



Australian Banking
Association



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Association

Agribusiness Report 2022



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Introduction

Agriculture has long been a backbone of the Australian economy and is a sustainable sector that will continue to be critical to the nation's future prosperity for generations to come.

Ongoing activity across the industry, supported by Australian banks, has provided vital stability to the wider economy during the uncertainty of the COVID-19 pandemic. Australian agriculture will continue to play a leading role during the current recovery period and banks remain deeply invested in the success of regional customers and communities.

Despite the turbulence of recent years, macroeconomic conditions across the sector are very positive. Strong prices are being maintained across a range of agricultural commodities and ideal seasonal conditions have resulted in bumper crop yields.

Banks continue to back farm businesses in Australia with lending to agriculture remaining high, currently sitting at over \$90 billion. In the 12 months to February 2022, ABA members lent an average of \$4.2 billion to agribusinesses on a monthly basis, a 29 per cent increase in the average of \$3.2 billion in the 12 months prior.

Over the past few decades, agricultural exports have consistently contributed around 4 per cent to the nation's Gross Domestic Product (GDP). After a decline in the contribution of agricultural produce to GDP during 2020, there has been a sharp increase in the gross value agriculture has added in recent years. In the December quarter of 2021 agriculture contributed \$12.8 billion, the most in any quarter, and above the long-term trend.

Given future expectations and anticipated higher income across agriculture, Australian banks want, and are ready, to lend to the sector and will continue to support farmers and primary producers across the country.

Partnering with sectors like agribusiness is one of the most important roles a bank can play. Dedicated agribusiness bankers see it as their job to understand a customer's business and make it their mission to be available to provide trusted support and timely responses.

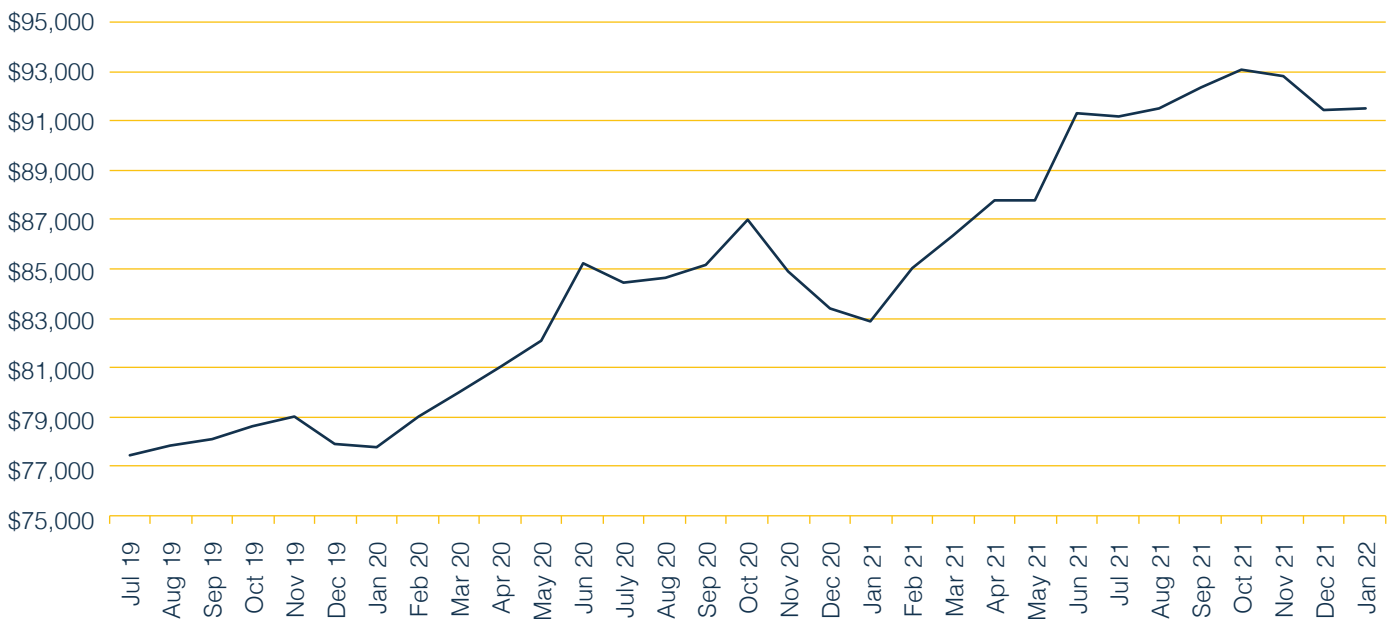
As we put the worst of the pandemic behind us and continue the recovery journey through 2022 and beyond, banks will continue to collaborate with the sector, governments and industry stakeholders to ensure product and service offerings support the needs of Australian agriculture long into the future.



Lending to agribusinesses

In February 2022 total lending to agribusinesses in Australia sat at \$92.2 billion, having grown 20% since July 2019.

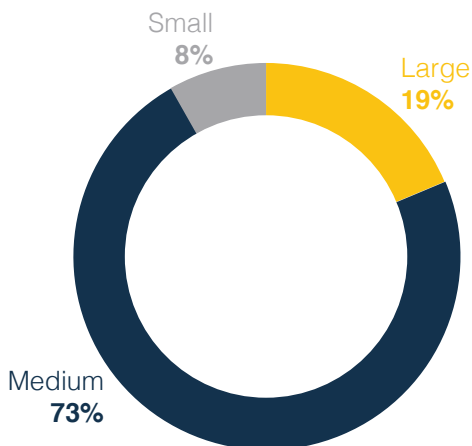
Figure 1: Total lending to agribusinesses, \$m, July 2019 – February 2022



Source: RBA, Lending to business, D14.1

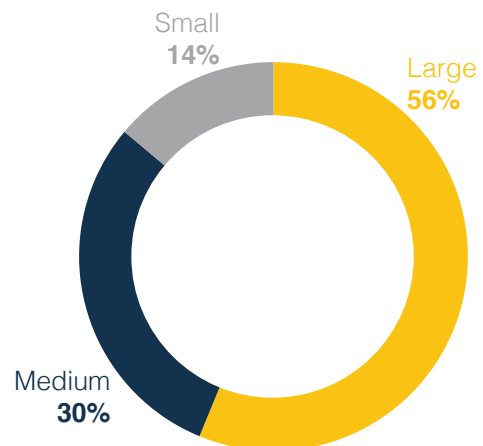
The distribution of lending by business size in agriculture follows a different pattern to that of other industries. Nearly three quarters (73 per cent) of all outstanding lending to agriculture is to medium-sized businesses, Figure 2a. This is markedly different to the usual industry distribution of lending by business size. On average the majority (56 per cent) of lending is to large businesses, with medium sized businesses receiving 30 per cent of the value of all lending, Figure 2b.

Figure 2a: Distribution of lending to agribusinesses, %, February 2022



Source: RBA, Lending to business, D14.1

Figure 2b: Distribution of lending to all industries, %, February 2022



Source: RBA, Lending to business, D14.1



Note on definition of business size

This report draws on data from a range of sources. Each source varies in how it defines business size.

Data drawn from the Australian Bureau of Statistics (ABS) relies on employment size. A micro business has no employees, small business has 1-19 employees, medium business has 20-199 employees and large business has 200+ employees.

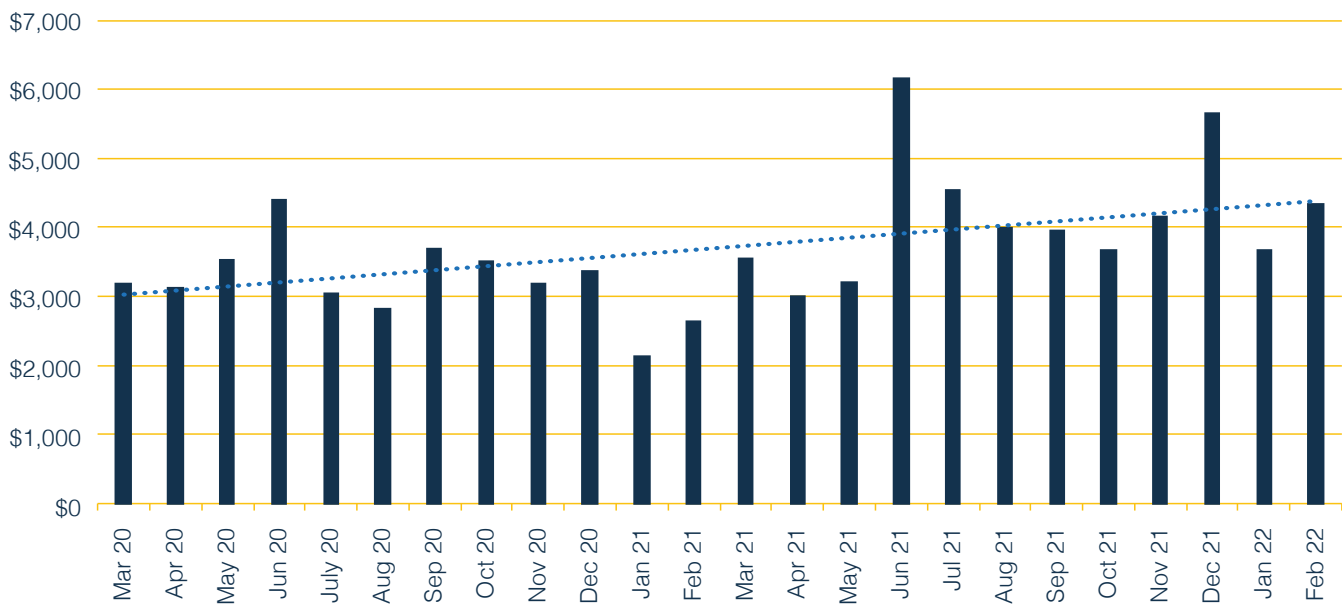
RBA bases their definition on a business's turnover size and access to finance. The RBA classifies a business as small if the business has reported exposure of less than \$1 million and a turnover of less than \$50 million. A medium business is classified as having access to \$1 million or more in financing and a turnover of less than \$50 million. A large business is a business that turnovers more than \$50 million.

DBM defines micro businesses as those with a turnover of less than \$1 million, small businesses as those with a turnover of between \$1 million and \$5 million and medium businesses as those with a turnover between \$5 million and \$40 million.

Banks in Australia are deeply invested in the success agribusiness customers and providing prudent and responsible access to finance is one of the fundamental roles of the banking sector. ABA members constitute more than 80 per cent of the agribusiness lending market, with \$77 billion outstanding at the end of February 2022.

In the 12 months to February 2022, ABA members lent an average of \$4.2 billion to agribusinesses on a monthly basis, a 29 per cent increase in the average of \$3.2 billion in the 12 months prior.

