE 58: DISSECTION OF OTHER BY REGION

ABARES REGION (\$'000)	2017	% OF TOTAL REGION DEBT	NUMBER OF BORROWERS	AVERAGE DEBT PER BORROWER
Western Downs & Central Highlands	101,982	16.01%	236	432
Southern Coastal - Curtis to Moreton	252,137	39.59%	676	373
Eastern Darling Downs	159,069	24.97%	303	525
Northern Coastal - Mackay to Cairns	68,273	10.72%	217	315
Central North	46,421	7.29%	61	761
West & South West	5,377	0.84%	11	489

Charleville – Longreach and Cape York and the Gulf debt was too small to determine for 2017.

Note. Reprinted from Queensland Government Statistician's Office, Queensland Treasury, *Rural Debt Survey 2017*, Output Tables



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# APPENDIX

## APPENDIX I: FARM BUSINESS DEBT MEDIATION IN QUEENSLAND

As of July 2017, Farm Business Debt Mediation (FBDM) became mandatory in Queensland and is overseen by the Queensland Rural and Industry Development Authority (QRIDA). FBDM provides an efficient and equitable way for farmers and mortgagees to attempt to resolve matters relating to farm business debts.

The program aims to protect the interests of both primary producers and their lenders, by requiring them to undergo a formal, impartial mediation process to resolve disputes before foreclosure can take place.

For the period 1 July 2017 to 31 December 2017, a total of 31 cases were initiated, representing a broad cross section of farming industries and local government areas.

(QRIDA, FBDM Office, personal communications, June 12, 2018)

## APPENDIX II: TOTAL DEBT BY ABARES REGION BY LOAN RATING

ABARES REGION		A	B+	B1	B2	C	TOTAL
Cape York & the Gulf	\$	24,903,888	5,473,245	123,412	dw	dw	32,391,545
	%	0.2	0.2	0.0	dw	dw	0.2
Central North	\$	1,004,722,467	361,217,084	31,324,987	56,169,812	42,782,097	1,496,216,448
	%	7.4	13.3	5.8	29.8	18.0	8.7
Charleville - Longreach	\$	767,913,871	211,887,287	41,057,005	6,056,096	13,917,984	1,040,832,243
	%	5.7	7.8	7.6	3.2	5.9	6.0
Eastern Darling Downs	\$	1,905,947,947	377,592,272	142,022,814	21,479,038	18,586,706	2,465,628,778
	%	14.1	13.9	26.4	11.4	7.8	14.3
Northern Coastal - Mackay to Cairns	\$	1,650,759,383	283,169,450	64,970,446	18,143,884	39,047,474	2,056,090,637
	%	12.2	10.4	12.1	9.6	16.5	11.9
Southern Coastal - Curtis to Moreton	\$	3,125,692,121	601,422,102	125,767,445	42,587,354	94,543,646	3,990,012,667
	%	23.0	22.1	23.4	22.6	39.9	23.1
West & South West	\$	551,260,773	100,663,062	32,155,010	dw	dw	686,636,585
	%	4.1	3.7	6.0	dw	dw	4.0
Western Downs & Central Highlands	\$	4,532,160,512	774,492,917	100,691,756	40,539,390	27,144,866	5,475,029,441
	%	33.4	28.5	18.7	21.5	11.4	31.8
<b>TOTAL</b>	<b>\$</b>	<b>13,563,360,962</b>	<b>2,715,917,419</b>	<b>538,112,876</b>	<b>188,286,574</b>	<b>237,160,512</b>	<b>17,242,838,343</b>
	<b>%</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Note. Reprinted from Queensland Government Statistician's Office, Queensland Treasury, *Rural Debt Survey 2017*, Output Tables



