Australian Government
Department of Agriculture, Water and the Environment

Agricultural households: an exploratory analysis revisiting financial position and wellbeing in Australia

Farm Level Analysis Network Meeting – June 2020

Will Chancellor and Shiji Zhao

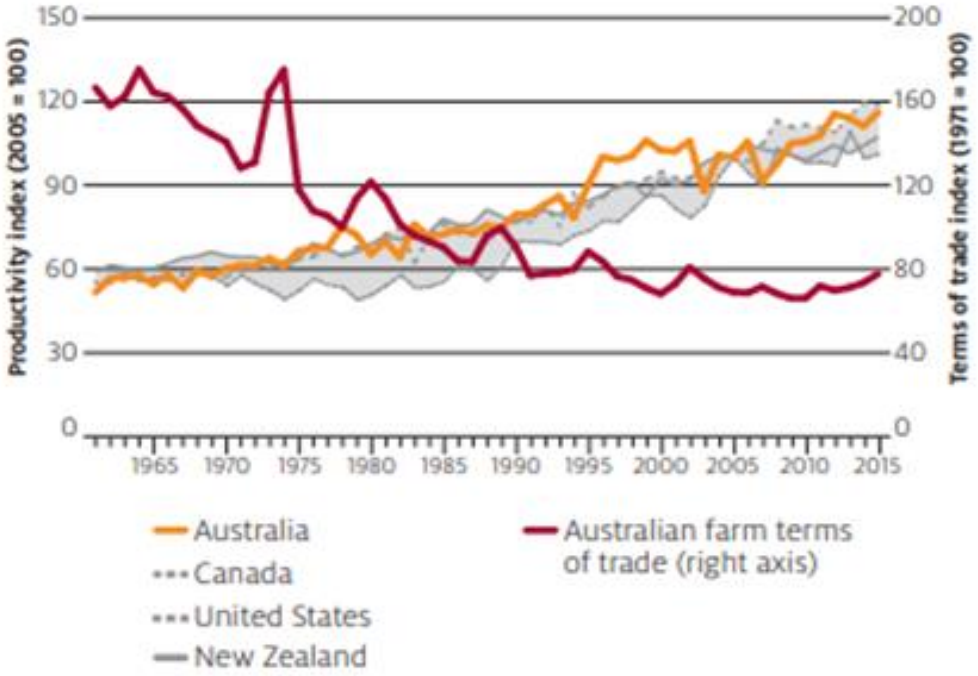
Australian Bureau of Agricultural and Resource Economics and Sciences

June 2020

Research by the
Australian Bureau of Agricultural and Resource Economics and Sciences

Motivation

- 1960s, 70s, 80s…wellbeing widely debated
- 80s to now…focus shifted to structural adjustment, deregulation and international markets from 80s
- Now…Interest in wellbeing beginning to resurface



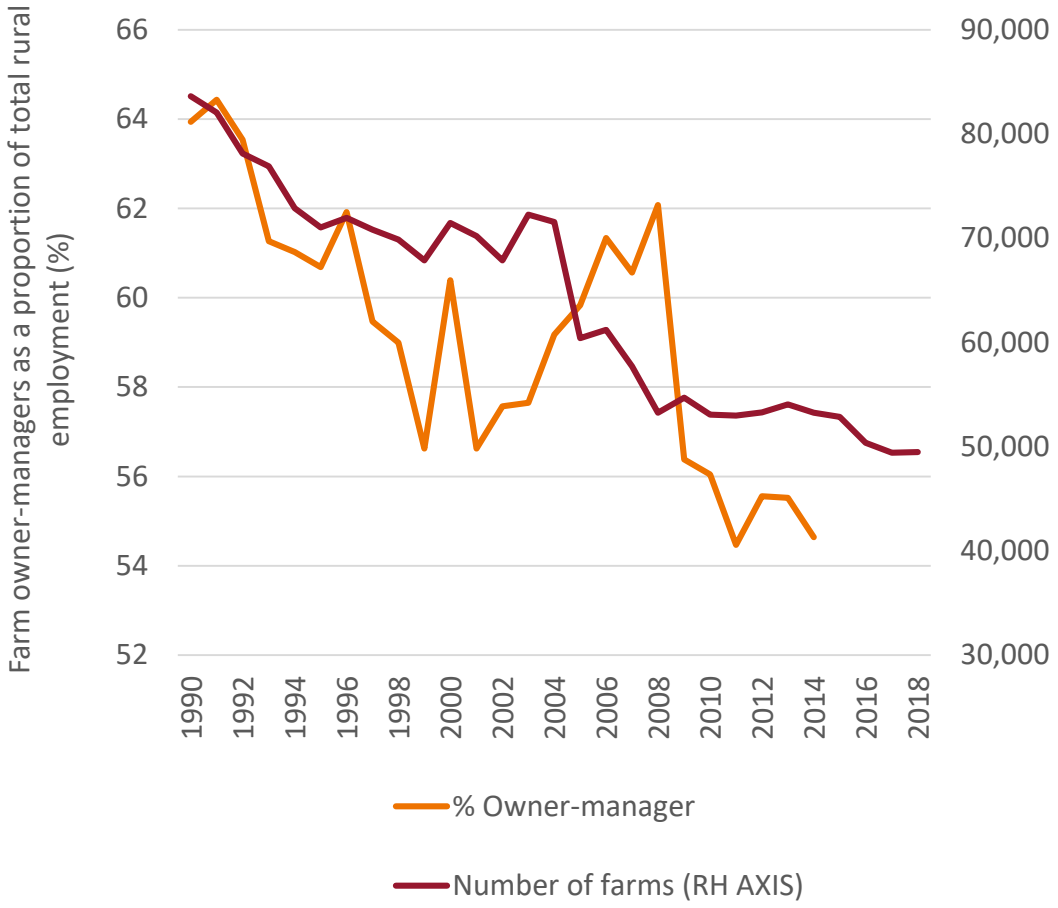
Note: 100=2005. Shaded area represents agricultural productivity growth for Canada, United States and New Zealand. These data compare productivity growth over time, and do not represent the level of productivity in each country. Source: ABARES, United States Department of Agriculture Economic Research Service.

