

2011 RURAL DEBT SURVEY

SUMMARY OF FINDINGS REGIONAL & INDUSTRY SPECIFIC

This document provides a snapshot of key findings from the 2011 Rural Debt Survey. For more detailed information please refer to the full report of the Survey, which can be downloaded from the QRAA website.

General Information

The Rural Debt Queensland Survey 2011 (RDQ 2011 Survey) defines rural debt as the total indebtedness of all farmers/rural enterprises throughout Queensland, where the servicing of the rural debt relies primarily on farm generated income. Elements of rural debt which have been specifically excluded include vendor financing of rural property purchases, personal and intra-family loans, and borrowings for farm investment purposes by persons / businesses whose principal occupation is other than primary production (aimed to exclude hobby farmers).

Debt Rating

Category A	Borrowers who are considered viable under most / all circumstances
Category B+	Borrowers who are considered potentially viable long-term but are experiencing debt servicing difficulties
Category B1	Borrowers who are experiencing debt servicing difficulties and a deteriorating debt situation but with continuing support from lenders
Category B2	Borrowers who are experiencing debt servicing difficulties and a deteriorating debt situation
Category C	Borrowers who are considered non-viable

Regional Snapshots

Region 331 – Central South Coast

- Total number of borrowers in 2011 = 4,123 (2009 = 4,181)
- Percentage of total rural debt in Queensland in 2011 = 21.6% (2009 = 20.6%)
- Total rural debt for this region increased by \$557 million (18%) from the 2009 survey to a level of \$3.6 billion. In 2011, 78% of borrowers in this region were in Category 'A' – considered viable under most / all circumstances (2009 = 50%)
- The industries below accounted for the major proportion of debt in this region:
 - Beef \$1.7 billion or 47.5% of total debt in this region (2009 = \$1.38 billion). This is a \$359 million or 26% increase from 2009.
 - Services to agriculture \$370.2 million or 10.1% (2009 = \$155.4 million). This is a \$214.8 million or 138% increase from 2009.
 - Horticulture – vegetables \$352 million or 9.6% (2009 = \$304 million). This is a \$48.2 million or 15.8% increase from 2009).

Region 332 – Tropical North Coast

- Total number of borrowers in 2011 = 2,970 (2009 = 3,473)
- Percentage of total rural debt in Queensland in 2011 = 12.1% (2009 = 13%)
- Total rural debt for this region increased by \$92.4 million (4.7%) from the 2009 survey to a level of \$2.06 billion.
- In 2011, 84% of borrowers in this region were in Category 'A' – considered viable under most / all circumstances (2009 = 69%)
- The industries below accounted for the major proportion of debt in this region:
 - Sugar \$817.6 million or 39.8% of total debt in this region (2009 = \$702.2 million). This is a \$115 million or 16.4% increase from 2009.
 - Beef \$686.3 million or 33.4% (2009 = \$750.5 million). This is a \$64.2 million or 8.6% decrease from 2009.
 - Horticulture – Tree Crops \$159.3 million or 7.7% (2009 = \$140.8 million). This is an \$18.5 million or 13.2% increase from 2009.

Region 3222 – Maranoa/Western Downs

- Total number of borrowers in 2011 = 2,614 (2009 = 2,729)
- Percentage of total rural debt in Queensland in 2011 = 20.9% (2009 = 20.5%)
- Total rural debt for this region increased by \$442 million (14%) from the 2009 survey to a level of \$3.5 billion
- In 2011, 74% of borrowers in this region were in Category 'A' - considered viable under most / all circumstances (2009 = 52%)
- The industries below accounted for the major proportion of debt in this region:
 - Beef \$1.5 billion or 42.2% of total debt in this region (2009 = \$1.34 billion). This is a \$152.8 million or 11% increase from 2009.
 - Cotton \$736.6 million or 20.8% (2009 = \$591.4 million). This is a \$145.2 million or 24.6% increase from 2009.
 - Grain / Grazing \$592.9 million or 16.7% (2009 = \$521.5 million). This is a \$71.4 million or 13.7% increase from 2009.

Regional Snapshots...continued

Region 3221 – Central

- Total number of borrowers in 2011 = 1,964 (2009 = 1,850)
- Percentage of total rural debt in Queensland in 2011 = 15.7% (2009 = 17%)
- Total rural debt for this region increased by \$107 million (4 %) from the 2009 survey to a level of \$2.67 billion.
- In 2011, 85% of borrowers in this region were in Category 'A' - considered viable under most / all circumstances (2009 = 73%).
- The industries below accounted for the major proportion of debt in this region:
 - Beef \$1.86 billion or 69.8% of total debt in this region (2009 = \$1.89 billion). This is a \$28.4 million or 1.5% decrease from 2009.
 - Grain / Grazing \$237 million or 8.9% (2009 = \$177.6 million). This is a \$59.4 million or 33% increase from 2009.
 - Cotton \$214.7 million or 8% (2009 = \$162.9 million). This is a \$51.9 million or 32% increase from 2009.

