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## **SOME NOTES ON THE FINANCIAL POSITION OF 15 CENTRAL-WESTERN WHEAT-SHEEP FARMS IN 1946-47.**

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The financial year which ended 30th June, 1947, was the fourth year in which a group of selected wheat growers kept complete records of their financial transactions in co-operation with, and in Record Books provided by, the Division of Marketing and Agricultural Economics. Reports covering the records kept in 1944-45 and 1945-46 have already been published in this "Review".\*

The notes which follow deal primarily with the financial position of the fifteen farmers who kept records during 1946-47. However, some comparisons with earlier years are made.

### **History of the Project.**

Early in 1943 Record Books suitable for use by farmers were designed for three types of farms—(1) Wheat-sheep, (2) Dairying, (3) Horticulture, Vegetables and Small Mixed Farms. The Record Books made provision for the compilation of complete financial records in a comparatively simple form and additionally for a number of production records. Arrangements were made with approximately 600 farmers in all parts of New South Wales to keep both the financial and production records during the financial year 1943-44. It was agreed that the then Division of Agricultural Economics would examine and analyse all of these books at the end of the year and provide each farmer with a report covering his year's operations. The total number of all types of books returned in 1943-44 proved too large to be adequately handled by existing staff and consequently the project was modified in a number of ways. In so far as wheat-sheep farms were concerned it was decided to provide farmers in only four major producing areas with books—the areas selected were the districts surrounding Gunnedah, Parkes, Wagga Wagga and Culcairn. In that year, 1944-45, approximately fifty farmers agreed to keep records but only twenty-two succeeded in completing records suitable for analysis.

In 1945-46 the project was modified further, it being decided to concentrate research resources, in so far as the wheat industry was concerned, entirely in the Parkes-Forbes district, that is, in the Shires of Goobang and Jemalong. In that year twenty-eight farmers originally agreed to compile records, but only eighteen finally forwarded their Farm Record Books to this office. All of the records received were of sufficiently high standard, and appeared to be sufficiently accurate, to justify analysis. The project was continued in the Parkes-Forbes district during 1946-47, when twenty-eight farmers again agreed to keep records. Of these only fifteen returned satisfactory records. It is with

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\* "The Financial Position of 22 New South Wales Wheat-sheep Farmers in 1944-45," by P. C. Druce, "Review of Marketing & Agricultural Economics," September, 1946.

"A Review of the Financial Position of 18 Central-Western Wheat-sheep Farms in 1945-46," by P. C. Druce, "Review of Marketing & Agricultural Economics," January, 1948.

these fifteen records that the following comment is chiefly concerned. The analysis and supervision of Farm Record Books by the Department has now been entirely discontinued for the time being.

In concluding this very brief summary of the history of the project, it is perhaps desirable to add that the Record Books (in all three types) have been on general sale since the 1945-46 season and are being used by a large number of farmers throughout the State and in other parts of the Commonwealth. The book has been revised from year to year on the basis of experience gained with books submitted for analysis. In 1945-46 an additional section outlining a suggested method of analysis to be used by those who bought the book for their own use was added, while the book published for use in 1947-48 was completely revised throughout. This revised edition, already reprinted, will continue to be available to farmers throughout the State.

#### The Selected District.

The Shires of Goobang and Jemalong in which the fifteen farms are situated form part of the Central-Western wheat belt. While wheat growing is the predominant source of income on most farms, wool-growing and fat lambs also occupy a very important place in the economy of the area. Some oats and a little barley are also grown, while pigs are an important side-line on some farms, although in the year under review, pig numbers in the Goobang Shire showed a marked decline. Cattle are comparatively unimportant. In the Jemalong Shire quite a considerable area of lucerne is grown under irrigation—the Lachlan River being the source of water. Fat lambs are also raised under irrigation in the same area, while some fruit and vegetables are produced under irrigation.

TABLE I.

#### *Crop and Livestock Statistics (1946-47).*

Item.	Unit.	Shire of Goobang.	Shire of Jemalong.	Whole State.
Wheat (grain) ... ..	Acres.	281,444	185,398	4,474,894
Oats (grain) ... ..	Acres.	19,342	12,173	557,987
Barley (grain) ... ..	Acres.	2,205	679	26,698
Hay—Wheaten ... ..	Acres.	13,891	7,448	263,557
„ Oaten ... ..	Acres.	2,412	1,684	198,134
„ Lucerne ... ..	Acres.	34	4,241	79,666
*Sheep ... ..	No.	644,822	600,130	43,105,000
*Cattle ... ..	No.	8,732	10,417	2,983,093
*Pigs ... ..	No.	4,775	4,672	358,417

\* Number at 31st March, 1947.