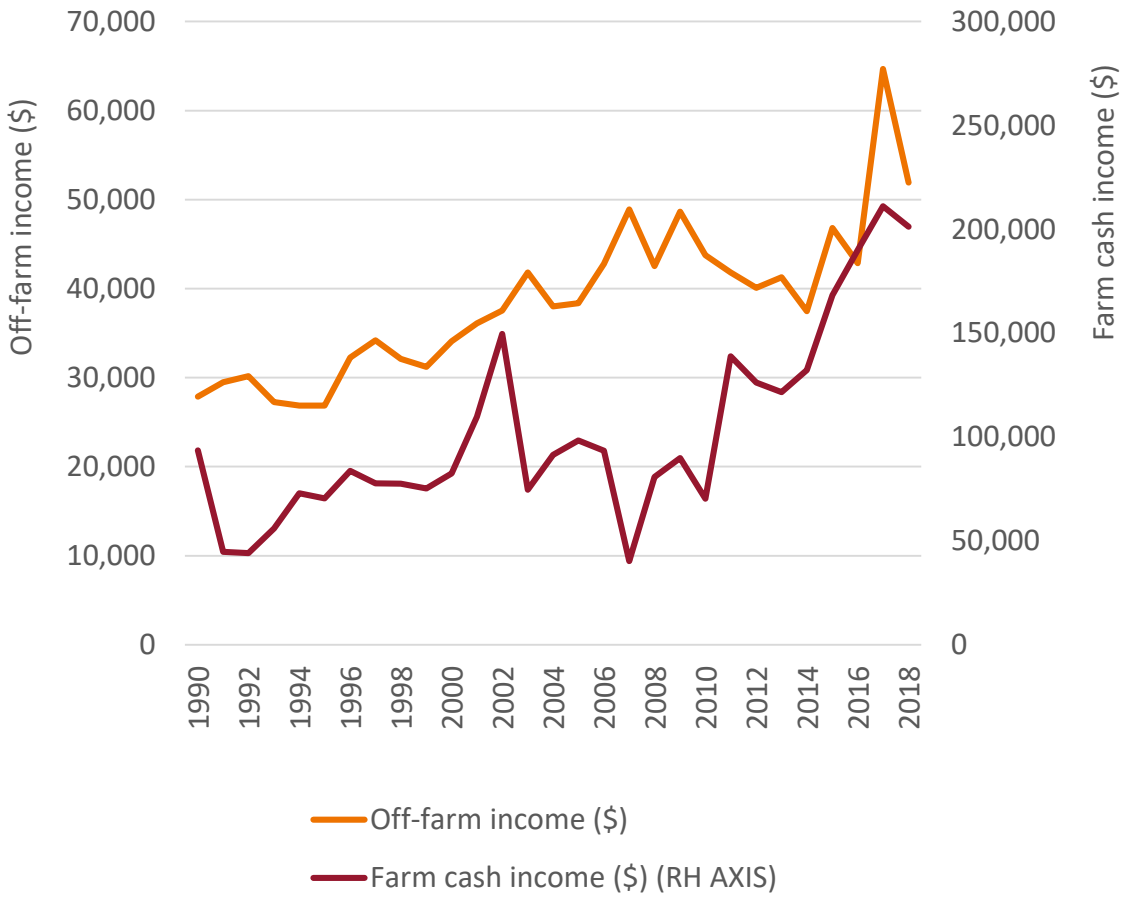
Theoretical Framework

- Economic wellbeing concept
    - Income
    - Wealth
    - Expenditure
- Agricultural households compared to general households
- Custom data tables
- Equivalence scale
- Hypothesis for agricultural households
  - more volatile income
  - More savings/investment (as risk management strategy)
  - Wealth disparity among ag households

Some issues…

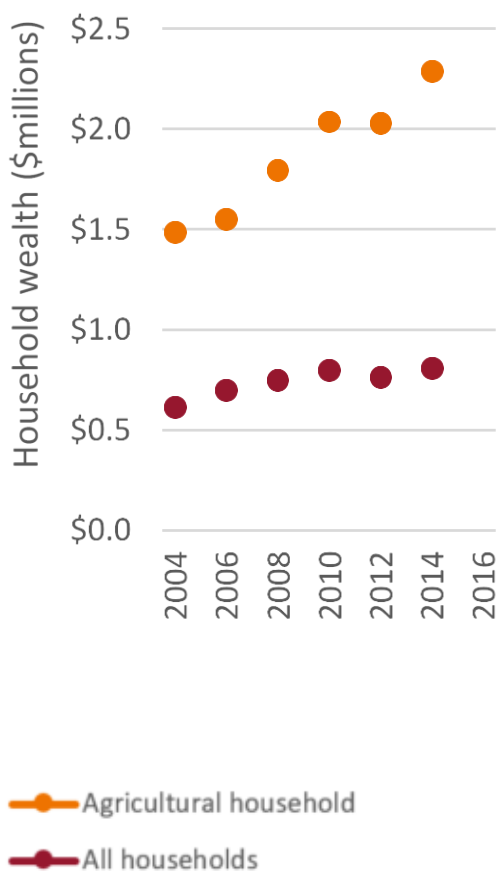
- Land owners or rural employees
- Source of income (farm v off-farm)