## APPENDIX III - TOTAL DEBT BY INDUSTRY BY ABARES REGION

INDUSTRY		CAPE YORK & THE GULF	CENTRAL NORTH	CHARLEVILLE - LONGREACH	EASTERN DARLING DOWNS	NORTHERN COASTAL - MACKAY TO CAIRNS	SOUTHERN COASTAL - CURTIS TO MORETON	WEST AND SOUTH WEST	WESTERN DOWNS AND CENTRAL HIGHLANDS	TOTAL
Aquaculture	\$	o	dw	o	dw	24,729,089	14,269,076	o	dw	40,124,175
	%	o.o	dw	o.o	dw	1.2	0.4	o.o	dw	0.2
Beef	\$	29,041,272	1,256,473,639	959,185,634	923,381,549	540,751,664	1,897,939,377	650,374,506	3,096,466,200	9,353,613,841
	%	89.7	84.0	92.2	37.5	26.3	47.6	94.7	56.6	54.2
Cotton	\$	o	o	o	286,985,823	951,034	117,745,900	162,105	926,210,784	1,332,055,645
	%	o.o	o.o	o.o	11.6	0.0	3.0	o.o	16.9	7.7
Dairy	\$	dw	3,147,222	dw	85,927,831	31,874,544	124,531,114	dw	11,589,898	257,104,473
	%	dw	0.2	dw	3.5	1.6	3.1	dw	0.2	1.5
Forestry & Logging	\$	o	dw	dw	3,201,843	4,711,612	92,764,267	dw	2,543,001	103,701,539
	%	o.o	dw	dw	0.1	0.2	2.3	dw	0.0	0.6
Grain (summer and winter)	\$	o	1,027,550	dw	390,905,625	dw	99,101,467	o	434,778,634	932,788,059
	%	o.o	0.1	dw	15.9	dw	2.5	o.o	7.9	5.4
Grain/ Grazing (sheep and/ or cattle)	\$	dw	27,306,989	11,365,148	131,073,851	6,779,964	65,176,456	dw	624,368,180	867,366,118
	%	dw	1.8	1.1	5.3	0.3	1.6	dw	11.4	5.0
Horticulture - Tree crops	\$	dw	93,651,470	dw	50,038,720	208,936,499	301,717,894	dw	17,222,304	671,825,725
	%	dw	6.3	dw	2.0	10.2	7.6	dw	0.3	3.9
Horticulture - Vegetables	\$	o	19,297,852	o	60,539,541	120,692,895	319,359,236	o	3,336,310	523,225,834
	%	o.o	1.3	o.o	2.5	5.9	8.0	o.o	0.1	3.0
Hunting and Trapping	\$	o	o	470,879	170,784	149,370	1,232,086	67,507	158,139	2,248,765
	%	o.o	o.o	o.o	o.o	o.o	o.o	o.o	o.o	o.o
Intensive Livestock (pigs, poultry etc.)	\$	dw	12,560,924	1,136,442	181,865,384	11,781,575	176,520,648	dw	69,777,953	457,344,472
	%	dw	0.8	0.1	7.4	0.6	4.4	dw	1.3	2.7
Marine Fishing	\$	1,679,821	1,007,392	o	dw	21,693,442	64,511,988	dw	dw	88,966,033
	%	5.2	0.1	o.o	dw	1.1	1.6	dw	dw	0.5
Other (not elsewhere covered)	\$	dw	46,420,826	dw	159,068,556	68,272,784	252,137,217	5,376,806	101,982,407	636,912,439
	%	dw	3.1	dw	6.5	3.3	6.3	0.8	1.9	3.7
Services to Agriculture	\$	905,797	17,851,029	10,198,475	180,008,876	128,887,517	312,166,853	5,030,399	150,918,587	805,967,533
	%	2.8	1.2	1.0	7.3	6.3	7.8	0.7	2.8	4.7
Sheep/Wool	\$	dw	dw	53,093,350	12,114,796	dw	6,676,045	20,892,800	34,725,665	131,594,146
	%	dw	dw	5.1	0.5	dw	0.2	3.0	0.6	0.8
Sugar	\$	o	12,879,054	dw	dw	880,036,986	144,163,043	o	dw	1,037,999,546
	%	o.o	0.9	dw	dw	42.8	3.6	o.o	dw	6.0
<b>TOTAL</b>	<b>\$</b>	<b>32,391,545</b>	<b>1,496,216,448</b>	<b>1,040,832,243</b>	<b>2,465,628,778</b>	<b>2,056,090,637</b>	<b>3,990,012,667</b>	<b>686,636,585</b>	<b>5,475,029,441</b>	<b>17,242,838,343</b>
	<b>%</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Note. Reprinted from Queensland Government Statistician's Office, Queensland Treasury, *Rural Debt Survey 2017*, Output Tables