The soils in the district are mainly red-brown earths, but in the area south of Forbes large areas of black self-mulching soils are found. The red-brown earths which are found in the greater part of the district are typical of the wheat-growing areas of the Commonwealth. The predominant timber in the area is grey box and pine with some ironbark on the ridges and yellow box and gum on the river country.

**Seasonal Conditions.**

New South Wales experienced one of the worst droughts on record during the financial year 1946-47, and wheat districts were particularly badly affected. Average wheat yields were the lowest recorded for twenty-seven years and it will be noted from the table which follows (Table II) that the average yield of both wheat and oats in the two Shires in which the selected farms were situated was appreciably lower than the average State yields; in the Shire of Jemalong the average wheat yield being only 1.4 bushels per acre. However, on the fifteen farms with which this survey is concerned the average wheat yield was 2.9 bushels per acre, which, it will be noted, was higher than the average for the district and is an indication that the farmers concerned were of above average efficiency.

TABLE II.  
*Wheat and Oats Yields.*  
Bushels per acre.

Crop Yield.	Shire of Goobang.	Shire of Jemalong.	Whole State.
Wheat—Average* ... ..	13.9	14.2	13.8
„ 1946† ... ..	2.4	1.4	3.5
„ 15 Survey Farms ... ..	...	...	2.9
Oats—Average* ... ..	15.9	14.0	16.2
„ 1946† ... ..	2.1	1.9	3.7

\* Official average for the five years 1935-36 to 1939-40.

† Official statistics—all farms in the two Shires.

‡ Fifteen farms in both Shires.

Not only was the total rainfall during the calendar year 1946, the period during which the major part of the crop preparations were carried out and the crop sown and harvested, appreciably below average, but rainfall during the period April to October 1946, the crucial months for wheat, was only 33 per cent. of the long term average for that period at Forbes, while at Parkes it was only 44 per cent. of normal.

TABLE III.  
*Rainfall—1946 and Average.*  
(Inches.)

Town.	Calendar Year 1946.	Long-term Average.	April to October, 1946.	Long-term Average April to October.
Forbes ... ..	14.12	19.61	3.87	11.60
Parkes ... ..	16.31	20.90	5.37	12.19
Peak Hill ... ..	14.87	20.34	4.58	11.59
Bogan Gate ... ..	13.07	17.68	4.71	10.38

Conditions were such that many farmers in the district experienced complete crop failures; however, only three of the farmers from whom records were collected failed to harvest any wheat, but on the other hand six farmers had no 1946 wheat available for sale, their entire harvest being required for feed and seed use. Nevertheless, only one of the fifteen farms showed a net loss, and seven received a "net farm income" in excess of £1,000, not unsatisfactory figures in one of the driest seasons experienced this century.

#### **The Sample.**

It must again be stressed that the figures quoted in this article should not be taken as representative of all wheat farms within the selected district. Almost invariably, in this type of work, records are submitted by average and above-average farmers, but not by the relatively inefficient producers. In the early stages of this Division's cost/income surveys an endeavour was made to obtain a representative sample of farmers in the various districts selected, but it was found invariably that only the more efficient and generally better type of farmers returned records sufficiently complete and apparently reliable enough to justify analysis. No attempt was made to obtain a representative sample in so far as the year under review is concerned, and undoubtedly the majority, if not all, of the selected farmers are of above average ability. In fact, a number of the farms included in the survey are regarded as being amongst the best in the two shires concerned.

#### **Comparison with Previous Years.**

Unfortunately only nine of the farms from which records were obtained in 1946-47 also submitted records for the 1945-46 season, so that a strict comparison of results in the two seasons, and of the effect which the adverse season had on financial results, cannot be made. Nevertheless, a comparison of net profit figures as between those two years and also with figures obtained in 1944-45, also a year of severe drought in all New South Wales wheat districts except the North-Western area, is of interest.