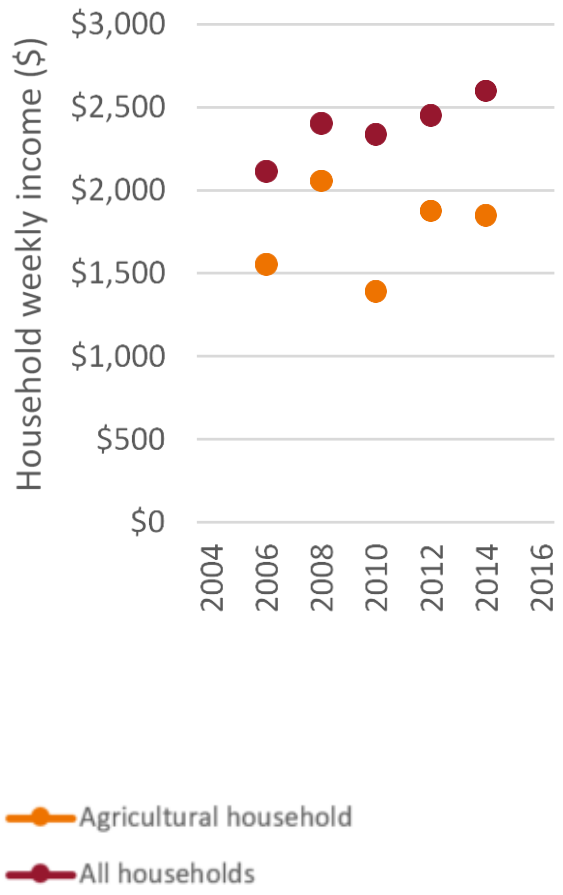


Household financial position

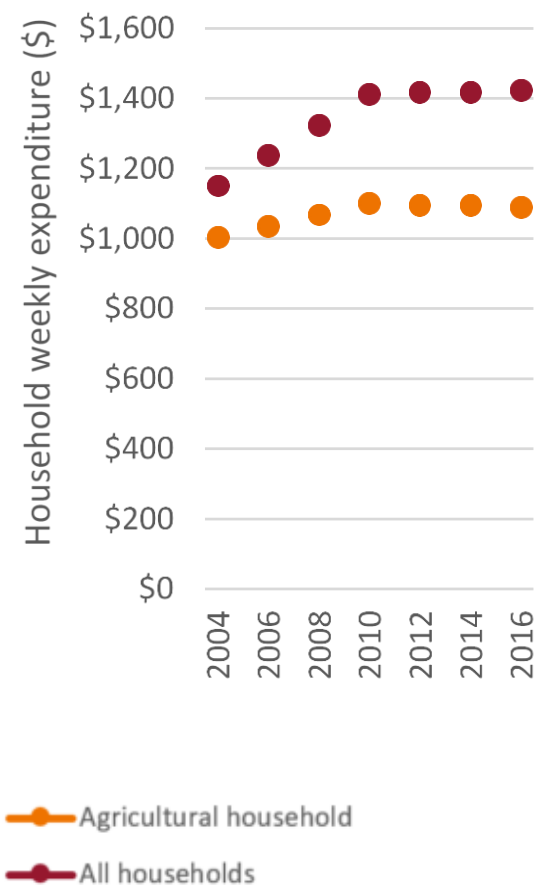
Panel 1 - Wealth



Panel 2 - Income

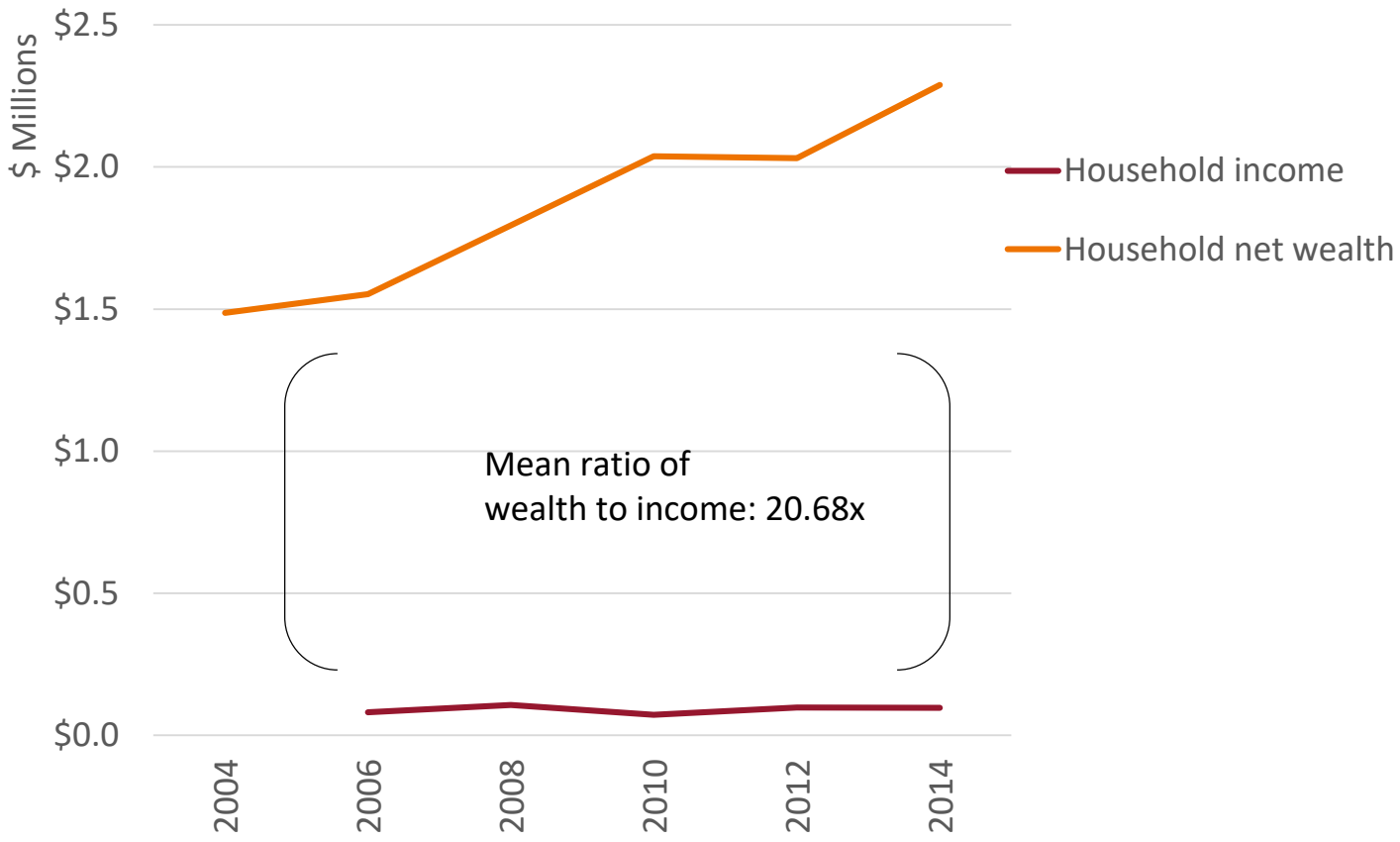


Panel 3 - Expenditure



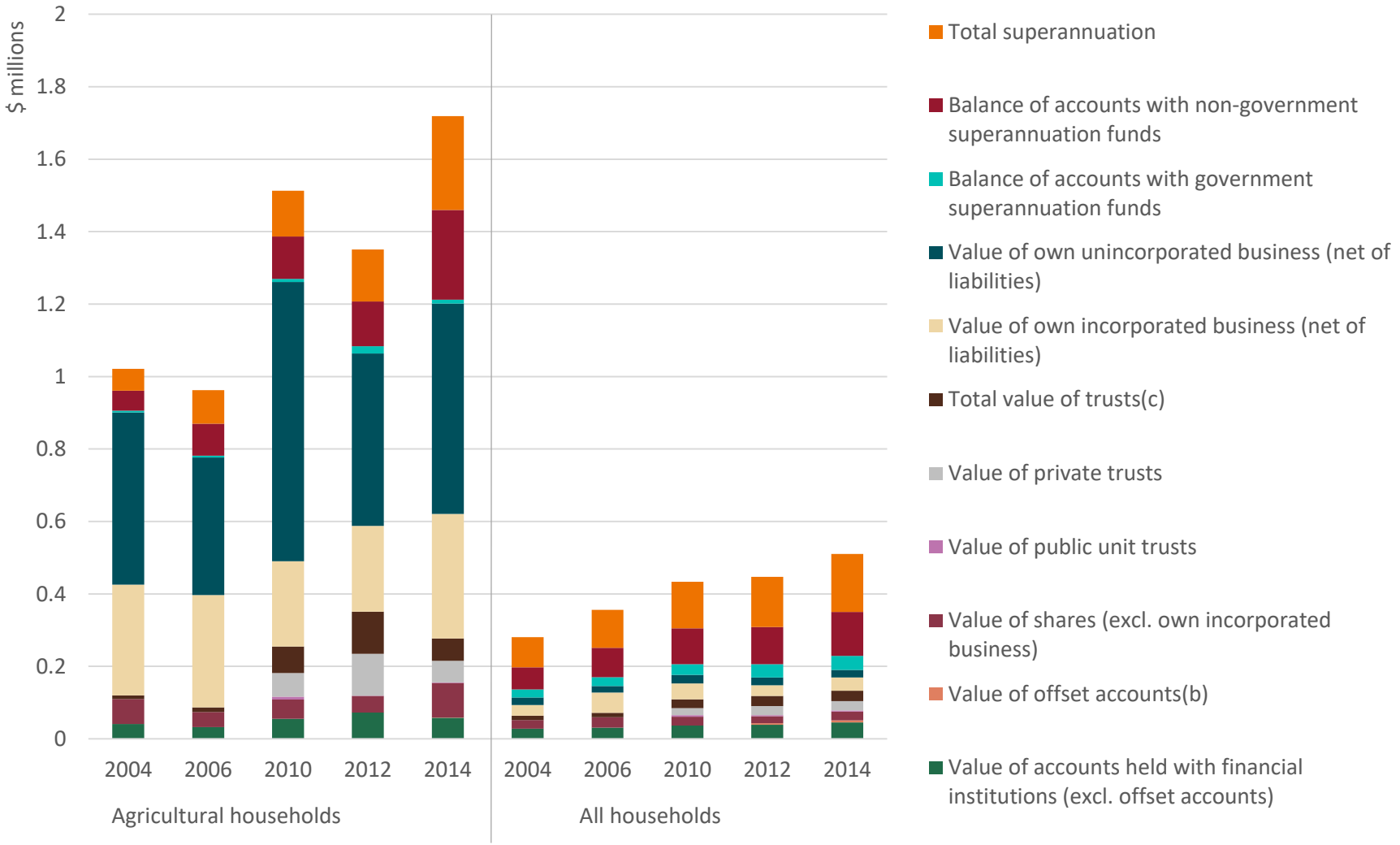