Figure 3: New lending to agribusinesses by ABA member banks, \$m, March 2020 – February 2022



Source: ANZ, Bendigo, BOQ, CBA, Citi, ING, Macquarie, NAB, Rabo, Suncorp, Westpac



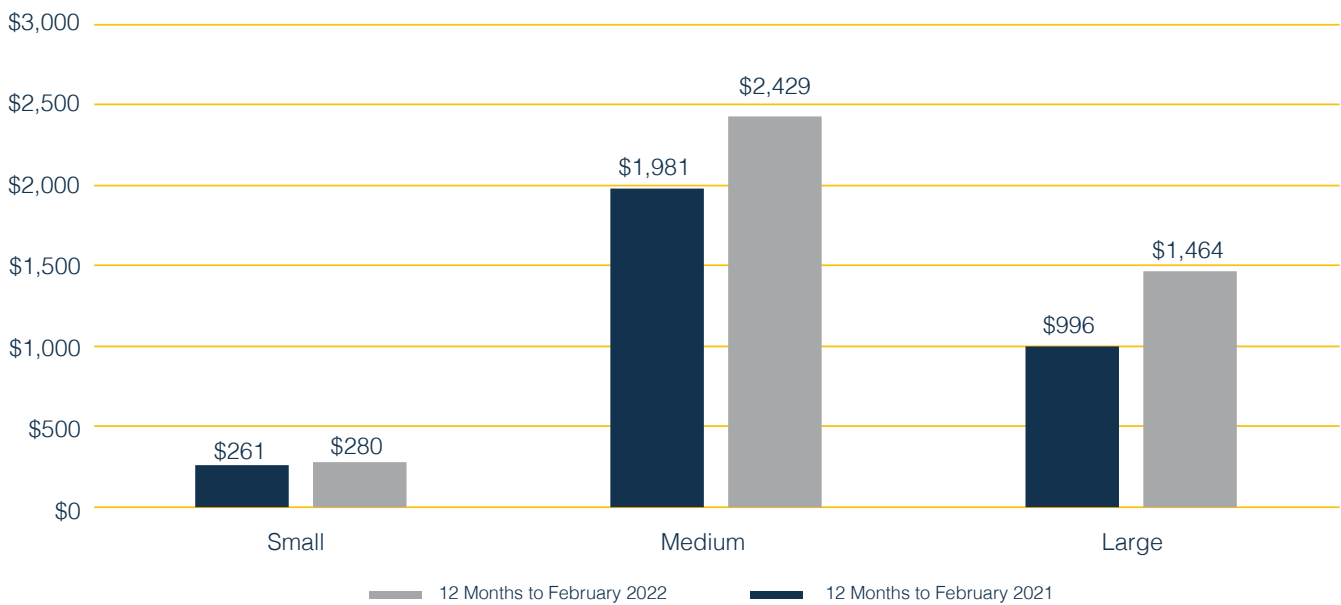
In the 12 months to February 2022, ABA members lent an average \$4.2 billion to agribusinesses on a monthly basis, a 29% increase in the average of \$3.2 billion lent the previous year.



1. This figure and those included in charts 3 & 4 come from ten ABA member banks, ANZ, Bendigo, BOQ, CBA, Citi, ING, Macquarie, NAB, Rabo, Suncorp, Westpac

ABA member banks continue to support small, medium and large agribusinesses in their access to credit. Average monthly lending to small agribusinesses grew 7 per cent to \$280 million from \$261 million in the 12 months to February 2022, compared with the 12 months to February 2021. For medium businesses this growth was 22.6 per cent (\$2.43 billion compared with \$1.98 billion) and for large businesses this growth was 47 per cent (\$1.46 billion compared with \$996 million).

Figure 4: Monthly average lent to agribusiness by ABA member banks, By business size, \$m, 12 months to February 2021 and 12 months to February 2022



Source: ANZ, Bendigo, BOQ, CBA, Citi, ING, Macquarie, NAB, Rabo, Suncorp, Westpac



Industry performance

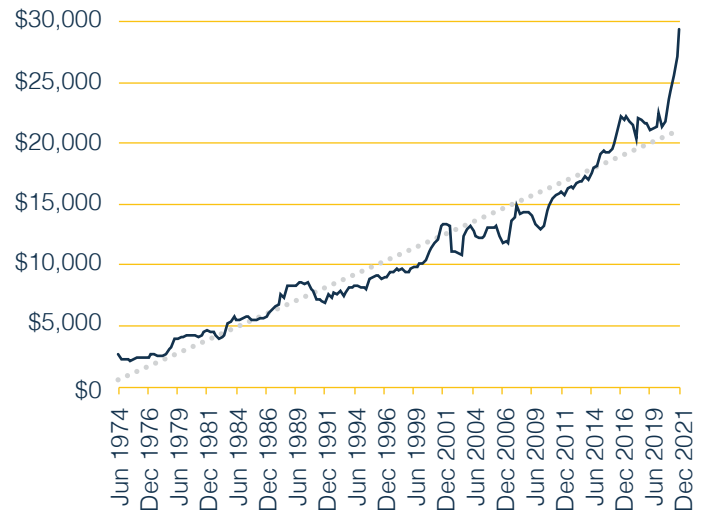
Agricultural exports have consistently contributed around 4 per cent to Australia’s GDP over the past few decades. After a decline in the contribution of agricultural produce to GDP between September 2018 and September 2020, we have recently seen a sharp increase in the total income generated from agribusinesses (gross value added), Figure 5a.² In the December quarter of 2021, agriculture contributed \$12,9 billion to GDP, the most in any recorded quarter, and above the long-term trend.

The Australian Bureau of Agricultural Resource Economics predicts a continued rise in agricultural income with record numbers expected in both production and exports. This is driven by productivity growth alongside better than average seasonal conditions and record demand and prices in international exports.

The reason for the decline in gross value added (Figure 5b) during the 2018-2020 period was due to a stagnancy in overall agricultural income (Figure 5a), at the same time as an increase in agricultural input costs (Figure 6). Input costs for agriculture are typically fuel, feed and fertiliser. Australia’s drought of 2017-2019 intensified these already rising costs.

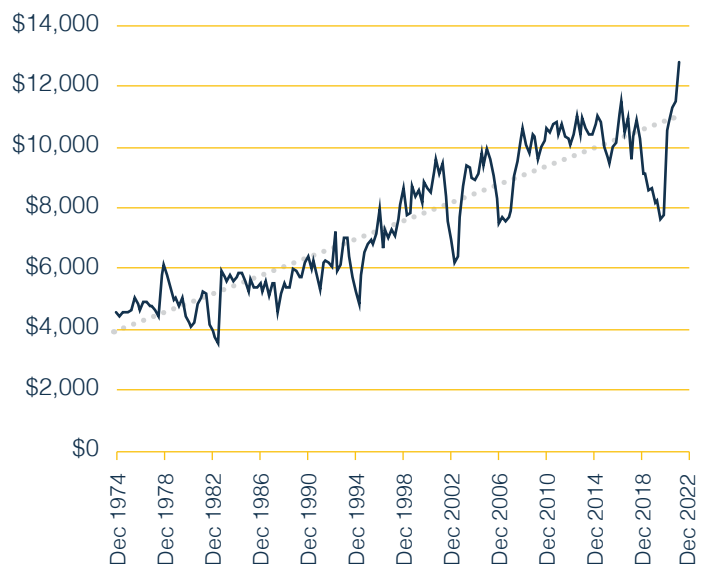


Figure 5a: Agriculture, Gross value, Chain volume measures, \$m, 1974-2021



Source: ABS, National Accounts, Table 6 – Gross value added by industry; Seasonally adjusted

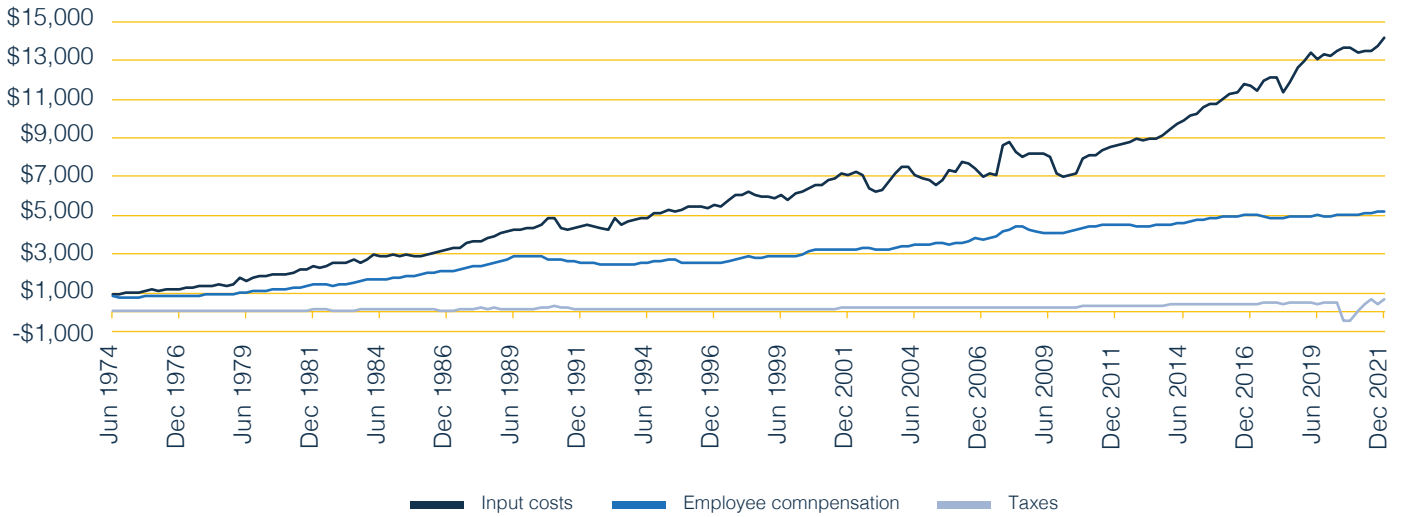
Figure 5b: Gross value added of agricultural income, \$m, 1974-2021



Source: ABS, National Accounts, Table 10 – Agricultural income; Seasonally adjusted

2. Contribution to GDP refers to agriculture goods produced in Australia minus input costs, for example, compensation of employees, consumption of fixed capital, taxes and other intermediate inputs.

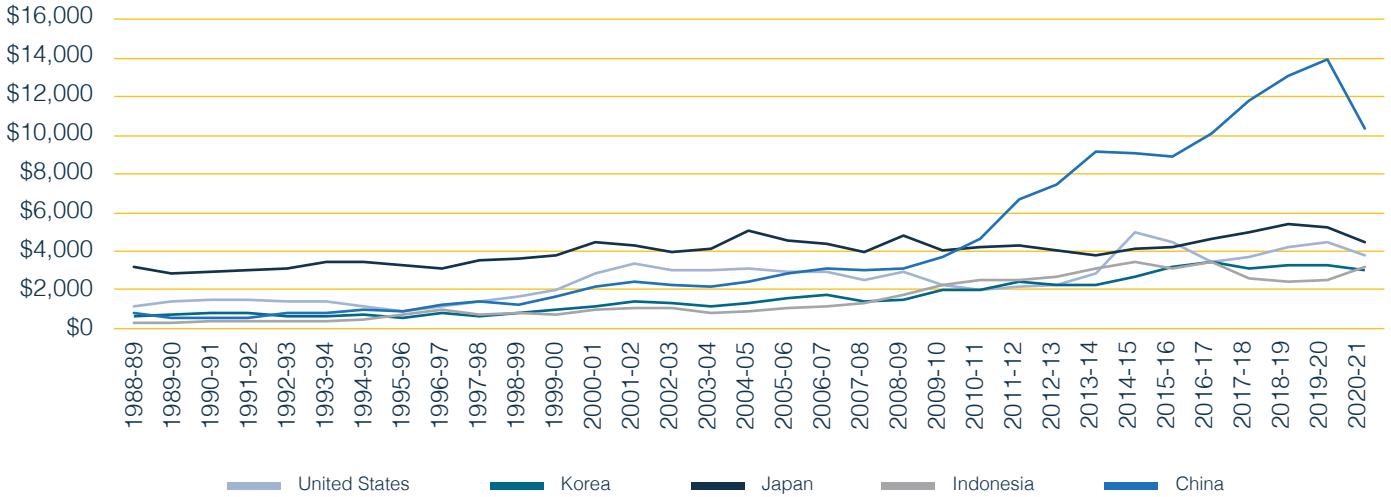
Figure 6: Agricultural expenses, \$m, 1974-2021



Source: ABS, National Accounts, Table 10 – Agricultural income; Seasonally adjusted



Figure 7: Agricultural export income, By country of export, \$m, 1988-2021



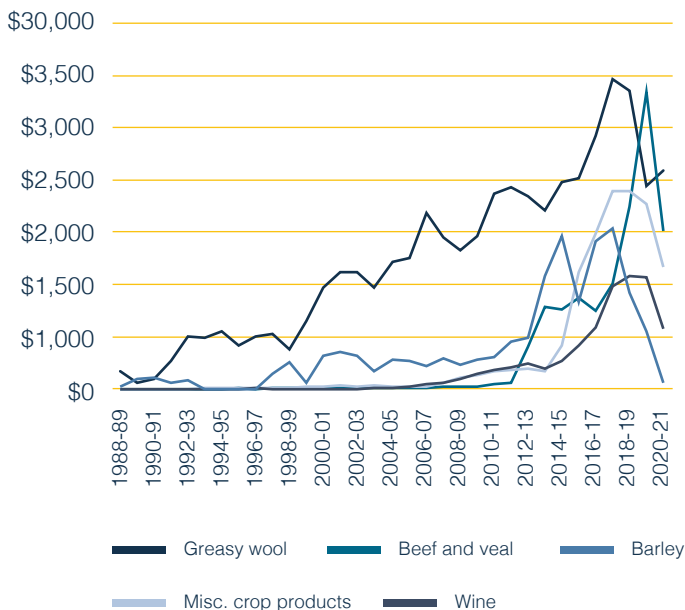
Source: ABARES, Agricultural Commodities, Tables 18-22

Over the past decade the bulk of agricultural export income has come from China, however this declined by around a quarter from 2019-20 to 2020-21.