On the twenty owner-operated farms from which records were obtained in 1944-45 net farm income varied between £1,803 and a negative figure of £1,030, the average being £416. However, three of the twenty farms were situated in the north-west, which was not affected by the drought experienced in all other wheat districts that season. In 1945-46 net farm income on eighteen rather similar farms ranged from £3,391 to £400, and average £1,652, while in 1946-47 the average net farm income was £827, ranging from £1,714 to minus £744. In 1944-45 only four farms (three in the area unaffected by drought) showed any managerial return, in 1945-46 only one farm did *not* yield a return on management, while in 1945-46, six owner-operated farms showed no managerial return.

Percentage return on farm capital after full wages had been allowed for the farmer and all members of his family working on the farm showed considerable variation. In 1944-45 only eleven of the twenty owner-operated farms showed any capital return and only four showed a return of over 5 per cent., while only one showed a return of over 6 per cent. (11.3 per cent.). In 1945-46 every farmer showed substantial returns on farm capital, the minimum being 6.4 per cent.

and the maximum 18.3 per cent. Only six farms showed returns of less than 10 per cent. In the third year, 1946-47, three farms showed no capital return, while three others showed returns of less than 5 per cent., the maximum return in that year being 13.7 per cent.

**Farm Size and Organisation.**

The majority of farms in the selected area vary in size from about 750 acres to 2,000 acres. However, in the western section of the area there are a number of larger farms. The area and organisation of the fifteen farms studied showed considerable variation. While all but one obtained an appreciable portion of their income from wheat, the area under wheat, in both 1946 and 1947, varied very greatly, showing even more variation than did the total farm area. The largest farm comprised 2,988 acres, while the smallest was only 560 acres. The greatest area under wheat in 1946 and 1947 was on the farm with the largest overall area, although generally the medium-sized farms had the greatest proportion of their area under crop in both years. The percentage of total farm area under crop in 1946 varied from 12.8 per cent. on one farm to 54.1 per cent. on another. The average percentage area under crop in 1946 was 34.4 per cent., and in 1947 was 36.7 per cent. In 1947 the overall wheat area increased, although some farms showed small reductions in area, but the overall oat area was reduced despite the fact that a number of farmers who had not sown oats in the previous year sowed up to 70 acres in 1947. On most of the farms concerned wheat and oats were the only crops grown in both years, but a few farms grew small areas of barley. Full details of crop areas are set out in Table IV:

TABLE IV.

*Farm Size and Organisation.*

(Farms arranged in order of total area under cereals, 1946.)

Farm No.	Area under Cereals, 1946.	Wheat Area, 1946.	Oats Area, 1946.	Wheat Area, 1947.	Oats Area, 1947.	Total Area of Farm.	Percentage of Total Area under Crop, 1946.
	Acres.	Acres.	Acres.	Acres.	Acres.	Acres.	Per cent.
4 ...	1,028	1,028	...	980	20	2,988	34.4
2 ...	940	720	220	740	60	2,395	39.2
3 ...	750	420	330	635	110	1,576	47.6
10 ...	463	412	51	404	...	979	47.3
1 ...	410	370	40	380	25	856	47.9
5 ...	393	390	3	420	75	806	48.8
13 ...	380	300	80	360	...	1,362	27.9
11 ...	340	303	37	426	70	628	54.1
6 ...	300	300	...	290	70	735	40.8
9 ...	271	271	...	349	...	758	35.7
14 ...	268	268	...	216	52	762	35.2
7 ...	225	225	...	480	50	1,752	12.8
8 ...	203	165	35	165	15	560	36.2
12 ...	190	180	10	180	56	846	22.5
15* ...	590	540	50	505	55	2,600	22.7

\* Tenant.

### Income and Returns.

Before proceeding to discuss further the returns obtained from the various farms, it is necessary that the terms used be defined.

*True Net Income* is the actual net income produced by the farm, an allowance having been made for the value of farm produce used in the home, for the rental value of the farm-house (based on 8 per cent. of its capital value at the beginning of the year) and for the value of keep provided for hired labour. A negative figure indicates a net loss. To obtain what is termed *Net Farm Income* the cost of unpaid family labour valued at ruling or award rates is deducted from the True Net Income and to this figure the actual interest paid is added. *Net Farm Income* therefore represents the income which the farmer would have received if his farm were free of debt and he had paid for all family labour at rates ruling for hired labour. Five per cent. has been taken as a reasonable rate of return on capital during the period under review and *Operator's Earnings* have been obtained by deducting 5 per cent. of the average total farm capital from Net Farm Income. Operator's Earnings, therefore, represent the farm operator's return for his labour and management. To obtain the return for management, the value of the operator's own labour must be deducted from Operator's Earnings. This deduction has been set at £312, and when made gives the *Managerial Return*. *Farm Capital Earnings* represent the return on total farm capital which would have been obtained if the farm were free of debt, all family labour had been paid at ruling rates, and the operator had drawn a "fair" wage for his own labour and management. The percentage return on farm capital is based on these assumptions and should not be confused with the percentage earned on net worth which is the interest earned on the farmer's average equity in his property after his own and his family's labour (if any) have been allowed for at ruling rates.