Household financial position

- Income to wealth ratio
- Support needed?
- FMD's



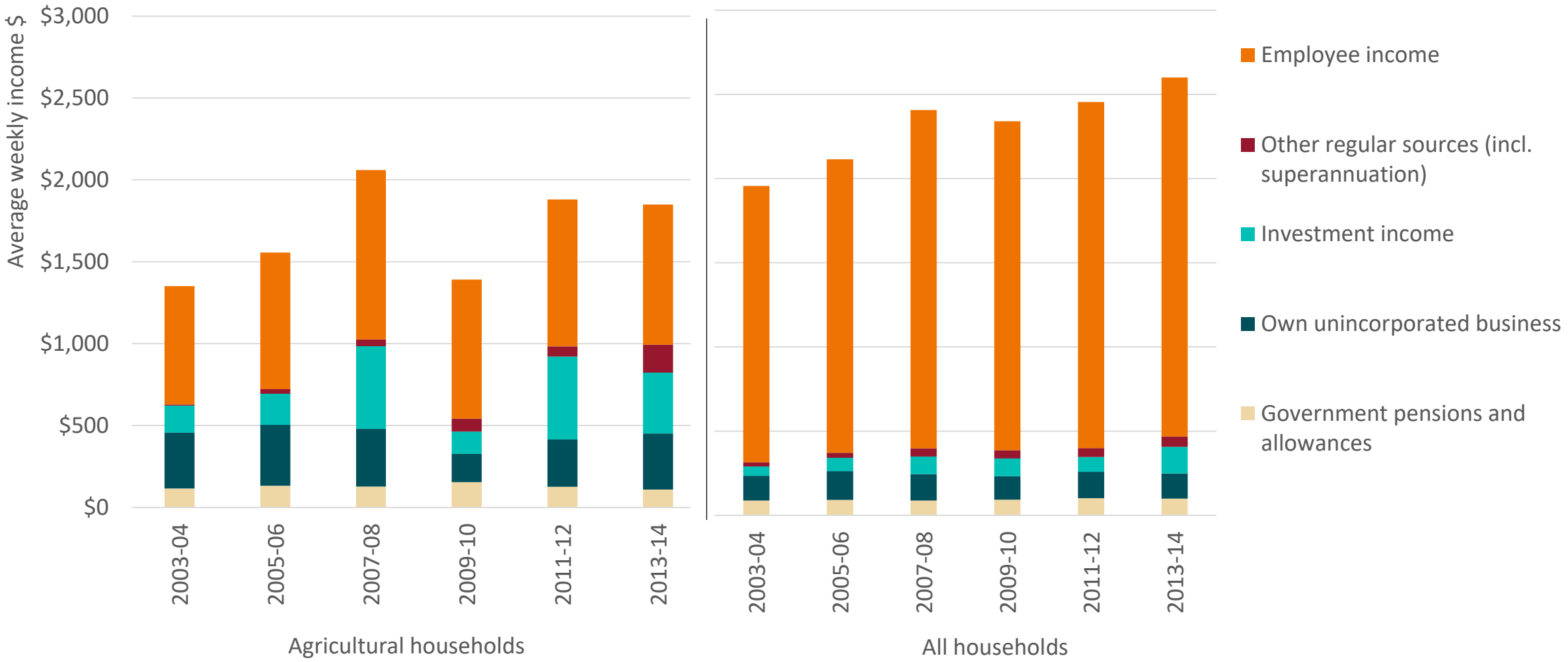
Detailed household wealth

- Household financial assets



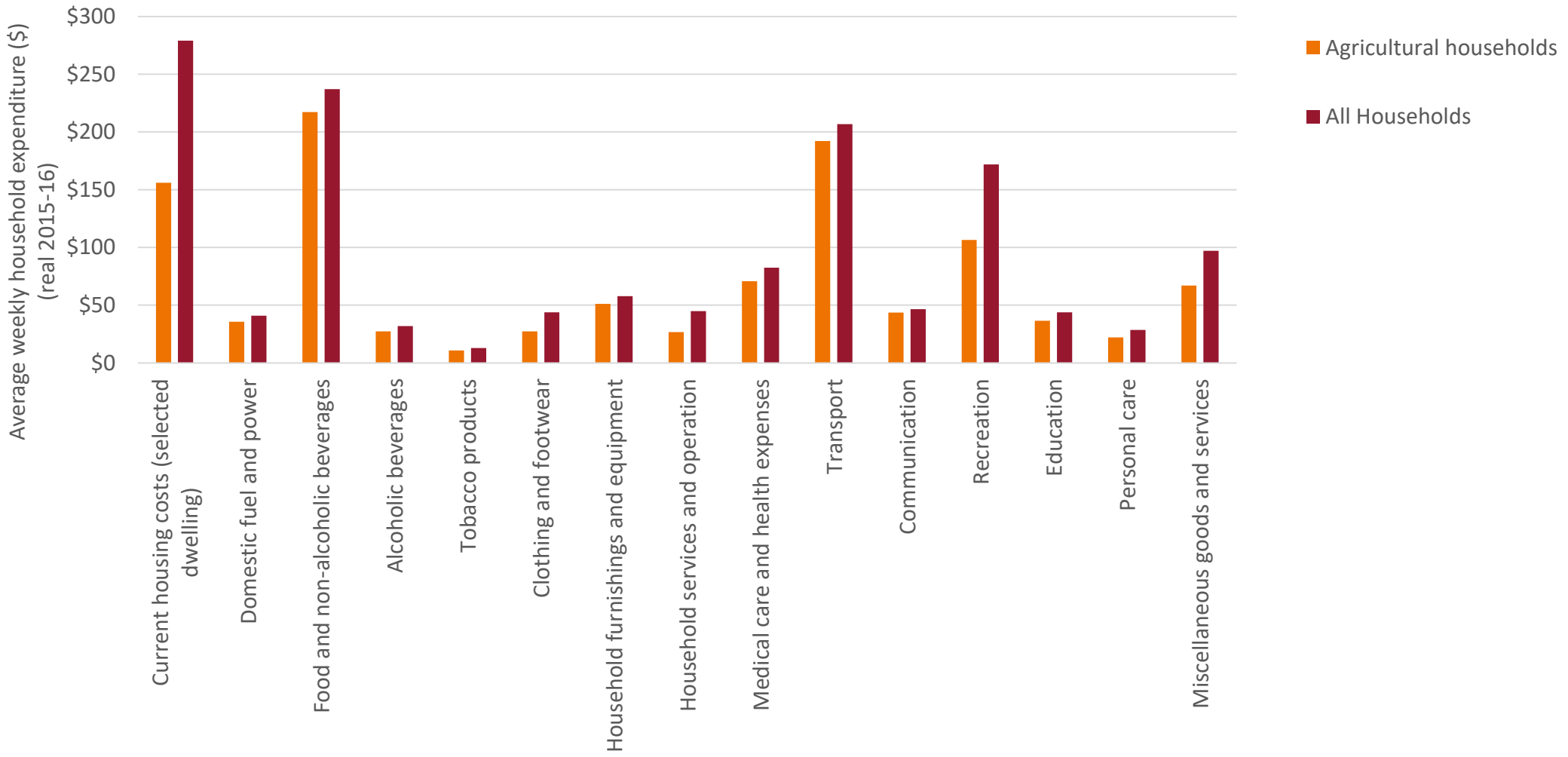
Detailed household income