## APPENDIX IV: TOTAL DEBT BY INDUSTRY BY LOAN RATING

INDUSTRY		A	B+	B1	B2	C	TOTAL
Aquaculture	\$	36,280,593	1,129,363	dw	dw	427,229	40,124,175
	%	0.3	0.0	dw	dw	0.2	0.2
Beef	\$	7,285,100,915	1,571,802,131	262,014,161	95,998,699	138,697,935	9,353,613,841
	%	53.7	57.9	48.7	51.0	58.5	54.2
Cotton	\$	1,149,546,301	138,030,343	25,782,744	18,696,257	0	1,332,055,645
	%	8.5	5.1	4.8	9.9	0.0	7.7
Dairy	\$	197,965,157	23,753,731	15,006,529	11,560,815	8,818,241	257,104,473
	%	1.5	0.9	2.8	6.1	3.7	1.5
Forestry & Logging	\$	78,486,910	5,983,789	17,490,167	dw	dw	103,701,539
	%	0.6	0.2	3.3	dw	dw	0.6
Grain	\$	752,435,658	135,986,979	36,655,662	3,488,369	4,221,391	932,788,059
	%	5.5	5.0	6.8	1.9	1.8	5.4
Grain/Grazing	\$	659,155,799	168,149,639	28,888,272	4,206,335	6,966,073	867,366,118
	%	4.9	6.2	5.4	2.2	2.9	5.0
Horticulture - Tree crops	\$	535,649,672	80,973,179	10,120,113	13,850,122	31,232,641	671,825,725
	%	3.9	3.0	1.9	7.4	13.2	3.9
Horticulture - Vegetables	\$	426,175,225	70,462,844	16,739,033	5,157,756	4,690,976	523,225,834
	%	3.1	2.6	3.1	2.7	2.0	3.0
Hunting & Trapping	\$	1,817,643	423,356	dw	dw	dw	2,248,765
	%	0.0	0.0	dw	dw	dw	0.0
Intensive Livestock	\$	395,530,728	47,078,001	4,736,217	1,577,701	8,421,826	457,344,472
	%	2.9	1.7	0.9	0.8	3.6	2.7
Marine Fishing	\$	64,113,377	22,266,450	857,583	692,636	1,035,987	88,966,033
	%	0.5	0.8	0.2	0.4	0.4	0.5
Other	\$	552,551,818	55,847,581	14,506,383	6,146,637	7,860,021	636,912,439
	%	4.1	2.1	2.7	3.3	3.3	3.7
Services to Agriculture	\$	487,627,079	221,746,073	71,166,461	19,386,557	6,041,364	805,967,533
	%	3.6	8.2	13.2	10.3	2.5	4.7
Sheep/Wool	\$	103,246,282	23,555,770	3,513,094	dw	dw	131,594,146
	%	0.8	0.9	0.7	dw	dw	0.8
Sugar	\$	837,677,803	148,728,191	28,726,554	5,963,535	16,903,463	1,037,999,546
	%	6.2	5.5	5.3	3.2	7.1	6.0
<b>TOTAL</b>	<b>\$</b>	<b>13,563,360,962</b>	<b>2,715,917,419</b>	<b>538,112,876</b>	<b>188,286,574</b>	<b>237,160,512</b>	<b>17,242,838,343</b>
	<b>%</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Note. Reprinted from Queensland Government Statistician's Office, Queensland Treasury, *Rural Debt Survey 2017*, Output Tables

# APPENDIX V: REPORT ASSUMPTIONS, DEFINITIONS AND METHODOLOGY

## ATTRIBUTION

To attribute, cite Queensland Rural and Industry Development Authority, *2017 Queensland Rural Debt Survey*.