Full details of income and returns on capital are set out in Table V. It will be noted that eight farms showed a net farm income in excess of £1,000, while three others showed net farm incomes of over £500. The outstanding fact which emerges from a study of the figures given in Table V is that despite one of the most disastrous droughts on record, income figures from the fifteen farms under review were reasonably satisfactory in all but four instances, and only one farm showed a substantial loss. This was no doubt due largely to the comparatively high prices received during the year under review, not only for wheat but also for wool, meat and other grains and fodders. Prices have risen further since that time and there can be no doubt that in 1947-48 and during the current season, wheat/sheep farmers are obtaining record incomes, being fortunate in experiencing a combination of record prices and highly satisfactory seasons.

TABLE V.  
*Income and Returns.*  
(Arranged in order of Net Farm Income.)

Farm No.	True Net Income.	Net Farm Income.	Operator's Earnings.	Managerial Return.	Return on Farm Capital.	Percentage Return on Farm Capital.	Percentage Net Income Earned on Net Worth.*	Percentage Gross Cash Receipts to Total Capital Invested.	Wheat Yield per Acre.†
	£	£	£	£	£	%	%	%	busbels.
1 ...	1,670	1,714	1,212	900	1,376	13·7	22·8	22·8	8·7
2 ...	1,351	1,645	759	447	1,307	7·3	16·2	18·5	6·3
3 ...	1,431	1,371	750	438	1,033	8·3	19·7	17·5	3·0
4 ...	1,015	1,359	384	72	1,021	5·0	12·1	22·5	3·0
5 ...	1,567	1,255	692	380	917	8·1	12·0	11·4	6·1
6 ...	1,031	1,041	535	223	703	6·9	11·0	20·9	11·7
7 ...	904	1,025	433	121	687	5·7	10·7	10·8	9·6
8 ...	694	825	416	104	487	5·9	16·8	19·9	7·1
9 ...	677	677	294	...	339	4·4	9·4	21·5	F
10 ...	822	510	-153	...	172	1·0	3·8	23·9	3·6
11 ...	297	378	44	...	40	0·6	7·8	15·5	F
12 ...	234	300	-233	...	...	...	3·3	10·5	5·0
13 ...	160	228	53	...	...	...	15·1	29·9	F
14 ...	1,020	-744	-1,002	...	...	...	...	13·5	5·1
15‡ ...	1,688	2,288	1,465	1,153	1,350	30·2	30·2	...	2·8

Note.—A blank space in column 5-8 indicates a negative return.

\* Net income here is the figure obtained by subtracting the value of the operator's own labour from Net Farm Income and adding to that figure interest actually paid by the farmer.

† F indicates crop failure.

‡ Tenant.

### Capital and Debt Structure.

The farmer was asked to place his own valuation on his land, improvements, machinery, livestock, etc., and these valuations have been accepted where they appear reasonable. In almost every case the valuation placed on land (unimproved) was the shire valuation. Farmers were asked to value their property (improved value) at a conservative sales value. Valuation of machinery presented some difficulty in that farmers did not always know either the original cost or the age of the machine. Farmers were specifically requested not to take the sharp increase in the price of machinery during the war into account in valuing machinery purchased pre-war. Crops growing at 1st July, 1946, and at 30th June, 1947 (wheat, oats and barley) were valued at a standard rate of 30s. per acre in the case of wheat, and 20s. in the case of oats and barley.

In the owner-operated farms, total farm capital varied from £3,848 on Farm No. 13 to £19,469 on Farm No. 4. Total capital exceeded £10,000 in nine cases. The owner-operator's equity in his property or his net worth, varied from £1,512 to £13,404. In six cases the farmer's net worth was reduced during the year, indicating that he lived, partially, on capital. In all other cases net worth increased.