The export products driving the overall loss of income from exports to China were Australia’s leading agricultural commodities: barley, greasy wool, wine, beef and veal and other miscellaneous crop products (which includes non-wine alcoholic crops such as barley for beer, malt for whiskey, among others), Figure 8a. The overall decline is likely reflective of the trade embargo implemented by China, rather than any decline in demand. Declining exports of lamb, mutton and wine also contributed to this decline, but to a lesser extent.

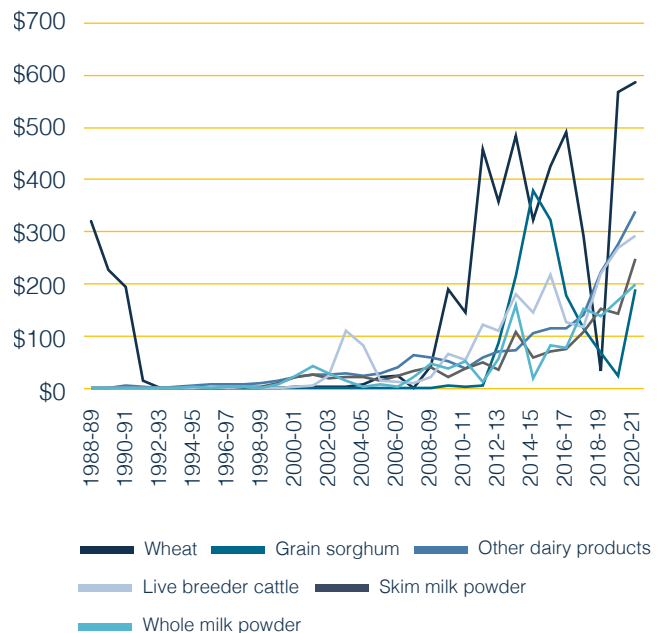
While some of Australia’s most popular export products have been in decline, others are becoming popular. Skim and whole milk powders as well as other dairy products have been slowly increasing in export value to China over the past 3-4 years.

Figure 8a: Agricultural export income from China, Exports in decline, \$m, 1988-2021



Source: ABARES, Agricultural Commodities, Table 18

Figure 8b: Agricultural export income from China, Increasing exports, \$m, 1988-2021



Source: ABARES, Agricultural Commodities, Table 18



Industry profile

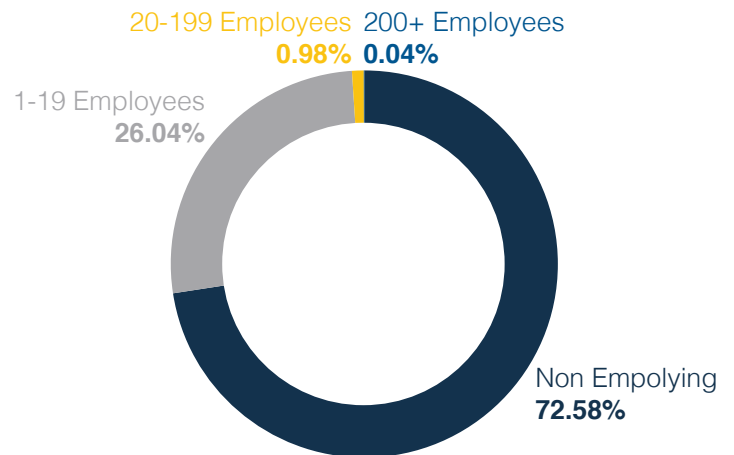
Agribusinesses are typically micro-businesses, whether defined by number of employees or turnover. The majority of registered agribusinesses (around three quarters, or 73 per cent) are non-employing and only 1 per cent of agribusinesses employ 20 or more people, Figure 9a. This is remarkably different to the industry average; in comparison only 59 per cent of Australian businesses are non-employing.

While agricultural operations are often large scale requiring many labour components, the nature of the seasonal work means that labour is not usually engaged on a permanent basis, but on a fluctuating contractual basis.³ In recent years agribusinesses have been increasingly consolidating, however this has not resulted in greater numbers of employing businesses.⁴ In fact, the proportion of non-employing agribusinesses has grown over the years, up from 67 per cent in 2003.

When measured another way, agribusinesses are also small, with 60 per cent having an annual turnover of less than \$200,000 and a further third have a turnover of between \$200,000 and \$2 million, Figure 9b.

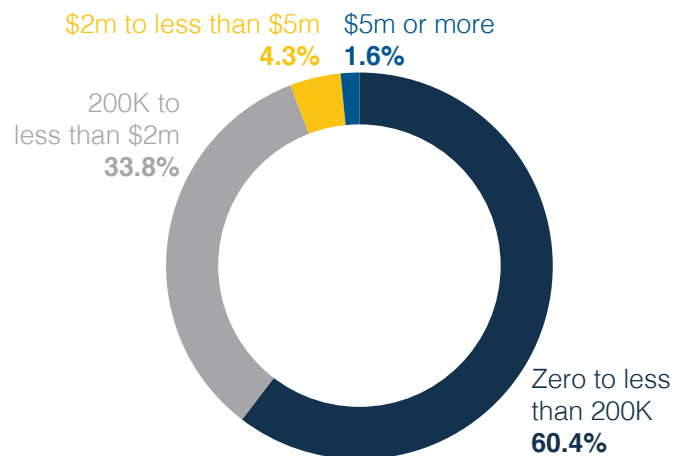


Figure 9a: Agribusinesses, By number of employees, %, June 2021



Source: ABS, Counts of Australian businesses, Data cube 2; ABA

Figure 9b: Agribusinesses, By turnover, % June 2021



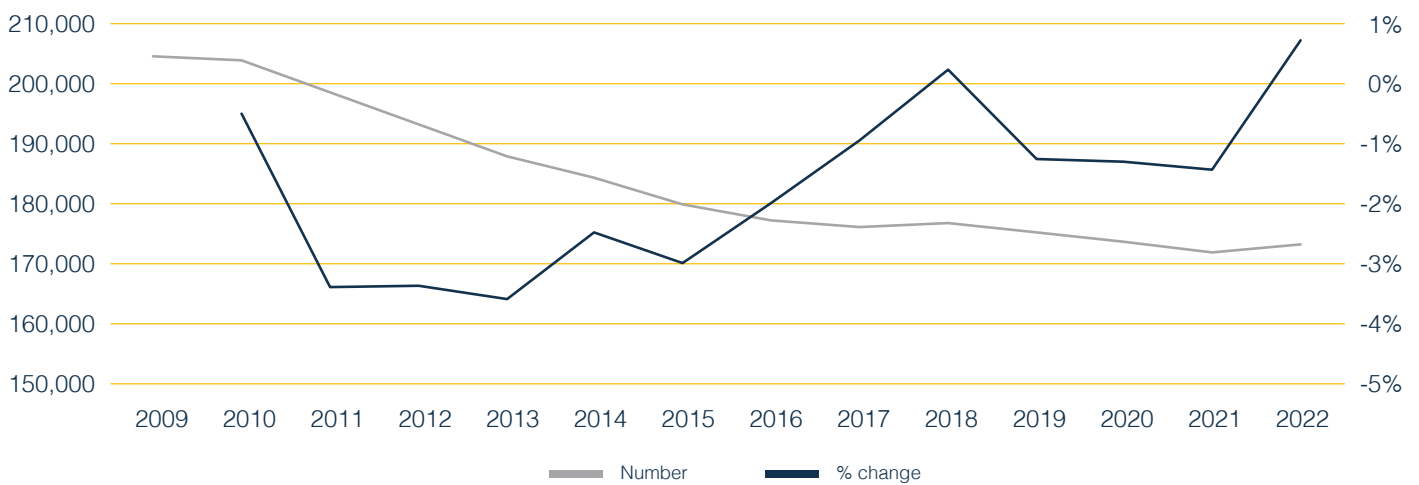
Source: ABS, Counts of Australian businesses, Data cube 3; ABA

3. Labour surveys conducted by the Australian Bureau of Agriculture and Resource Economics indicate that permanent employees typically make up around 20% of horticultural farm staff, while family members and contractors constitute the remainder. Contracting is less common for broadacre and dairy operations, but still constitute a sizeable number of farm staff. See <https://www.awe.gov.au/abares/research-topics/labour> for more information.

4. The NSW Farmers' Association describes the reason for the large number of contracting staff as "In many cases, individuals choose to offer their services as contractors rather than as employees, because the arrangement offers them greater independence and higher hourly rates. As farming operations are consolidating and become larger, more specialised services are required to assist in the running of the farm, often for a limited timeframe or for particular purposes." NSW Farmers' Association, March 19 2021, *Inquiry Into Impact Of Technological And Other Change On The Future Of Work And Workers In New South Wales*, Submission No. 45

The number of agricultural, forestry and fishing businesses registered in Australia has been in overall decline for more than a decade. In June 2021 there were 173,131 agribusinesses, a decline from 204,503 in June 2009. However, 2021 saw a growth of 0.8 per cent in agribusinesses, only the second period of growth after a growth of 0.4 per cent in 2017-2018.

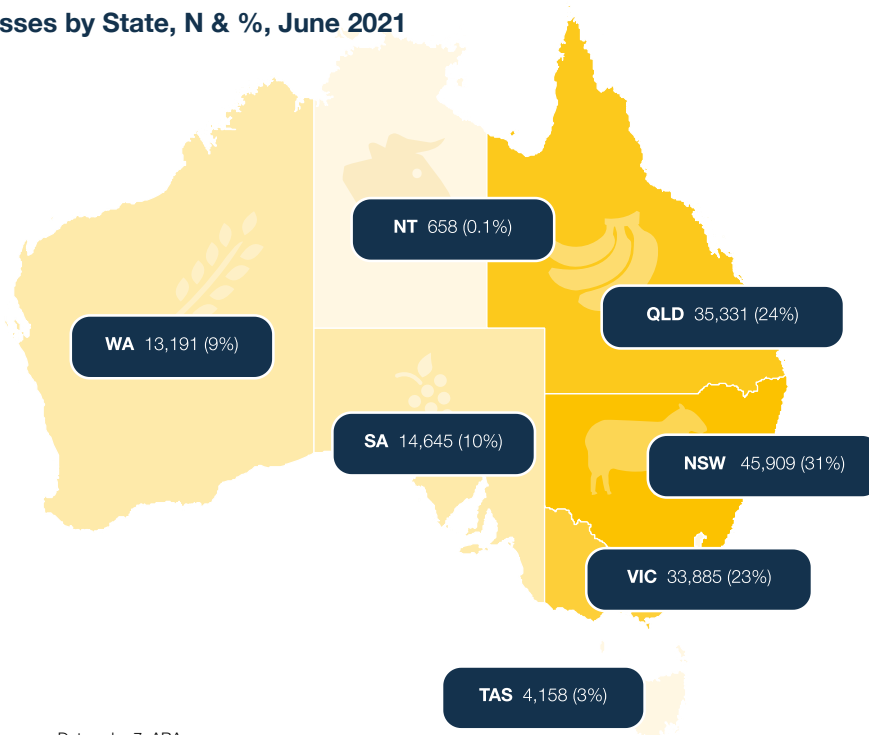
Figure 10: Agricultural, forestry and fishing businesses, Number (LHS) & %Change (RHS), 2009-2021



Source: ABS, Counts of Australian businesses, Data cube 1

New South Wales has the largest number of agribusinesses, with nearly 46,000 or just under one third located in New South Wales.