Region 321 – Eastern Downs

- Total number of borrowers in 2011 = 2,071 (2009 = 2,280)
- Percentage of total rural debt in Queensland in 2011 = 10.4% (2009 = 10.1%)
- Total rural debt for this region increased by \$240 million (15.7%) from the 2009 survey to a level of \$1.77 billion.
- In 2011, 75% of borrowers in this region were in Category 'A' - considered viable under most / all circumstances (2009 = 51%).
- The industries below accounted for the major proportion of debt in this region:
 - Beef \$512 million or 29% of total debt in this region (2009 = \$386.4 million). This is a \$125.6 million or 32.5% increase from 2009.
 - Grain \$302 million or 17.1% (2009 = \$249.3 million). This is a \$52.7 million or 21% increase from 2009.
 - Cotton \$190.8 million or 10.8% (2009 = \$222.4 million). This is a \$31.6 million or 14% decrease from 2009.
 - Services to Agriculture \$188.2 million or 10.6% (2009 = \$129.7 million). This is a \$58.4 million or 45% increase from 2009.

Regional Snapshots...continued

Region 311 – Cape & Carpentaria

Region 313 – Central North

Region 314 – Central South

Region 3121 – West

Region 3122 – South West

- Total number of borrowers in 2011 = 2,081 (2009 = 1,845)
- The five regions listed above represent approximately two thirds of the total area of the State, but only have a combined debt of \$3.27 billion (2009 = \$2.79 billion), or 19.3% (2009 = 18.5%) of the total rural debt for Queensland.
- Total rural debt for these regions increased by \$475 million (17%) from the 2009 survey.
- In 2011, 79.5% of borrowers in these regions combined were in Category 'A' - considered viable under most / all circumstances (2009 = 59.2%).
- The industries below accounted for the major proportion of debt in this region:
 - Beef \$2.88 billion or 88% of total debt in this region (2009 = \$2.49 billion). This is a \$388.6 million or 15.6% increase from 2009.
 - Grain / Grazing \$80.3 million or 2.5% (2009 = \$19 million). This is a \$61.2 million or 321% increase from 2009.
 - Horticulture – Tree Crops \$76.5 million or 2.3% (2009 = \$74.6 million). This is a \$1.8 million or 2.4% increase from 2009.
- Region 313, Central North, accounted for 41.6% of total debt of these five regions combined, with a total of \$1.36 billion (2009 = \$1.16 billion).

Findings by Industry

Beef

- Total number of borrowers in 2011 = 6,499 (2009 = 5,658), which is 41% (2009 = 36.4%) of total rural borrowers.
- Total rural debt for the beef industry is \$9.18 billion (2009 = \$7.8 billion)
- Percentage of total rural debt = 54% (2009 = 54.5%)
- 95% of beef borrowers are rated in the top two categories ('A' and 'B+') (2009 = 84.5%)
- 36% of rural debt in the beef industry is represented by the shires of Banana Shire Council, Central Highlands Regional Council, Toowoomba Regional Council and Barcaldine Regional Council, with a total of \$3.3 billion debt.

Sheep/Wool

- Total number of borrowers in 2011 = 152 (2009 = 106), which is 0.96% (2009 = 0.7%) of total rural borrowers.
- Total rural debt for the sheep/wool industry is \$96.7 million (2009 = \$88.9 million)
- Percentage of total rural debt = 0.6% (2009 = 0.62%)
- Proportion of borrowers with 'A' and 'B+' rated debt, compared to the total number of sheep/wool borrowers was 97.3% (2009 = 89%)
- 67% of rural debt in the wool industry is represented by the shires of Barcaldine Regional Council, Paroo Shire Council, Goondiwindi Regional Council and Blackall-Tambo Regional Council, with a total of \$64.8 million debt.

Cotton

- Total number of borrowers in 2011 = 361 (2009 = 382), which is 2.3% (2009 = 2.45%) of total rural borrowers.
- Total rural debt for the cotton industry is \$1.3 billion (2009 = \$954 million)
- Percentage of total rural debt for 2011 = 7.6% (2009 = 6.7%)
- Proportion of borrowers with 'A' and 'B+' rated debt, compared to the total number of borrowers in 2011 was 91.4% (2009 = 82%)
- 77% of the debt in the cotton industry is represented by the shires of Balonne Shire Council, Toowoomba Regional Council, Goondiwindi Regional Council and Central Highlands Regional Council, with a total of \$1 billion debt.

Sugar

- Total number of borrowers in 2011 = 1742 (2009 = 2038), which is 11% (2009 = 13.1%) of total rural borrowers.
- Total rural debt for the sugar industry is \$976 million (2009 = \$845.8 million)
- Percentage of total rural debt for 2011 = 5.7% (2009 = 6%)
- Proportion of borrowers with 'A' and 'B+' rated debt, compared to the total number of borrowers in 2009 was 97.3% (2009 = 94%)
- 79% of rural debt in the sugar industry is represented by the Burdekin Shire Council, Mackay Regional Council and Isaac Regional Council and Charters Towers Regional Council, with a total of \$771 million debt.