## ACRONYMS

ACRONYM	DEFINITION
ABARES	Australian Bureau of Agriculture and Resource Economics and Sciences
ABS	Australian Bureau of Statistics
ANZSIC	Australian and New Zealand Standard Industrial Classification
BOM	Bureau of Meteorology
DW	Data withheld
FMD	Farm Management Deposit
GVP	Gross Value of Production
QGSO	Queensland Government Statisticians Office
QRIDA	Queensland Rural and Industry Development Authority
RBA	Reserve Bank of Australia
TC	Tropical Cyclone

## ASSUMPTIONS

### LENDING INSTITUTIONS

Lending institutions were requested to provide their ratings of debt based on their own assumptions to conform with the ratings requested.

### ABARES DATA

Where data has been provided by ABARES, it must be noted that this is a statistical figure derived from a series of surveys that has been extrapolated.

### ROUNDING

Figures, numbers and percentages displayed within the tables have been rounded to two decimal places and may not sum to exactly 100 per cent.

### BORROWERS

Some rural borrowers may have more than one source of finance or a loan from an institution that was not defined in this survey. Individual totals (e.g. industry borrowers) may not equate to total overall borrowers due to some borrowers farming more than one commodity.

### VARIOUS INDUSTRIES

This section displays the results for the 2017 survey. Previous surveys have not detailed average debt or borrowers for these, thus their results were not compared.



## DEFINITIONS

To ensure a consistent delivery, the definitions for the 2017 survey align with previous surveys.

**dw** - data withheld - to ensure confidentiality of results but included in total where applicable.

**FARMING BUSINESS** is defined as an agricultural, apicultural, dairy farming, horticultural, land-based aquacultural, pastoral, poultry keeping or viticultural business; or another business that involves cultivating the soil, gathering crops or rearing livestock; or a business that involves cutting timber for sale; or another business prescribed by regulation to be a farming business and includes a business under a share farming agreement and providing land for a business.

**INDUSTRY CLASSIFICATIONS** align with the Australian and New Zealand Standards Industrial Classifications (ANZSIC) 2006. The participating lending institutions were requested to supply their information in line with these classifications.

## RISK CATEGORIES

- A: Considered viable under most/all circumstances
- B+: Experienced debt servicing difficulties under present circumstances – potentially viable long term
- B1: Experiencing debt servicing difficulties under present circumstances – debt situation deteriorating and in danger of becoming non-viable will continue to receive support of lender (top 50% of category)
- B2: Experiencing debt servicing difficulties under present circumstances – debt situation deteriorating and in danger of becoming non-viable (bottom 50% of category)
- C: Considered non-viable

**RURAL DEBT** is defined as the total indebtedness of all farmers/rural enterprises throughout Queensland, where the servicing of the rural debt relies primarily on rural generated income. This includes term debt, commercial bills, equipment/asset finance, and overdrafts/working capital facilities. Elements of rural debt specifically excluded:

- vendor financing of rural property purchases
- personal and intra-family loans
- borrowings for farm investment purposes, by persons/business whose principal occupation is other than primary production, enabling debt servicing from other income streams.

## TERMS OF REFERENCE

The 2017 Queensland Rural Debt Survey sought to, as at 31 December 2017, identify the extent, nature and size of, and trends in the total rural indebtedness in Queensland with respect to:

- Queensland at a state level
- average per borrower
- Queensland by region and industry
- total by risk rating categories
- comparison on previous survey.

## REQUESTED INFORMATION

Financial institutions were requested to provide the following details, as at 31 December 2017, for each rural loan:

- a unique customer identification number, allowing for the identification of customers with multiple records
- the postcode of the physical location of the business activity associated with each loan
- the shire/city of the physical location of the business activity associated with each loan
- the industry classification where the majority of the borrowing occurs for each loan
- the viability rating of each loan
- the total value of each loan.