TABLE VI.  
*Capital and Debt Structure.*  
(Arranged in order of Total Capital Investment.)

Farm No.	Total Capital Invested, 1st July, 1946.	Total Liabilities.	Fixed Liabilities.	Long Term Loan (Banks).	Bank Overdraft.	Money Owed.	Net Worth, 1st July, 1946.	Net Worth, 1st July, 1947.	Percentage Change in Net Worth during Year.
	£	£	£	£	£	£	£	£	%
4 ...	19,469	8,263	8,171	...	...	92	11,206	11,226	+1.2
2 ...	17,652	7,527	280	791	6,456	...	10,125	10,494	+3.6
10 ...	13,443	39	...	...	...	39	13,404	13,065	-2.5
14 ...	13,289	5,884	...	...	5,884	...	7,405	6,086	-17.8
3 ...	12,334	5,374	2,174	...	3,200	...	6,960	7,770	+11.6
7 ...	11,954	2,506	2,506	...	...	...	9,448	6,433	-31.9
5 ...	10,733	325	...	...	325	...	10,408	11,470	+9.9
12 ...	10,573	1,612	111	802	699	...	8,961	8,513	-5.0
6 ...	10,180	763	...	...	763	...	9,417	10,073	+7.0
1 ...	9,973	2,445	390	...	2,055	...	7,528	8,894	+18.1
8 ...	8,432	3,528	500	...	3,028	...	4,904	4,971	+1.4
9 ...	7,334	150	150	...	...	...	7,184	7,542	+5.0
11 ...	6,617	1,764	...	...	1,764	...	4,853	4,785	+1.6
13 ...	3,848	2,336	220	...	2,116	...	1,512	1,409	-6.8
15* ...	3,706	...	...	...	...	...	3,706	5,200	+40.3

\* Tenant.

The unimproved value of the fourteen owner-operated farms varied between £1 and £3 per acre, while the improved value varied between £5 and £11.4 per acre.

The maximum liability on any farm at 1st July, 1946, was £8,263, while on one owner-operated farm, liabilities amounted to only £39. Four farmers had liabilities in excess of £5,000 and six others had liabilities ranging between £1,000 and £4,000. In Table VI liabilities have been classified under four headings (i) Fixed, (ii) Bank—Long Term Loans, (iii) Bank Overdrafts (payable on demand), and (iv) Cash owing to storekeepers, merchants, machinery firms, etc. The first item is comprised mainly of money owed to the Crown on land. It will be noted that ten of the fourteen owner-operators were working on bank overdrafts, while seven owed money to the Crown on their land. Total liabilities on all farms in the survey amounted to £42,516 at 1st July, 1946—at the end of the year this figure had increased to £43,351.

Total liabilities at the beginning of the year were made up as follows:

	£
Crown on Land .....	6,073
Private Mortgages .....	8,429
Bank—Long Term Loans .....	1,593
Overdrafts .....	26,290
Money Owed to Merchants, etc. ....	131

It is obvious that on the farms in question, banks were far the most important source of credit, bank overdrafts (excluding Long Term Loans) comprising over 60 per cent. of total liabilities.

TABLE VII.  
*Receipts, Expenses, Costs and Machinery.*

Farm No.	Total Money Receipts.	Total Cash Expenses.	† Total Farm Costs.	Per-centage Cash Costs.	Per-centage Allow-ances.	Machinery.		
						Value at 1st July, 1946.	Capital Invested per 1946 Crop Acre.	Cost of Repairs for every £100 invested in Machinery.
	£	£	£	%	%	£	£	£
4 ...	4,385	3,528	2,035	32.3	67.7	1,736	1.7	8.1
2 ...	3,261	1,844	2,189	23.9	76.1	1,255	1.3	5.9
10 ...	3,222	1,693	2,077	43.7	56.3	2,147	4.6	8.5
1 ...	2,272	631	1,078	45.5	54.5	1,127	2.7	8.4
3 ...	2,162	1,065	1,530	53.9	46.1	1,072	1.4	9.4
6 ...	2,126	923	1,292	39.6	60.4	1,442	4.8	9.0
14 ...	1,795	1,986	1,314	43.9	56.1	1,124	4.2	7.4
8 ...	1,677	600	929	48.3	51.7	616	3.0	9.2
9 ...	1,580	645	938	45.3	54.7	529	1.9	1.8
7 ...	1,286	650	882	49.9	50.1	916	4.0	3.2
5 ...	1,221	790	1,437	61.0	39.0	1,610	4.1	6.0
13 ...	1,149	379	833	50.4	49.6	588	1.5	4.5
12 ...	1,107	594	1,058	48.6	51.4	541	2.8	6.2
11 ...	1,027	556	1,007	45.6	54.4	718	2.1	11.0
15* ...	3,702	2,014	1,767	27.3	72.7	1,221	2.0	3.2

\*Tenant.