- Household income comparison



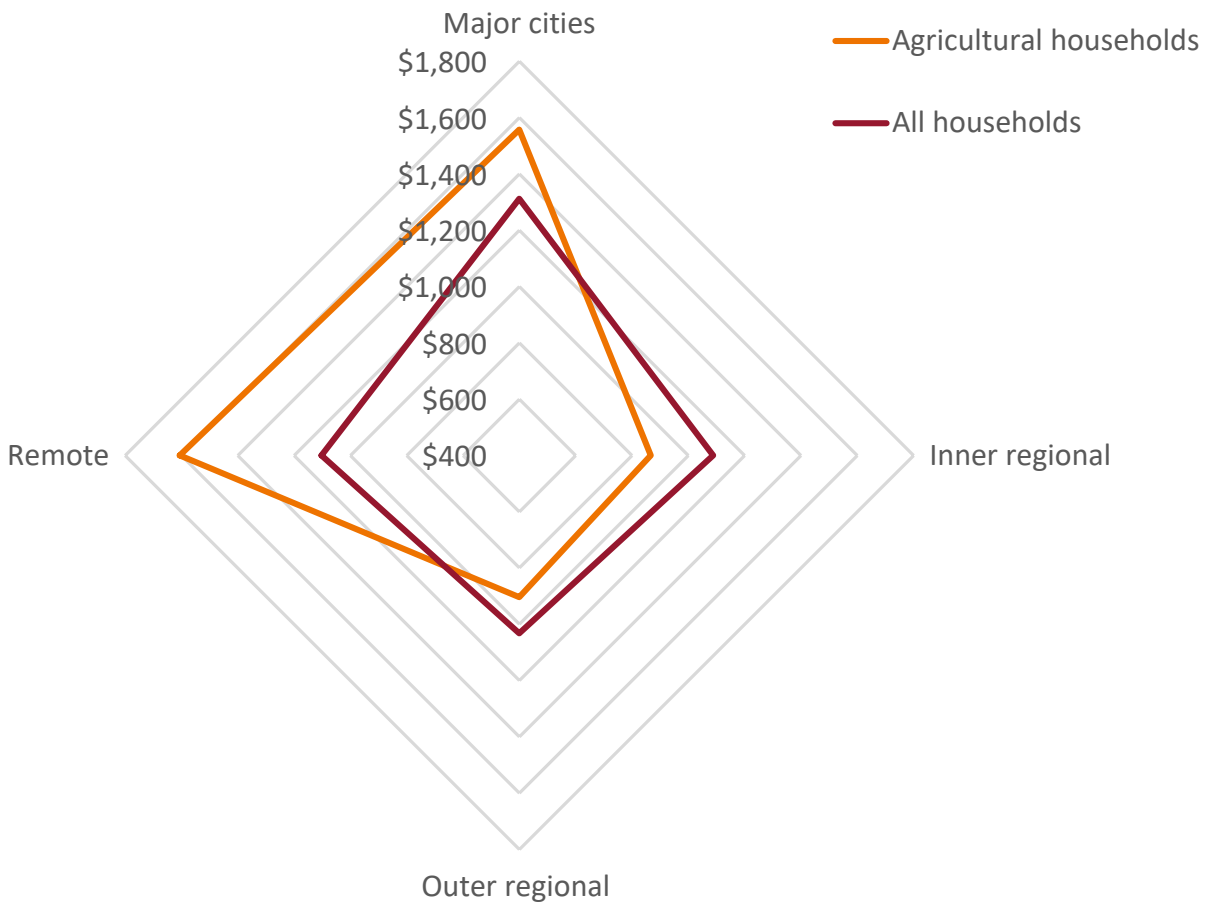
Detailed household expenditure

- Household weekly expenditure



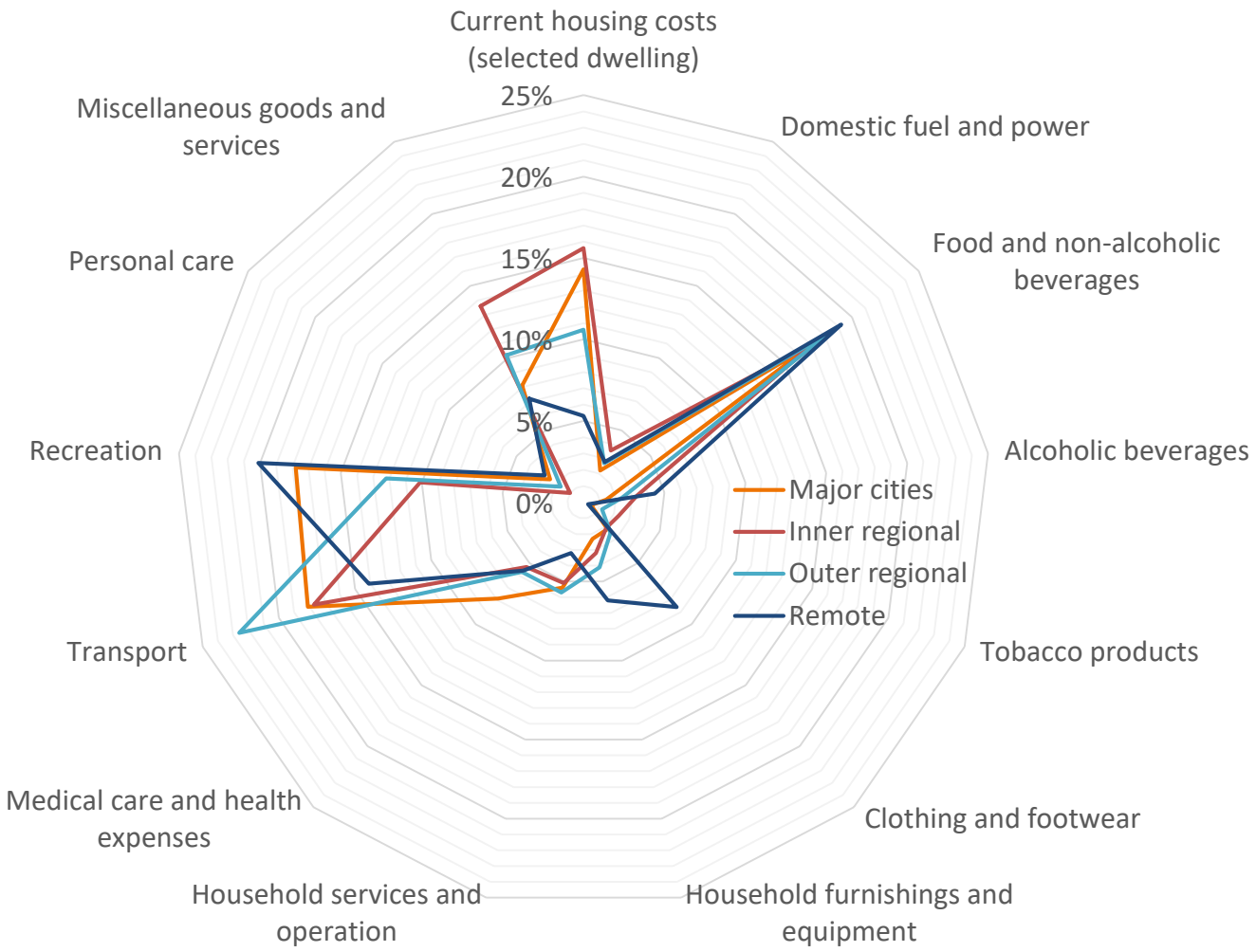
Spatial and quintile dimensions

- Weekly expenditure by remoteness, 2009-10