Figure 11: Agribusinesses by State, N & %, June 2021



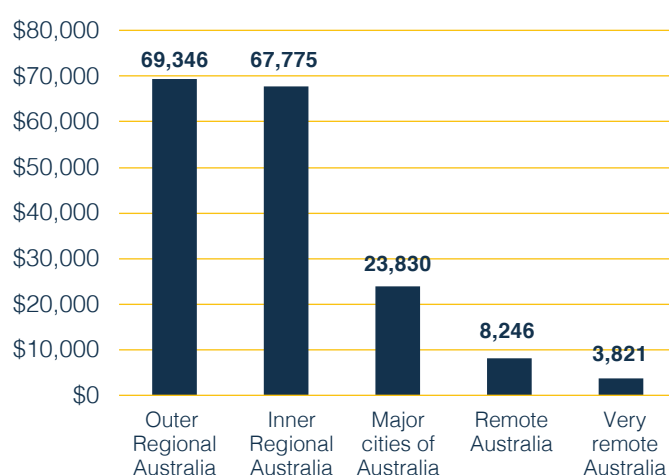
Source: ABS, Counts of Australian businesses, Data cube 7; ABA



The majority of agriculture, forestry and fishing businesses are located in inner and outer regional Australia (approximately 68,000 and 69,000, respectively). However nearly 24,000 agriculture, forestry and fishing businesses are located in major cities, Figure 12. These businesses may be constituted by contractors with their own ABNs who live in cities and travel to service regional agribusinesses, but also smaller operations located on the outskirts of major cities. For example, Penrith, a council area located on the outskirts of Sydney reports being home to egg production businesses which account for 17 per cent of all NSW egg production and mushroom growing businesses that account for 16 per cent of mushroom production in NSW.

The most common Australian agricultural sectors are variants of cattle, crops and horticulture. The top ten sectors account for 87 per cent of all agribusinesses in Australia. Beef cattle farming accounts for more than one quarter of all registered agribusinesses in Australia.

Figure 12: Agriculture, forestry & fishing businesses, By remoteness, N, June 2021



Source: ABS, Counts of Australian businesses, Data cube 9; ABA
 Note: This data includes all Agricultural, Fishing and Forestry businesses, of which agribusinesses are a subset.

Table 1: Top ten agricultural sectors, By number of businesses, N & %, June 2021

Industry class	N	%
Beef Cattle Farming (Specialised)	43,098	29%
Grain-Sheep or Grain-Beef Cattle Farming	23,477	16%
Sheep-Beef Cattle Farming	14,588	10%
Other Grain Growing	10,741	7%
Sheep Farming (Specialised)	9,284	6%
Dairy Cattle Farming	9,078	6%
Grape Growing	5,598	4%
Vegetable Growing (Outdoors)	4,778	3%
Sugar Cane Growing	4,432	3%
Other Fruit and Tree Nut Growing	4,066	3%

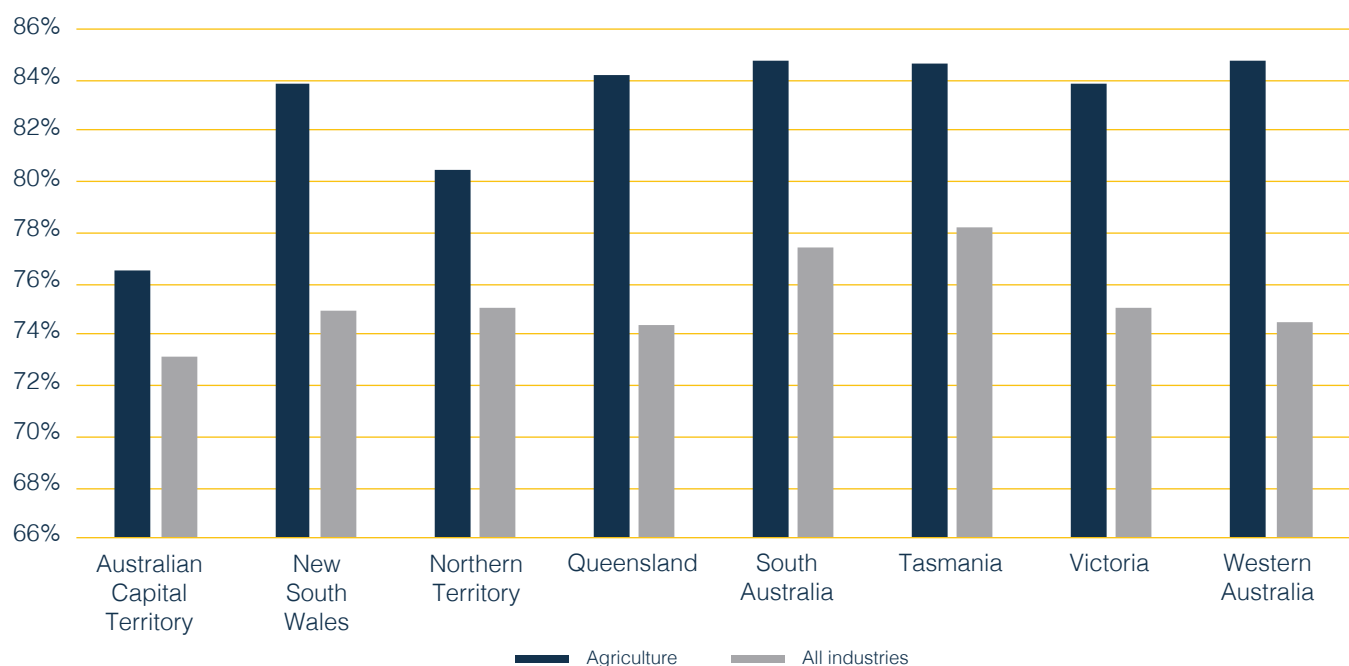
Source: ABS, Counts of Australian businesses, Data cube 7; ABA



Agribusinesses tend to have a higher survival rate than the average Australian business, regardless of location, Figure 13. Around 15 per cent of agribusinesses cease operating in any given year, compared with around 25 per cent of all Australian businesses. This is particularly positive given the high proportion of agribusinesses that are non-employing relative to all businesses, and the typically higher exit rates of this cohort, Tables 2 & 3.

Agribusinesses in the Australian Capital Territory tend to have a lower survival rate than other states and territories, with an average of just 23 per cent of businesses exiting each year between 2017 and 2021. In comparison, the other states and territories have an average exit rate of around 15-19 per cent.

Figure 13: Survival rate, Agriculture and All industries, %, Average 2017-2021



Source: ABS, Counts of Australian businesses, Data cube 4; ABA

Table 2: Survival rate, Agribusinesses, By state / territory, %, Average 2017-2021

State	Non Employing	1-19 Employees	20-199 Employees	200+ Employees	Total
Australian Capital Territory	75	86	0	0	77%
New South Wales	82	90	92	100	84%
Northern Territory	77	87	93	0	81%
Queensland	82	90	93	92	84%
South Australia	81	91	91	100	85%
Tasmania	82	90	92	100	85%
Victoria	82	90	94	100	84%
Western Australia	81	91	93	100	85%

Source: ABS, Counts of Australian businesses, Data cube 4; ABA

Table 3: Survival rate, All Australian businesses, By state / territory, % Average 2017-2021

State	Non Employing	1-19 Employees	20-199 Employees	200+ Employees	Total
Australian Capital Territory	68	80	87	99	73%
New South Wales	70	81	90	93	75%
Northern Territory	69	82	90	83	75%
Queensland	70	81	90	92	74%
South Australia	74	83	91	94	77%
Tasmania	74	83	91	97	78%
Victoria	71	82	90	91	75%
Western Australia	70	82	90	93	75%

Source: ABS, Counts of Australian businesses, Data cube 4; ABA

“

Agribusinesses tend to have a higher survival rate than the average Australian business, regardless of location

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Scan to learn more about Ben and Jess's story

Case Study: Jess & Ben – Eat Your Greens

“How the banks responded to us was really refreshing, a big relief.”

Eat Your Greens was a function centre in regional Australia run by couple Jess and Ben and providing quality inhouse produce for local events in the community including weddings, parties and other events.

During the pandemic the business pivoted to become primarily a catering business supplying food to other locations in order to maintain cashflow and keep customers and orders.

“When COVID first hit every phone call for probably 14 days was a cancellation and there would be times that I just couldn't answer it because I actually physically couldn't speak to people for a few weeks,” Jess recalls.

“We had a couple of loans and it's just like 'how are we going to pay for these'? It was a lot of worry and not much sleep.”

“How the banks responded to us was really refreshing and it was a big relief. The banks allowed us to defer a couple of our business loans and pay out one early as

well and they gave us a bit of a discount on the interest as well which was really helpful.”

Jess and Ben said that COVID made them realise that while they want to keep cooking, they want to do less events and focus on what they love to do, which is to create and share beautiful food.

“So, in terms of looking to the future, what we've done is we've purchased two shipping containers and they're going to be converted into a big commercial kitchen,” Jess continued.

“They're going to be built on our land so we can prepare all the food for our functions at home and then we'll go out on the weekends and cater at events. So, it's taking us back to how Ben and I first met and what we almost grew up together loving - which was food.”

Eat your Greens is just an example of one of the many businesses who are closely linked to and rely upon a strong and growing agricultural sector.

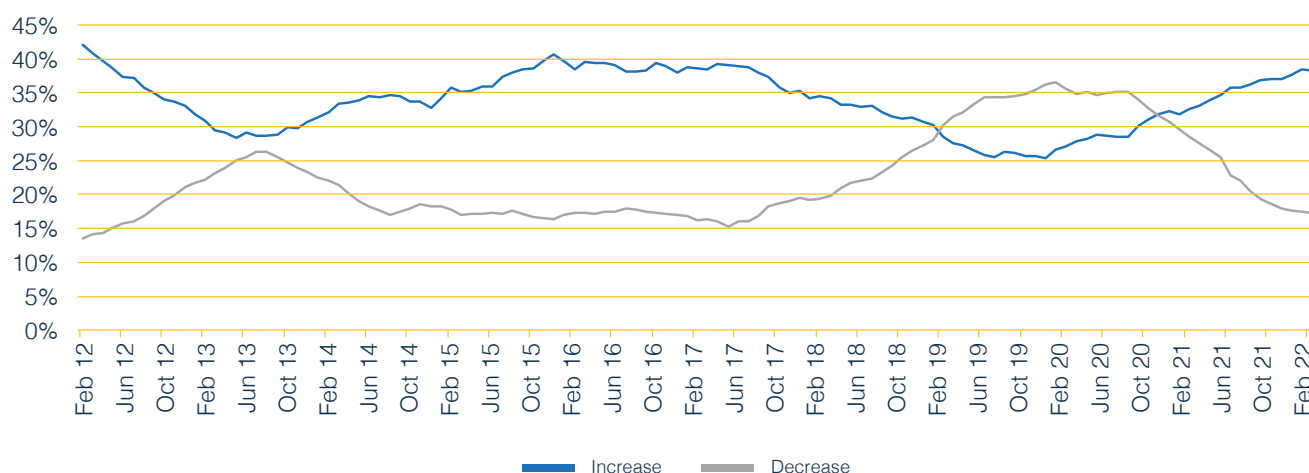


Revenue and business expectations

Given the increasing prices of agricultural produce, the seasonal conditions which have been, and are expected to continue producing record crops, it is unsurprising that more and more agribusinesses report an increase in revenue and fewer are reporting expecting a decrease in revenue.

Throughout 2019 for every agribusiness reporting expecting increased revenue, 1.3 reported expecting a decrease. This ratio has not only reversed but has done so spectacularly. In late 2021 / early 2022 for every agribusiness reporting expecting decreased revenue, 2.3 reported expecting an increase, Figure 14. This is consistent with the ratio throughout 2015 / 16 before Australia experienced extended drought.