† Excluding interest.

**Receipts and Expenses.**

Both total money receipts (excluding money borrowed or money received for capital equipment sold) and total cash expenses varied very greatly on the fifteen farms from which records were obtained. Total Money Receipts amounted to £4,385 on Farm No. 4, while on Farm No. 11 they amounted to only £907. In contrast to the previous year, when wheat receipts accounted for over 50 per cent. of total gross receipts on most farms, the sale of wool, sheep and lambs was the main source of income. Nevertheless, wheat receipts were substantial in most instances, only one farmer receiving no income from wheat. Payments on wheat delivered to pools prior to that operating in the season in question comprised the greater part of wheat receipts, and only on three farms did 1946-1947 wheat receipts exceed payments on earlier deliveries. Receipts from oats were almost negligible, as were receipts from fodder, except in one instance. Two farms received moderate returns from pigs, while a number of farms received comparatively small amounts for the sale of cattle.

TABLE VIII.

*Total Money Receipts*

(excluding Money Borrowed and Money Received from Capital Equipment Sold).

Farm No.	Total Money Receipts.	Wheat 1946-47.	Wheat (Other).	Oats.	Fodder.	Wool.	Sheep and Lambs.	Pigs.
	£	£	£	£	£	£	£	£
4 ...	4,385	151	1,738	...	...	575	1,835	34
2 ...	3,261	26	1,199	...	527	1,077	256	150
10 ...	3,222	...	911	97	...	470	1,222	389
1 ...	2,272	714	628	...	...	510	410	...
3 ...	2,162	...	1,074	4	...	421	491	12
6 ...	2,126	670	644	...	...	300	323	...
14 ...	1,795	...	...	...	42	400	1,243	...
8 ...	1,677	208	465	...	8	346	575	15
7 ...	1,286	202	529	...	41	71	419	...
5 ...	1,221	287	75	...	...	160	454	39
13 ...	1,149	...	315	...	50	83	599	...
9 ...	1,111	...	255	...	50	286	489	...
12 ...	1,107	74	288	...	...	518	206	...
11 ...	907	...	565	16	...	18	90	...
15* ...	3,702	83	936	...	9	463	2,120	...

\* Tenant.

Total cash expenses (including livestock purchases but excluding purchases of capital equipment and debt repayment) varied between £3,528 on Farm No. 4 and £379 on Farm No. 13. The major cash expense, apart from the purchase of livestock, was fuel and power, whilst maintenance of machinery represented a substantial cash expense on almost all farms. In Table IX Cash Expenses are set out in detail.

TABLE IX—*Cash Expenses.*

Farm No.	Total Cash Expenses.	Seed.	Fertiliser.	Bags, Twine, etc.	Feed.	Cartage.	Fuel and Power.	Maintenance.			Interest Paid.	Purchase of Livestock.
								Improve-ments.	Mach-inery.	Cash Wages.		
1 ...	£ 631	£ 5	£ 35	£ 3	...	£ 32	£ 162	£ 32	£ 92	£ 55	£ 44	£ 34
2 ...	1,844	51	82	73	...	73	246	132	77	452	294	26
3 ...	1,065	42	53	86	...	23	184	99	104	21	252	49
4 ...	3,528	54	106	17	17	17	259	5	138	169	344	1,836
5 ...	790	58	...	...	3	...	267	14	96	5	...	225
6 ...	923	5	40	92	5	...	131	169	126	...	10	162
7 ...	650	24	42	28	11	38	129	...	29	61	121	10
8 ...	600	...	27	...	11	2	79	46	55	5	131	105
9 ...	645	60	35	2	...	2	87	42	9	28	...	268
10 ...	1,693	10	53	51	45	13	224	...	178	38	...	716
11 ...	556	133	51	...	13	...	73	14	77	19	81	18
12 ...	594	12	29	12	5	32	87	9	31	103	66	16
13 ...	379	78	23	10	...	8	51	41	27	5	68	...
14 ...	1,986	...	40	12	9	48	136	54	82	87	276	1,056
15* ...	2,014	...	70	...	...	1	162	50	38	280	...	696

\* Tenant.