Findings by Industry...continued

Grain

- Total number of borrowers in 2011 = 826 (2009 = 706), which is 5.2% (2009 = 4.5%) of total rural borrowers.
- Total rural debt for the grains industry is \$1.098 billion (2009 = \$937.6 million).
- Percentage of total rural debt for 2011 = 6.5% (2009 = 6.5%)
- Proportion of borrowers with 'A' and 'B+' rated debt, compared to the total number of borrowers in 2011 was 94.2% (2009 = 85%)
- 77% of rural debt in the grains industry is represented by the Toowoomba Regional Council, Goondiwindi Regional Council Central Highlands Regional Council and Banana Shire, with a total of \$84.6 million debt.

Dairy

- Total number of borrowers in 2011 was 453 (2009 = 434), which is 2.86% (2009 = 2.8%) of total rural producers.
- Total rural debt for the dairy industry is \$237.4 million (2009 = \$266 million).
- Percentage of total rural debt for 2011 = 1.4% (2009 = 1.86%)
- Proportion of borrowers with 'A' and 'B+' rated debt, compared to the total number of borrowers in 2011 was 95.4% (2009 = 90%)
- 55% of rural debt in the dairy industry is represented by the Toowoomba Regional Council Tablelands Regional Council, Brisbane City Council and Southern Downs Regional Council, with a total of \$130.5 million debt.

Grain/Grazing

- Total number of borrowers in 2011 = 1140 (2009 = 969), which is 7.2% (2009 = 6.2%) of total rural borrowers.
- Total rural debt for the grain/grazing industry is \$1.16 billion (2009 = \$865.5 million)
- Percentage of total rural debt for 2011 = 6.8% (2009 = 6%).
- Proportion of borrowers with 'A' and 'B+' rated debt, compared with the total of borrowers in 2011 was 94.6% (2009 = 62%).
- 60% of rural debt in the grain/grazing industry is represented by the Toowoomba Regional Council Goondiwindi Regional Council, Maranoa Regional Council and Central Highlands Regional Council, with a total of \$696 million debt.

Horticulture -Tree Crops

- Total number of borrowers in 2011 = 779 (2009 = 752), which is 4.9% (2009 = 4.83%) of total rural borrowers.
- Total rural debt for the horticulture – tree crops industry is \$590 million (2009 = \$577.4 million).
- Percentage of total rural debt for 2011 = 3.47% (2009 = 4%).
- Proportion of borrowers with 'A' and 'B+' rated debt, compared to the total number of borrowers in 2011 was 94.3% (2009 = 90%).
- 41% of the rural debt in the horticulture tree crop industry is represented by Tablelands Regional Council, Cassowary Coast Regional Council, North Burnett Regional Council and Cairns Regional Council, with a total of \$241.9 million debt.

Findings by Industry...continued

Horticulture - Vegetables

- Total number of borrowers in 2011 = 707 (2009 = 762), which is 4.46% (2009 = 4.9%) of total rural borrowers.
- Total rural debt for the horticulture – vegetable industry is \$595.6 million (2009 = \$500.6 million).
- Percentage of total rural debt for 2011 = 3.5% (2009 = 3.5%)
- Proportion of borrowers with 'A' and 'B+' rated debt, compared to the total number of borrowers in 2009 was 93.2% (2009 = 93%)
- 61% of rural debt in the horticultural vegetable industry is represented by Lockyer Valley Regional Council, Bundaberg Regional Council, Tablelands Regional Council and Whitsunday Regional Council, with a total of \$363 million debt.

Intensive Livestock

- Total number of borrowers in 2011 = 495 (2009 = 435), which is 3.13% (2009 = 2.8%) of total rural borrowers.
- Total rural debt for the intensive livestock industry is \$471.6 million (2009 = \$436 million)
- Percentage of total rural debt in 2011 = 2.78% (2009 = 3%)
- Proportion of borrowers with 'A' and 'B+' rated debt, compared to the total number of borrowers in 2011 was 94.1% (2009 = 87.1%)
- 59% of rural debt in the intensive livestock industry is represented by the Toowoomba Regional Council, Goondiwindi Regional Council, Redland City Council and Logan City Council, with a total of \$278 million debt.

Commercial Fishing (Marine Fishing)

- Total number of borrowers in 2011 = 280 (2009 = 336), which is 1.77% (2009 = 2.16%) of total rural borrowers.
- Total rural debt for the intensive livestock industry is \$140.9 million (2009 = \$151 million)
- Percentage of total rural debt in 2011 = 0.83% (2009 = 1%)
- Proportion of borrowers with 'A' and 'B+' rated debt, compared to the total number of borrowers in 2011 was 92.1%
- 78% of rural debt in the intensive livestock industry is represented by the Brisbane City Council, Mackay Regional Council, Cairn Regional Council and Sunshine Coast Regional Council, with a total of \$109.9 million debt.