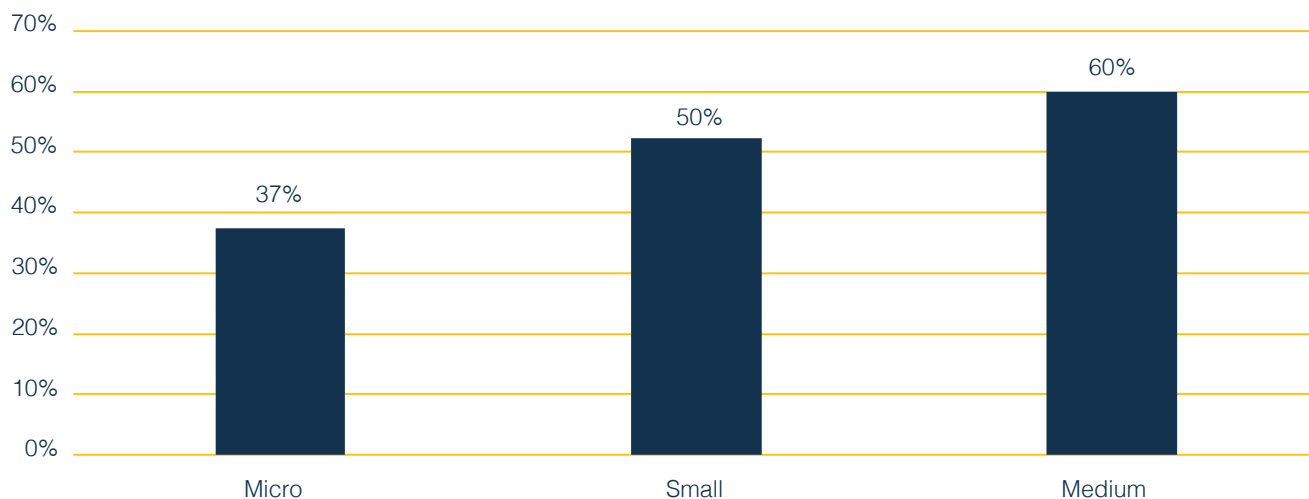
Figure 14: Revenue expectations, Agribusinesses, %, February 2012 – February 2022



Source: DBM Business Atlas
 Base: All Agribusinesses with turnover up to \$40m per annum Feb '12 to Feb '22, sample size range n=1,320 – 2,407. Data uses 12 month moving averages. Note: Nett Increase (Increase substantially, Increased slightly), Nett Decrease (Decrease substantially, Decrease slightly). Chart excludes businesses who reported an expectation of revenue 'staying about the same' or 'don't know'.

Micro agribusinesses tend to be less optimistic about future revenue than small and medium agribusinesses. In the 12 months trended to February 2022, 37% of micro agribusinesses reported expecting an increase in revenue, compared to 52% of small businesses and 60% of medium businesses. This difference between expectations based on business size is consistent with long-term trends.

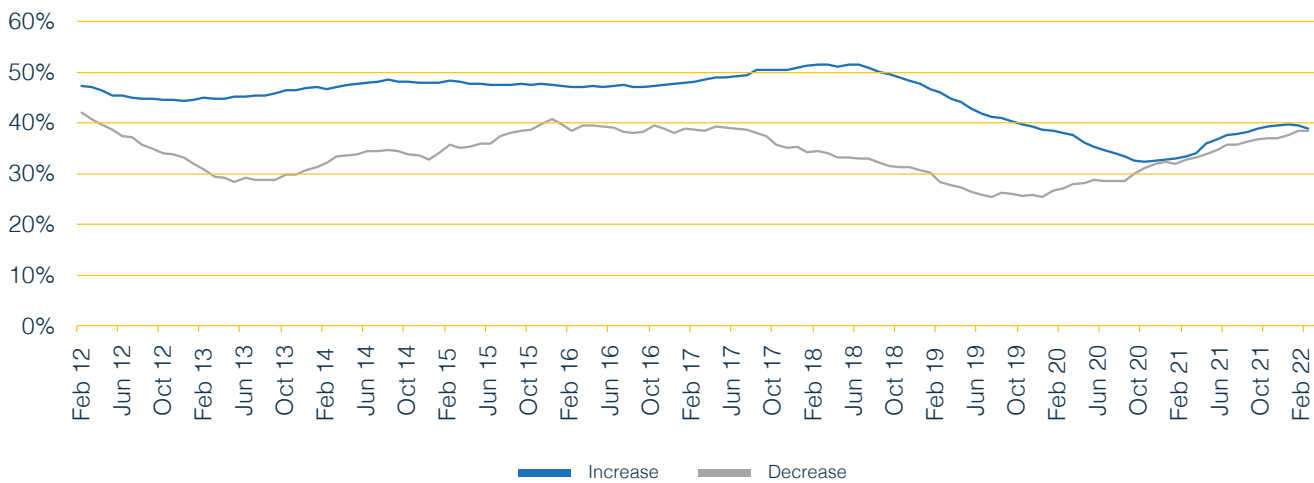
Figure 15: Increased revenue expectations, Agribusinesses, By business size, %, February 2022



Source: DBM Business Atlas
 Base: All Agribusinesses with turnover up to \$40m per annum 12 months to Feb '22. Micro (\$0 - \$1m turnover) n=1,014, Small (\$1m - \$5m turnover) n=268, Medium (\$5m - \$40m turnover) n=83.
 Note: Nett Increase (Increase substantially, Increased slightly). Data uses 12 month moving averages.

Over the longer term, agribusinesses have tended to have slightly less optimistic revenue expectations than businesses generally. However, since 2021 around the same proportion of agribusinesses expected increased revenues as all Australian businesses, Figure 16.

Figure 16: Increased Revenue Expectations, All Businesses & Agribusinesses, %, February 2012 – February 2022



Source: DBM Business Atlas
 Base: All Agribusinesses with turnover up to \$40m per annum Feb'12 to Feb'22 sample size range n=1,320 – 2,407. All businesses (including Agribusinesses) with turnover up to \$40m per annum Feb'12 to Feb'22 sample size range n=15,438 – 18,236. Data uses 12 month moving averages. Note: Nett Increase (Increase substantially, Increased slightly).

Future growth

Business expectations to expand or grow in the future

Small businesses

30-40%

VS

Micro businesses

10-15%



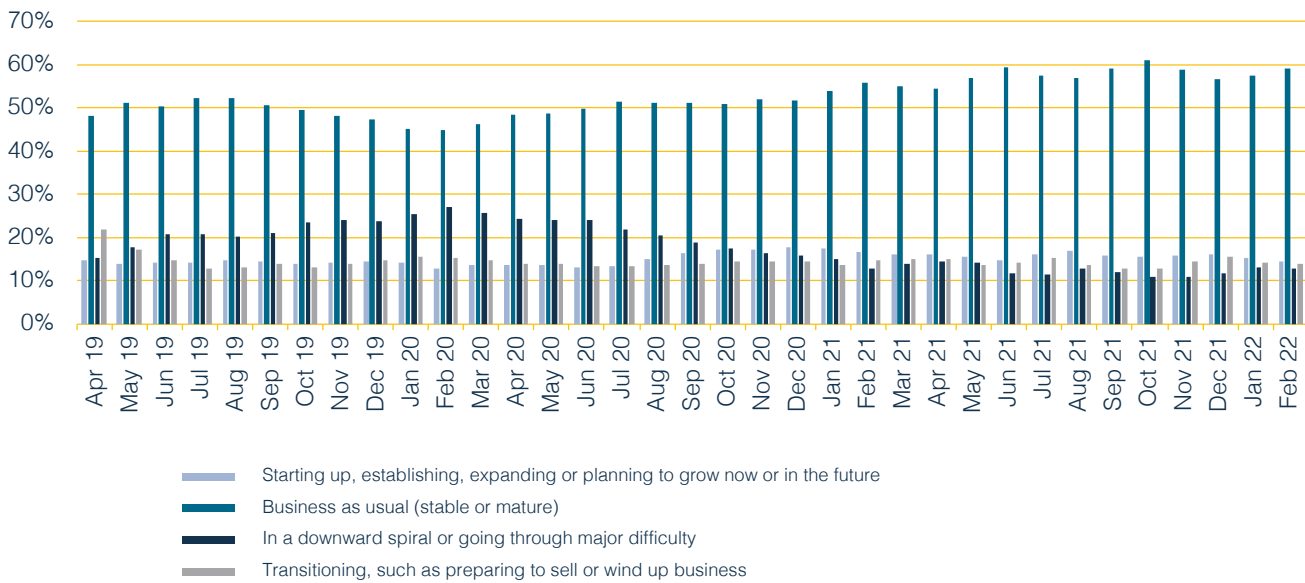
See figure 16

4. Medium businesses were not included in this analysis as the sample sizes were too small to accurately report.

While revenue expectations are trending up, the proportion of agribusinesses establishing or planning to grow soon has remained consistent over the past few years, at around 15 per cent, Figure 17.

From late 2019 to early 2022, around half of agribusinesses (approximately 50-60 per cent) reported they are operating as 'business as usual' with this trend steadily rising over this period. In late-2019 – mid-2020, an increased proportion of agribusinesses reported to be winding up their operations or preparing to sell which coincided with a period of rising input costs and flattened agricultural revenue discussed earlier.

Figure 17: Business phase, Agribusinesses, %, September 2019 – February 2022

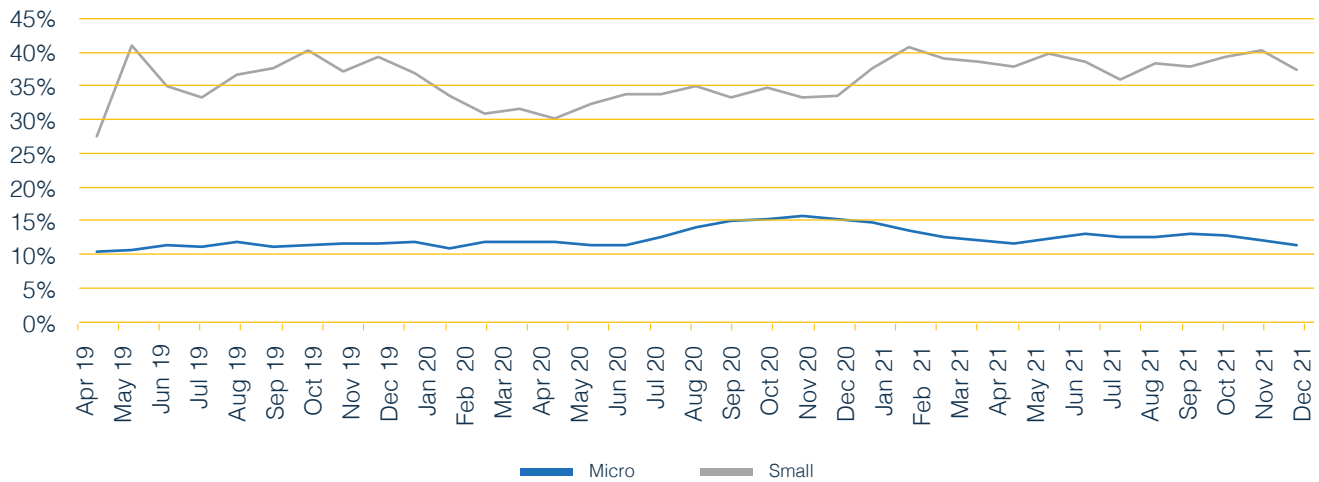


Source: DBM Business Atlas

Base: All Agribusinesses with turnover up to \$40m per annum Sep'19 to Feb'22, sample size range n=614 – 946. Data uses 6 month moving averages. Note: "Starting up or establishing" and "Expanding or planning to grow now or in the near future" is a combined variable.