## METHODOLOGY

### PRE-SURVEY METHOD

Note. Reprinted from Queensland Government Statistician's Office, Queensland Treasury, *Rural Debt Survey 2017*, Survey Review

- Introduce and explain the importance of the survey, and to detail the proposed timelines of the survey to lending organisations.
- Identify the relevant contact people in the various lending organisations.
- Ensure that the information being sought was not available from other, existing, data collections.
- Explain how QGSO would keep loan details confidential and to highlight the privacy provisions of the *Statistical Returns Act 1896*.
- Confirm the industry and loan rating classifications that were to be used for the survey and to develop concordances where these differed to those used by the financial institutions.
- Explain in detail of geographic information required to produce the proposed survey outputs.

### SURVEY METHOD

- The data fields requested included postcode, shire/city of business, industry, loan rating and total value of the loan.
- Secure File Transfer: Financial institutions were requested to return the loan information that they had compiled using the Queensland Treasury secure file transfer system Kiteworks. Financial institutions, once ready to transfer information to QGSO, were provided with a link which provided individual, password protected, access to the secure system. Once uploaded QGSO transferred the information into a secure data folder.
- Utilising the same secure Kiteworks source, the final data table summary was provided to QRIDA.
- QRIDA undertook an analysis to compare 2017 to previous surveys utilising historical information provided in the 2011 and 2017 surveys.
- Further commentary was collated throughout the survey analysis with assistance from agricultural linked organisations as well as publicly available databases.
- The information provided from banks, previous survey data and industry commentary were all collated into the final report.
- An additional Rural Debt Survey Overview was also created alongside the report.

## SURVEY EVALUATION

*Note.* Reprinted from Queensland Government Statistician's Office, Queensland Treasury, *Rural Debt Survey 2017*, Survey Review

### DATA QUERIES

During the processing of the data several financial institutions were contacted to discuss specific data queries. In all cases the affected financial institutions were able to provide clarification of the specific issues and where necessary, and possible, provided amended data.

### CHANGES TO SURVEY OUTPUTS

In the original project agreement between QGSO and QRIDA it was indicated that QGSO would provide QRIDA with a De-identified Unit Record file. However, during subsequent discussions between QGSO and QRIDA it was determined that it would be more appropriate for QGSO to supply QRIDA with a suite of confidentialised Output Tables.

### DATA STANDARDISATION

Where necessary QGSO standardised the information provided by financial institutions to allow the data to be reported consistently.

### INDUSTRY

All financial institutions provided industry information as requested in the Approved Form. However, some financial institutions provided this information using the corresponding ANZSIC code, some used the ANZSIC description, whilst others used the 'Rural debt industry' groupings outlined in the Approved Form. QGSO used this information and consulted further with some financial institutions to assign a 'Rural debt industry' grouping to each record.

### LOCATION OF BUSINESS

Financial institutions provided geographic information at a variety of levels including Postcode, Shire/City/Suburb, Local Government Area and Statistical Area Level 4. QGSO used this information and consulted further with some financial institutions to assign a consistent geographic level to each record.

### LOAN RATING

As financial institutions provided loan ratings consistently, no changes were required.

### USE OF DERIVED VARIABLES

For the purpose of generating results to meet the objectives of this survey the Postcode and Shire/City variables were analysed in conjunction with each other to create an ABARES2 region variable. The ABARES regions were based on pre-release 2016 boundaries provided to QGSO by QRIDA with approval of ABARES.

## ABARES REGIONS COMPARISON

2017	2011
Western Downs and Central Highlands	3221 Central; 3222 Maranoa/ Western Downs
Southern Coastal - Curtis to Moreton	331 Central South Coast
Eastern Darling Downs	321 Eastern Downs
Northern Coastal - Mackay to Cairns	332 Tropical North Coast
Central North	313 Central North
Charleville - Longreach	314 Central South
West and South West	3121 West; 3122 South West
Cape York and the Gulf	311 Cape and Carpentaria



## ‘INDUSTRY’ AND ANZSIC CLASSIFICATIONS 2011 AND 2017

For the 2017 Survey, ‘Nursery and Floriculture’ were included under other, as opposed to ‘Horticulture – vegetables’.