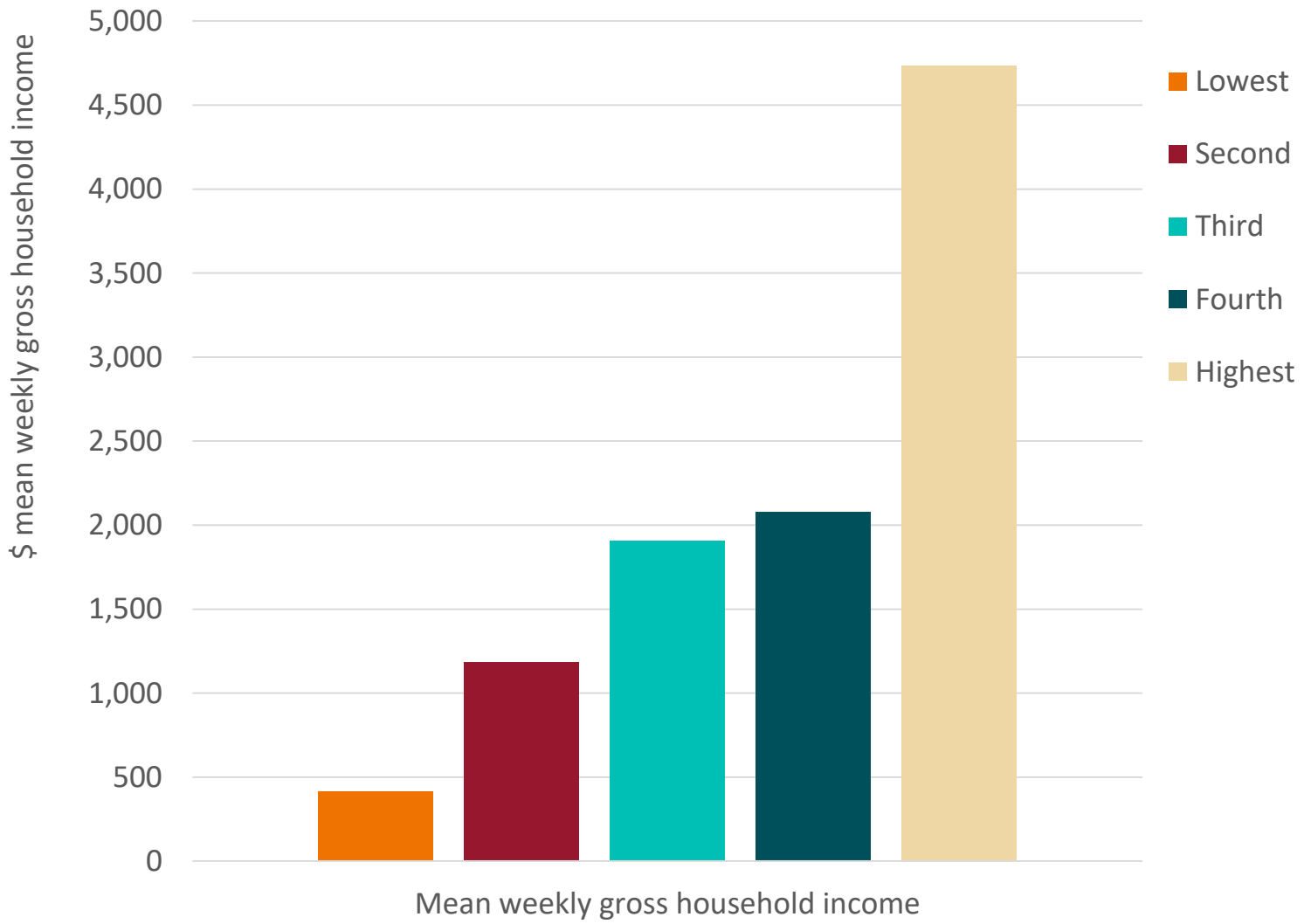
Spatial and quintile dimensions

- Proportion of expenditure by remoteness, 2009-10



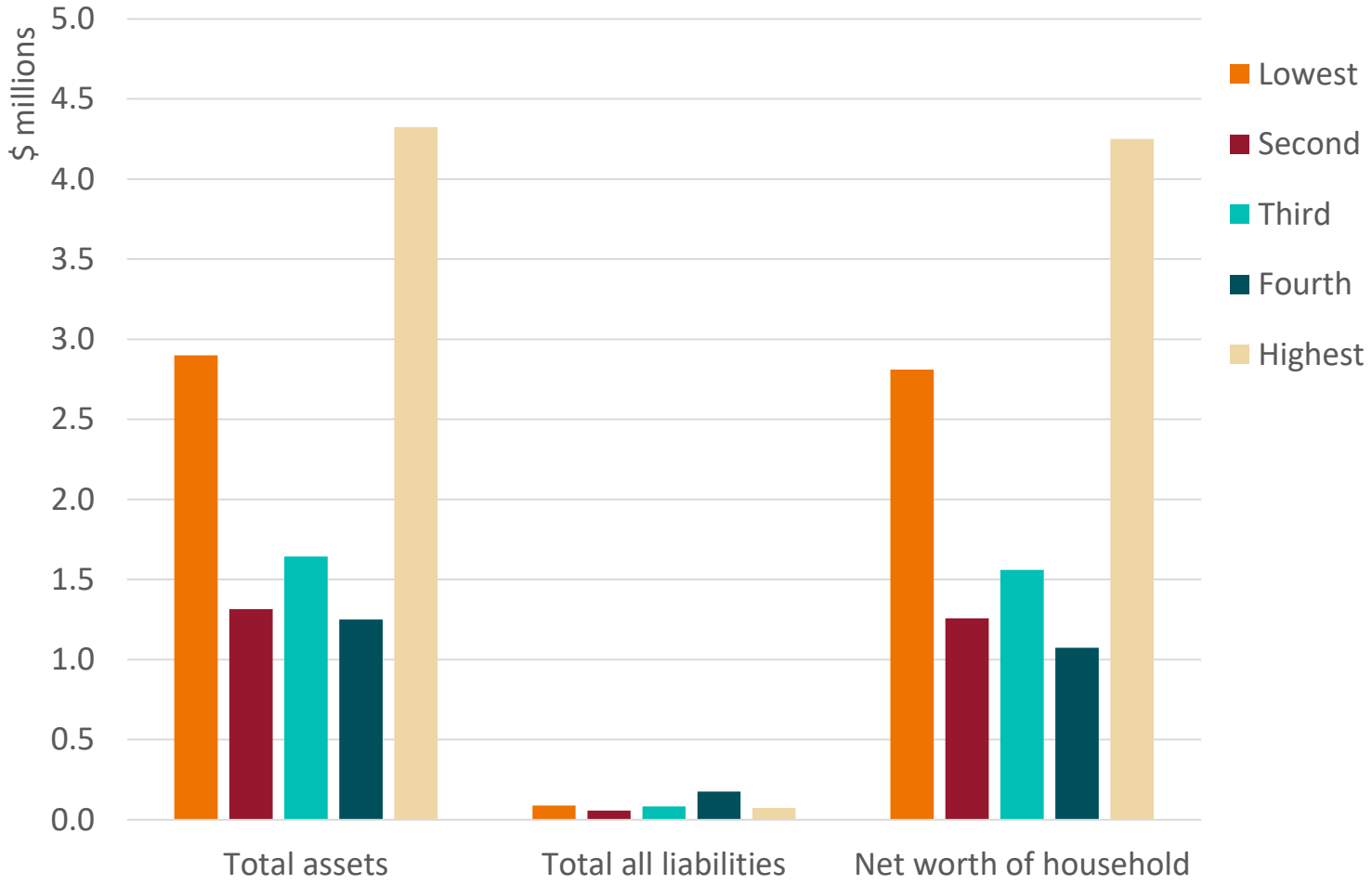
Spatial and quintile dimensions

- Equivalised disposable agricultural household income quintile (2013-14)



Spatial and quintile dimensions

- Wealth distribution by equivalised disposable agricultural household income quintile (2013-14)



Conclusion

- To summarise…
- Possible income and wealth divide among agricultural households
- Statistical limitations
- Possible area of future research depending on interest and data

Australian Government

Department of Agriculture, Water and the Environment

Research by the
Australian Bureau of Agricultural and Resource Economics and Sciences