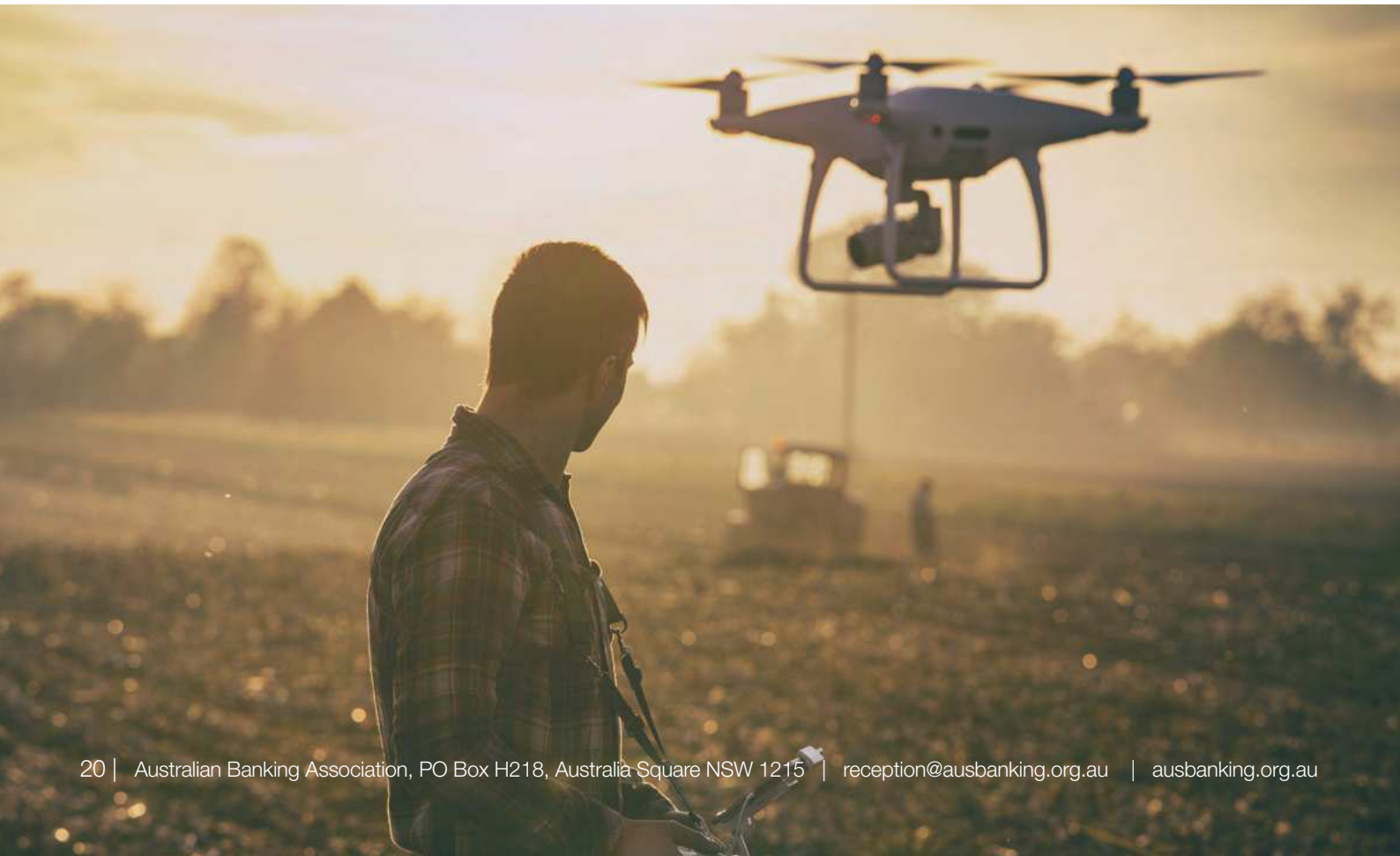
A much larger proportion of small agribusinesses (defined as those with annual turnover of \$1m to \$5m) reported that they expected to expand or grow in the future, relative to micro agribusinesses (defined as those with annual turnover of less than \$1m). Between 30-40 per cent of small agribusinesses consistently reported they expected to expand, compared with 10-15 per cent of micro agribusinesses.

Figure 18: Agribusinesses expecting to expand or grow in the future, Small and micro agribusinesses, %, September 2019 – February 2022



Source: DBM Business Atlas

Base: All Agribusinesses within Micro (\$0 - \$1m turnover) n=452 - 719 and Small (\$1m - \$5m turnover) n=115 - 185, turnover segments Sep'19 to Feb'22. Data uses 6 month moving averages.

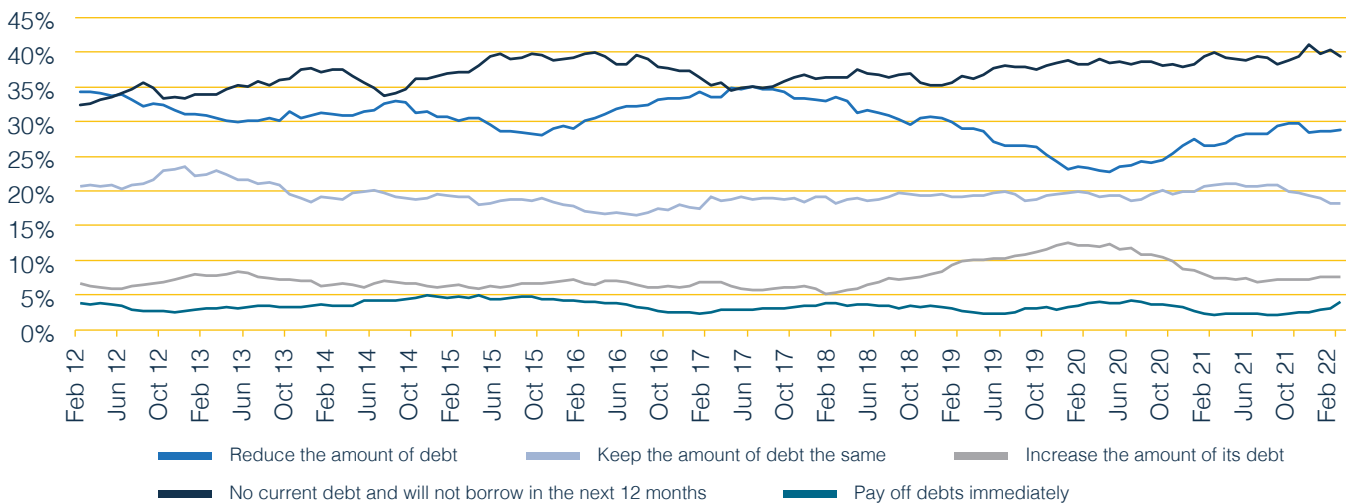




Use of credit

Despite the good agricultural economic conditions of increasing prices and positive seasonal conditions for crop yield, there is very little change in the attitudes that farmers have towards debt. Around two thirds of farmers consistently report having no current debt and not intending to borrow in the next 12 months (40 per cent in the twelve months to February 2022) or reducing the amount of debt (29 per cent in the twelve months to February 2022). Only around one in ten agribusinesses report intending to take out more credit.

Figure 19: Debt expectations, Agribusinesses, %, February 2012 – February 2022



Source: DBM Business Atlas

Base: All Agribusinesses with turnover up to \$40m per annum Feb'12 to Feb'22, sample size range n=1,320 – 2,407. Data uses 12 month moving averages. Chart excludes businesses who 'don't know' their expectation of debt.

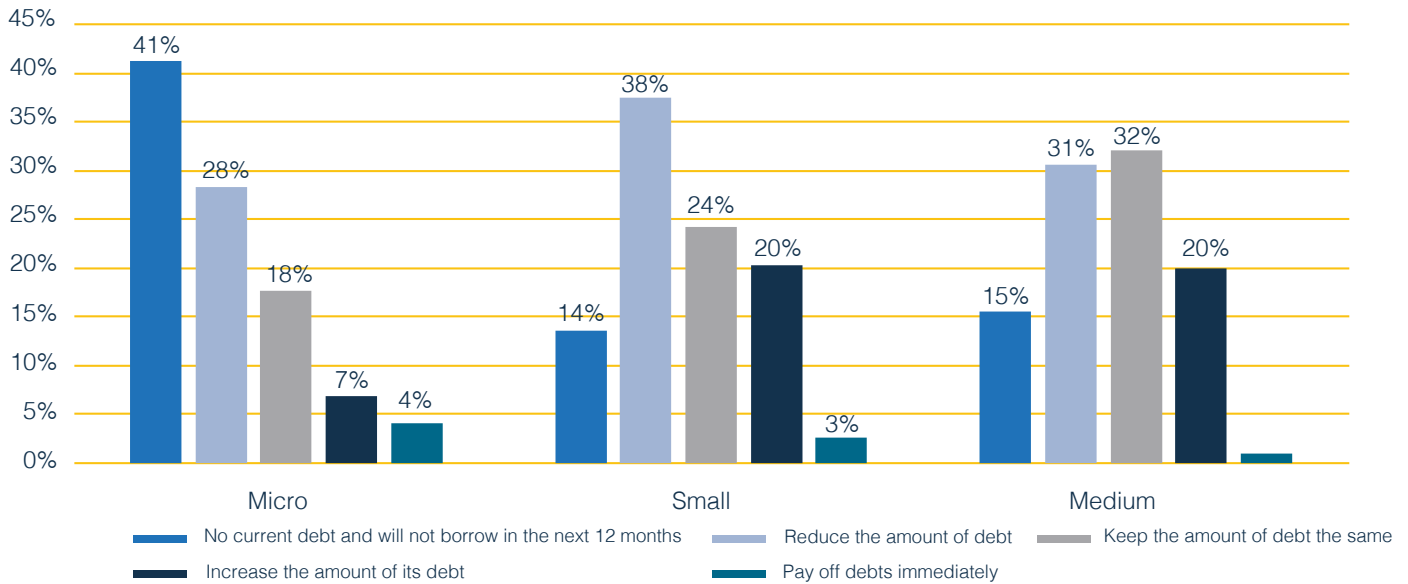
Debt expectations differ markedly between micro, small and medium agribusinesses. While around 40 per cent of micro agribusinesses consistently report having no current debt and no intentions to borrow, this figure sits at 14 per cent for small agribusinesses and 15 per cent for medium agribusinesses, Figure 20. Correspondingly, 20 per cent, or one in five small and medium agribusinesses intend on taking on more debt.



Around two thirds of farmers consistently report having no current debt and not intending to borrow in the next 12 months



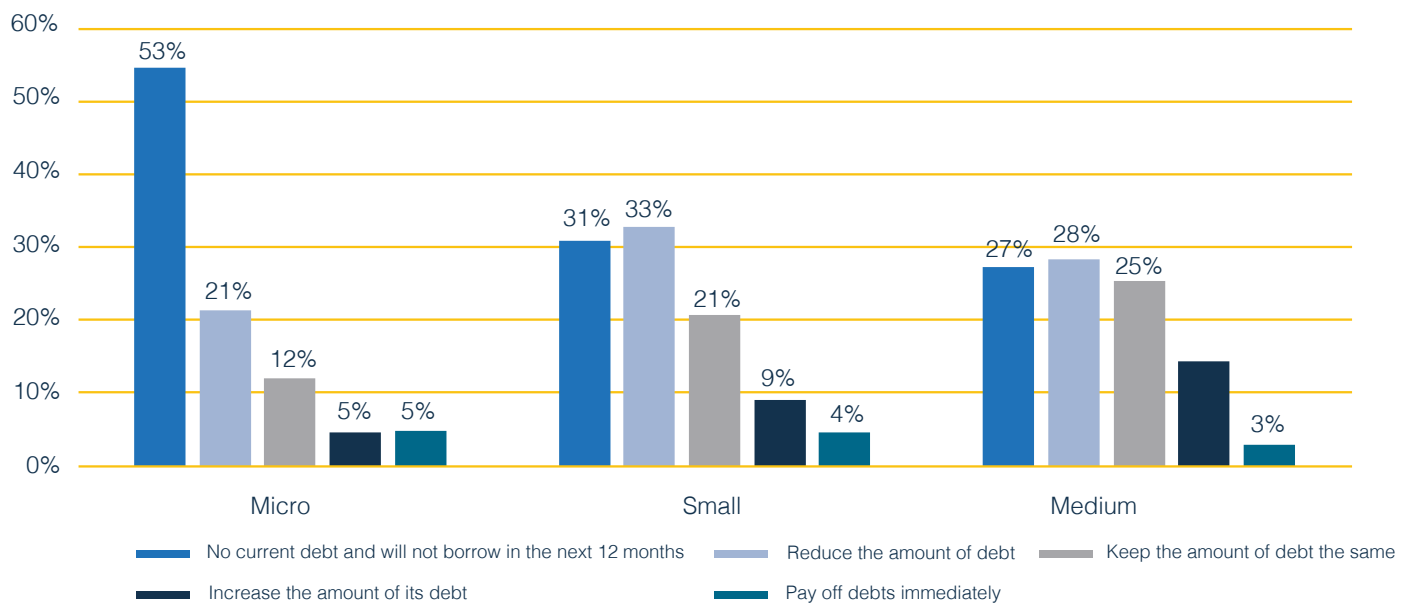
Figure 20: Debt expectations, Agribusinesses, By business size, %, February 2022



Source: DBM Business Atlas
 Base: All Agribusinesses with turnover up to \$40m per annum 12 months to Feb'22. Micro (\$0 - \$1m turnover) n=1,014, Small (\$1m - \$5m turnover) n=268, Medium (\$5m - \$40m turnover) n=83. Data uses 12 month moving averages. Chart excludes businesses who 'don't know' their expectation of debt.