RURAL DEBT INDUSTRY	ANZSIC CLASSIFICATION 2006 - 2017 SURVEY	ANZSIC CLASSIFICATION – 2011 SURVEY
Beef	Class 0142 Beef Cattle Farming (Specialised) Class 0143 Beef Cattle Feedlots (Specialised) Class 0144 Sheep-Beef Cattle Farming	Beef Cattle Farming Sheep-Beef Cattle Farming Beef Cattle Feedlots (Specialised)
Cotton	Class 0152 Cotton Growing	Cotton Growing
Dairy	Group 016 Dairy Cattle Farming	Dairy Cattle Farming
Grain (summer and winter)	Class 0149 Other Grain Growing	Grain Growing
Grain/Grazing (sheep and/or cattle)	Class 0145 Grain-Sheep or Grain-Beef Cattle Farming	Grain – Sheep and Grain – Beef Cattle Farming
Horticulture – Vegetables	Class 0122 Vegetable Growing (Under Cover) Class 0123 Vegetable Growing (Outdoors)	Cut Flower and Flower Seed Growing Plant Nurseries Vegetable growing
Horticulture – Tree crops (mangoes, pawpaws, bananas, citrus etc.)	Group 013 Fruit and Tree Nut Growing Class 0131 Grape Growing Class 0132 Kiwifruit Growing Class 0133 Berry Fruit Growing Class 0134 Apple and Pear Growing Class 0135 Stone Fruit Growing Class 0136 Citrus Fruit Growing Class 0137 Olive Growing Class 0139 Other Fruit and Tree Nut Growing	Fruit Growing n.e.c Stone Fruit Growing Apple and Pear Growing Grape Growing Kiwi Fruit Growing
Intensive Livestock (pigs, poultry etc.)	Group 017 Poultry Farming Class 0171 Poultry Farming (Meat) Class 0172 Poultry Farming (Eggs) Group 019 Other Livestock Farming Class 0180 Deer Farming Class 0191 Horse Farming Class 0192 Pig Farming Class 0199 Other Livestock Farming n.e.c.	Poultry Farming (meat) Poultry Farming (eggs) Pig Farming Horse Farming Deer Farming Livestock Farming n.e.c
Sheep/Wool	Class 0141 Sheep Farming (Specialised)	Sheep farming
Sugar	Class 0151 Sugar Cane Growing	Sugar Cane growing
Services to Agriculture	Group 052 Agriculture and Fishing Support Services Class 0521 Cotton Ginning Class 0522 Shearing Services Class 0529 Other Agriculture and Fishing Support Services	Cotton Ginning Shearing Services Aerial Agricultural Services Services to “industry” Services to Agriculture n.e.c
Marine Fishing	Group 041 Fishing Class 0411 Rock Lobster and Crab Potting Class 0412 Prawn Fishing Class 0413 Line Fishing Class 0414 Fish Trawling, Seining and Netting Class 0419 Other Fishing	Rock Lobster Fishing Prawn Fishing Finfish Trawling Squid Jigging Line Fishing Marine Fishing n.e.c
Forestry and Logging	Group 030 Forestry and Logging Class 0301 Forestry Class 0302 Logging	Forestry Logging
Aquaculture	Group 020 Aquaculture Class 0201 Offshore Longline and Rack Aquaculture Class 0202 Offshore Caged Aquaculture Class 0203 Onshore Aquaculture	Aquaculture
Hunting and Trapping	Group 042 Hunting and Trapping Class 0420 Hunting and Trapping	Hunting and Trapping
Other (not elsewhere covered)	Class 0121 Mushroom Growing Class 0159 Other Crop Growing n.e.c. Class 0193 Beekeeping Class 0416 Rice Growing Group 051 Forestry Support Services Class 0510 Forestry Support Services Class 011 Nursery and Floriculture	Crop and Plant growing n.e.c







**MORE INFORMATION:**

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[www.qrida.qld.gov.au](http://www.qrida.qld.gov.au)

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Queensland Treasury, Rural Debt Survey 2017, Output Tables*