Debt expectations among agribusinesses do not follow a similar pattern as debt expectations among all businesses when examined by business turnover. Compared with all businesses, fewer proportions of agribusinesses report having no debt and no intentions to borrow (41 per cent compared with 55 per cent, respectively). While a higher proportion of small and medium-sized agribusinesses report intending to increase the amount of debt they hold, relative to all Australian businesses.

Figure 21: Debt expectations, All businesses, By business size % February 2022



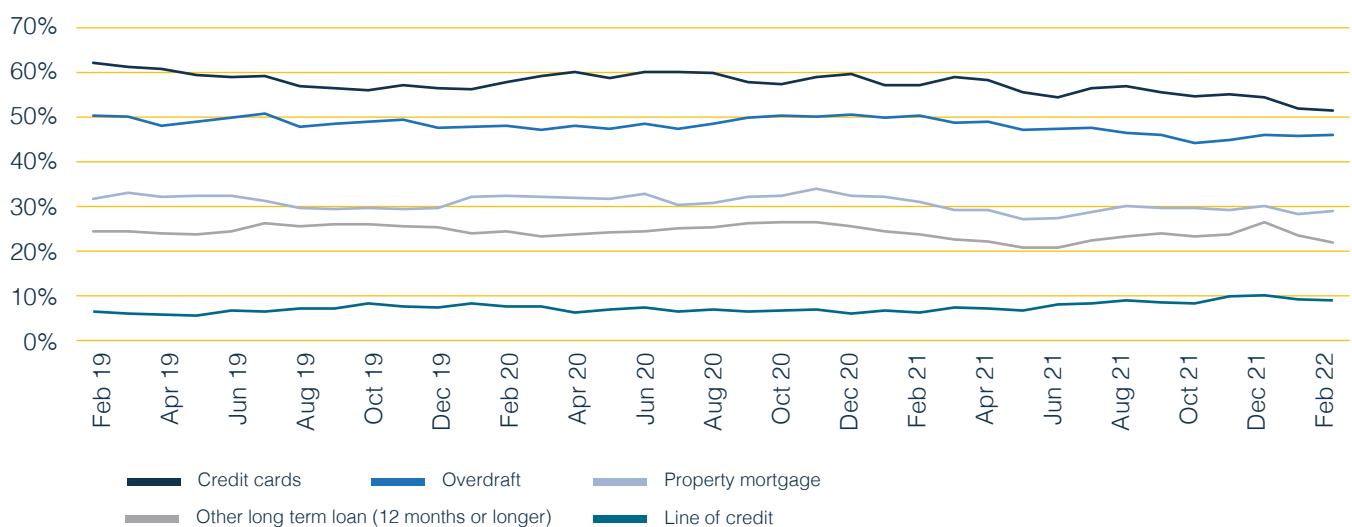
Source: DBM Business Atlas
 Base: All businesses with turnover up to \$40m per annum 12 months to Feb'22. Micro (\$0 - \$1m turnover) n=9,092, Small (\$1m - \$5m turnover) n=4,007, Medium (\$5m - \$40m turnover) n=2,339. Data uses 12 month moving averages. Chart excludes businesses who 'don't know' their expectation of debt.



The most common credit product held by agribusinesses are credit cards, although this has declined in recent years, with only around half of agribusinesses reporting having a credit card in the six months to February 2022.

This decline is consistent with the recent trend of declining credit card use in Australia. The next most common product among agribusinesses are overdrafts (46 per cent in the six months to February 2022) and property mortgages (29 per cent in the six months to February 2022). In total 76 per cent of agribusinesses have at least one kind of credit product.

Figure 22: Credit products held, Agribusinesses, %, February 2019 – February 2022



Source: DBM Business Atlas

Base: All Agribusinesses with turnover up to \$40m per annum Feb'19 to Feb'22, sample size range n=614 – 946. Data uses 6 month moving averages. Note: chart only includes a selection of lending products. Percentages won't equal 100% due to businesses having multiple products.



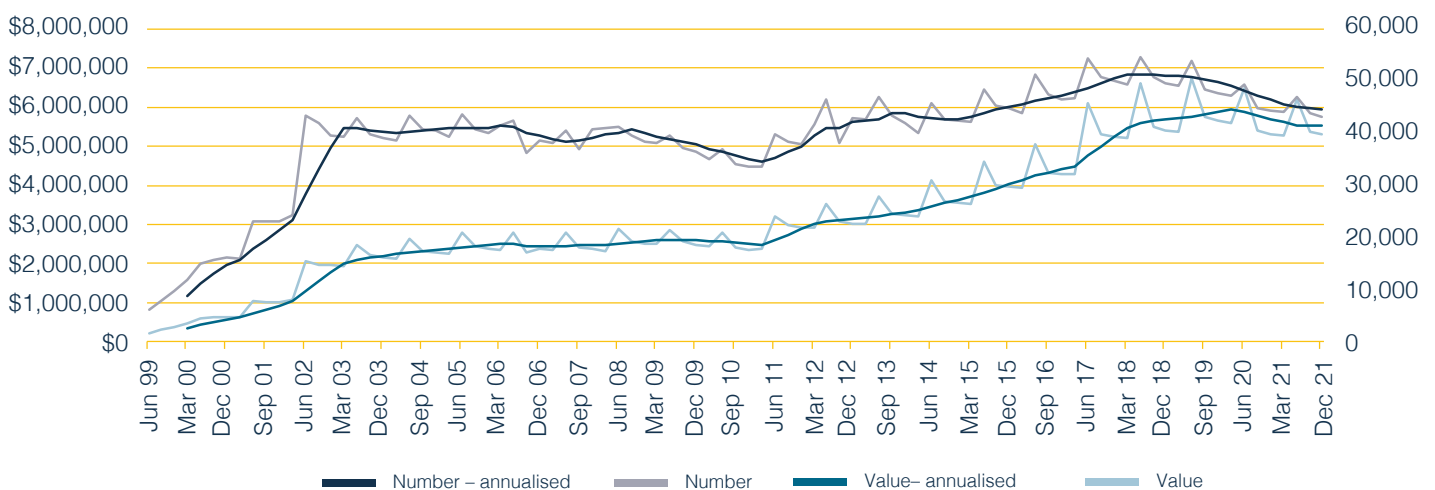
Farm Management Deposits

Agribusinesses are more prone to unexpected seasonal fluctuations and climatic events than most other industries. To support farmers, the Australian government has set up a scheme for Farm Management Deposits (FMDs), whereby agricultural producers can hold up to \$800,000 in a pre-tax account which can be drawn upon in years in which income is no greater than \$100,000.

The take up for FMDs was dramatic, with the total number of accounts jumping to 43,000 within the first three years. There is currently around \$5.3 billion held in FMDs, off a peak of \$5.9 billion in December 2019, Figure 23.

This government initiative has proven to be popular since its introduction over two decades ago. In December 2021 there were 43,162 FMD accounts. Given there are only just over 170,000 agribusinesses and 70 per cent of these are non-employing and therefore not eligible for FMDs, this suggests a high saturation among employing businesses. The recent decrease in number of accounts (there was a peak of 54,344 in June 2017) may be consistent with the concentration of agribusinesses as noted earlier in this report.

Figure 23: Farm Managed Deposits, Value (LHS) & Number (RHS), \$'000 & N, June 1999 – December 2021



Source: ABARES; ABA

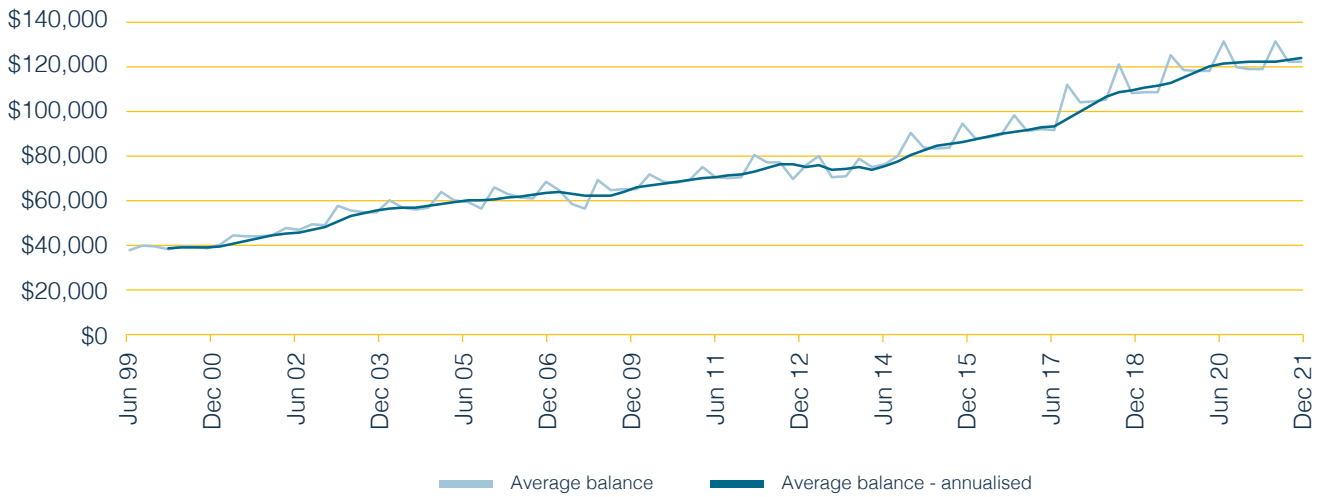


The take up for FMDs was dramatic, with the total number of accounts jumping to 43,000 within the first three years. There is currently around \$5.3 billion held in FMDs, off a peak of \$5.9 billion in December 2019.



Despite the drop in number of FMD accounts, the average balance continues to increase. The average balance is currently higher than it has ever been at \$124,000 per account, Figure 24.

Figure 24: Average balance, Farm managed deposits, \$000, June 1999 – December 2021



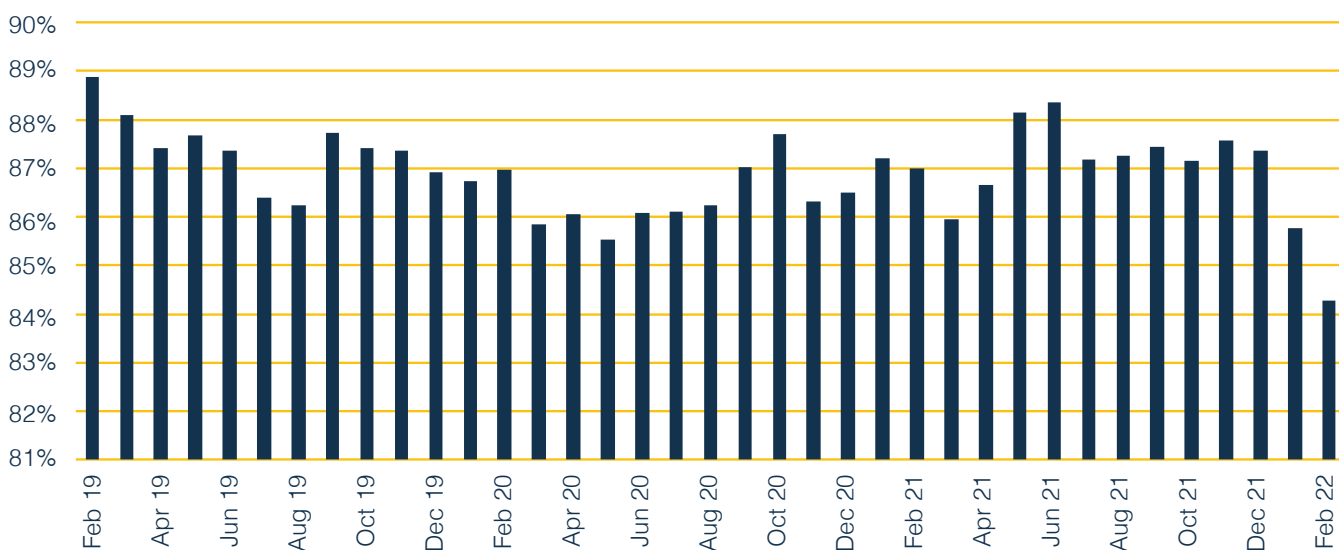
Source: ABARES; ABA





Most agribusinesses reported holding a day-to-day transaction account although this has been in decline in recent years, from 89 per cent in the six months to February 2019, to 82 per cent in the six months to February 2022, Figure 25a. The next most common saving product reported to be held by agribusinesses were online savings account as well as FMDs, with just under one third of agribusinesses reporting they held one, Figure 25b.

Figure 25a: Day-to-day transaction products held by agribusinesses, %, February 2019 – February 2022

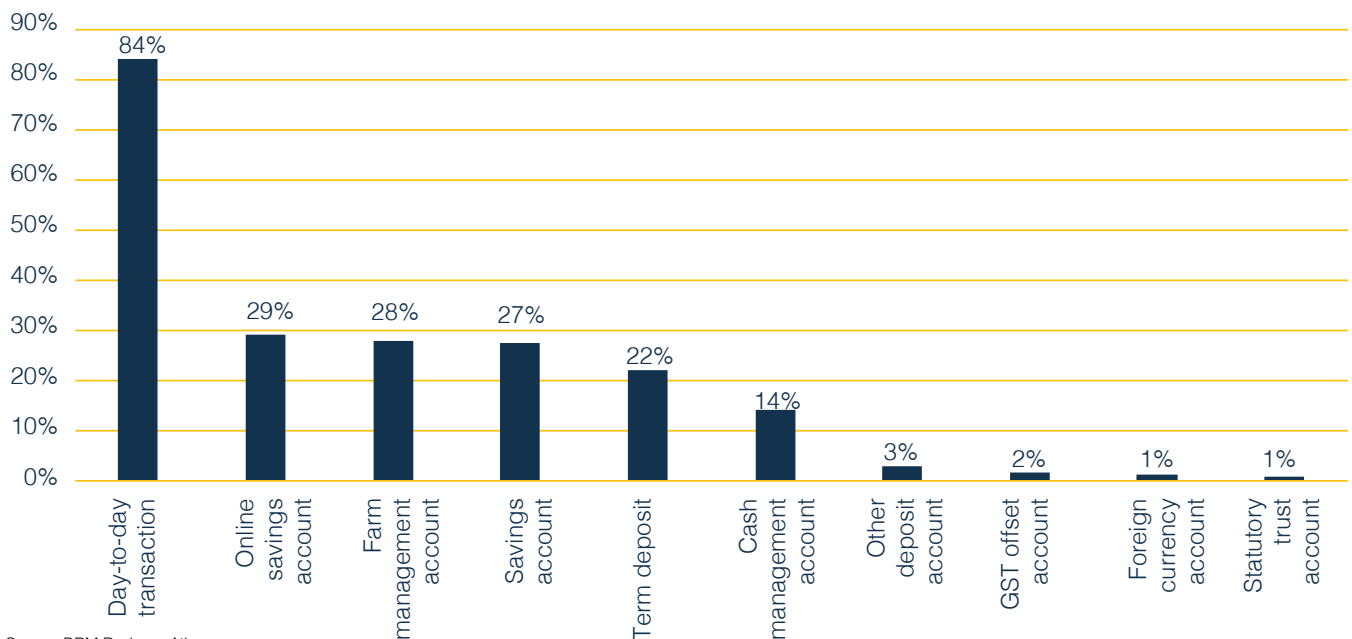


Source: DBM Business Atlas

Base: All Agribusinesses with turnover up to \$40m per annum Feb'19 to Feb'22, sample size range n=614 – 946. Data uses 6 month moving averages. Note: chart only includes a selection of deposit products. Percentages won't equal 100% due to businesses having multiple products.



Figure 25b: Day-to-day transaction products held by agribusinesses, %, February 2022

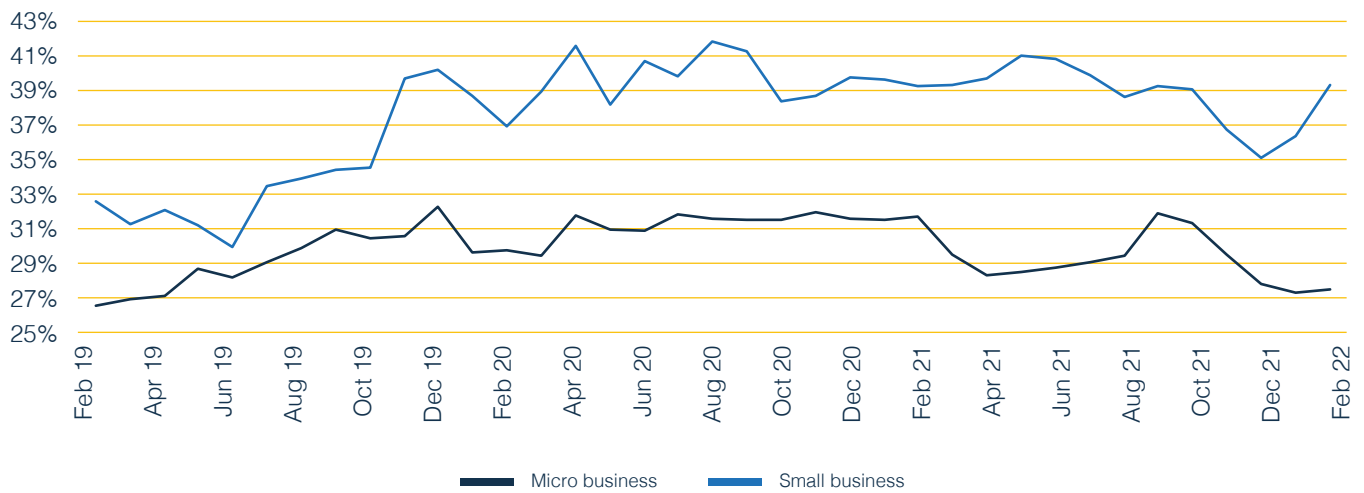


Source: DBM Business Atlas

Base: All Agribusinesses with turnover up to \$40m per annum Feb'19 to Feb'22, sample size range n=614 – 946. Data uses 12 month moving averages. Note: chart only includes a selection of deposit products. Percentages won't equal 100% due to businesses having multiple products.

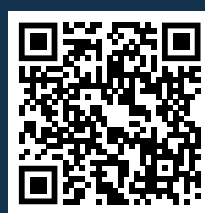
Agribusinesses that report a turnover of between \$1 million and \$5 million (small agribusinesses) have an increased take up of farm managed deposits than agribusinesses that report a turnover of less than \$1 million (micro agribusinesses). Between November 2019 and February 2022 around 35-42 per cent of small agribusinesses reported holding farm managed deposits, compared with 27-32 per cent of micro agribusinesses, Figure 26.

Figure 26: Farm Managed Deposits, By micro and small agribusinesses, %, February 2019 – February 2022



Source: DBM Business Atlas

Base: All Agribusinesses within Micro (\$0 - \$1m turnover) n=452 - 721 and Small (\$1m - \$5m turnover) n=115 - 215, turnover segments Feb'19 to Feb'22. Data uses 6 month moving averages.



Scan to learn
more about
Rowena's story

Case Study: Rowena – Royston Petrie Seeds

“So we spoke with our bank manager. They knew our situation, they knew our business. They were there for us.”

Royston Petrie Seeds is a family-owned business that produces billions of seeds each year, selling organic seeds across the world.

Like the majority of businesses in Australia, Royston Petrie Seeds was faced with unexpected challenges thanks to the pandemic.

“The pandemic has hit us hard in more ways than one. We were completely overwhelmed,” said Rowena Petrie, who is the daughter of founder Royston Petrie and now runs the business with her husband Daniel.

Rowena was fortunate that the pandemic quickly increased demand for their product, however this meant it created unexpected resourcing and supply challenges.

“It was almost like people were stocking up. We were working seven days but that in itself created problems. We were running out of stock,” she said.

“We source a lot from overseas because we can't grow everything we sell. But then we had the added problem

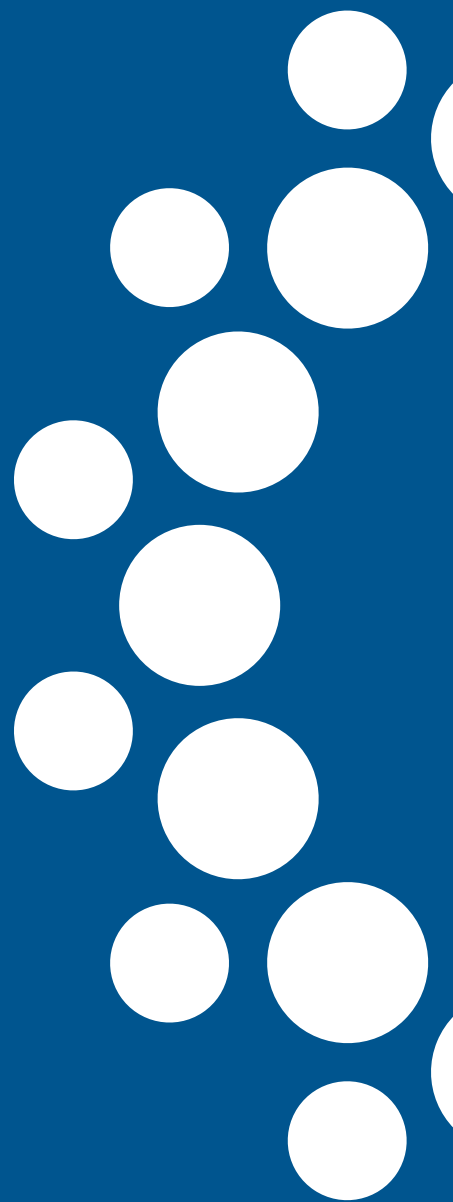
that there were no flights coming in. That was scary to think your business might have to shut down because you've got nothing to sell,” she said.

“We had some thoughts around how we could best reduce the stress on our staff by implementing some new machinery.

So we spoke with our bank manager. They knew our situation, they knew our business. They were there for us.”

With the help of her bank and the federal government's COVID-19 business incentives, Rowena was able to purchase new equipment that made the business more efficient, making it better for production while taking the pressure off her employees.

“Luckily, we were also able to capitalise on that instant asset write off and invest in equipment that we knew would benefit our business today, tomorrow but also into the future. I bought the machine of my dreams!”



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