Total cash expenses do not represent a true picture of farm costs, as they do not take account of stocks on hand at the beginning and at the end of the year, nor do they take into account such items as depreciation and unpaid family labour. Total costs, taking these items into account and also including an allowance for the farmer's own labour, have been calculated. The total cost figures as calculated are only comparable, however, as between farms if the same proportion of feed and seed is purchased on the farms being compared. The fact that some farms use home-produced feed and seed, and some purchase their requirements of these items makes comparison of total cost figures difficult. The total cost figure includes the cost of labour used in the creation of new assets, but not the materials so used, unless they are farm produced.

Costs, which exclude interest charges, have been classified as "Cash Costs" and "Allowances." Cash costs accounted for from 23.9 per cent. to 61.0 per cent. of total costs. On only three farms did cash costs account for more than 50 per cent. of total costs. Due allowance being made for the farmer's own labour, labour costs averaged 36 per cent. of total costs. Machinery costs (including fuel, depreciation and maintenance) were also high, averaging almost 25 per cent. of total costs. Fuel was the major cash expense on all farms, amounting to as much as 15.8 per cent. of total costs on one farm. Details of costs are set out in Table X.

TABLE X—Division of Farm Costs.

Costs.	Farm Number.														Average of 14 Farms. †
	1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.	14.	
Total Farm Costs* ...	£ 1,078	£ 2,189	£ 1,530	£ 2,035	£ 1,437	£ 1,292	£ 882	£ 929	£ 938	£ 2,077	£ 1,007	£ 1,058	£ 833	£ 1,314	£ 1,329
Cash Costs ...	% 45.5	% 23.9	% 53.9	% 32.3	% 61.0	% 39.6	% 49.9	% 48.3	% 45.3	% 43.7	% 45.6	% 48.6	% 50.4	% 43.9	% 43.6
Allowances ...	...	76.1	46.1	67.7	39.0	60.4	50.1	51.7	54.7	56.3	54.4	51.4	49.6	56.1	56.4
Major Items of Cost—															
Depreciation of Improve- ments ...	5.1	3.6	5.8	4.5	6.7	4.5	4.0	8.5	4.1	4.7	4.8	4.5	6.0	11.3	5.6
Depreciation of Machinery Own Labour ...	10.6	6.0	7.3	8.1	10.8	11.0	8.3	6.2	7.9	8.9	8.2	5.1	6.9	6.8	8.0
Family Labour ...	28.9	14.2	20.4	15.3	21.7	24.1	35.4	33.6	33.3	15.0	30.9	29.5	37.4	23.7	25.9
Hired Labour and Keep Upkeep and Repairs—	...	...	20.4	...	21.7	...	...	...	...	15.0	...	...	...	...	4.1
Improvements ...	5.9	20.6	1.3	12.7	0.3	...	9.2	0.5	2.9	1.8	3.4	19.2	0.6	8.6	6.2
Machinery ...	2.9	6.0	6.5	0.2	1.0	13.1	...	4.9	4.5	...	1.4	0.8	4.9	4.1	3.6
Crop Expenses† ...	8.5	3.5	6.8	6.8	6.7	9.7	3.3	5.9	0.9	8.6	7.6	2.9	3.2	6.2	5.7
Feed and other Livestock Expenses ...	4.1	14.0	8.3	11.9	4.6	13.0	18.0	17.5	23.4	11.7	29.5	12.3	16.7	12.5	14.1
Cartage ...	1.7	10.8	0.6	2.1	0.9	4.8	1.6	4.2	3.6	5.7	1.9	3.9	9.0	1.1	3.7
Fuel ...	2.9	3.3	1.5	0.8	...	...	4.3	0.2	2.2	0.6	...	3.0	0.8	3.6	1.6
	15.8	13.9	12.0	12.0	18.6	10.5	11.9	7.8	10.8	9.9	7.7	6.6	6.9	8.1	10.9

\* Excluding Interest.

† Seed, Fertiliser, Bags and Twine, and other sundry crop expenses.

‡ Owner-operated farms.

**Farm Machinery.**

A tractor was in use on each of the fifteen farms from which records were received. This is typical of the New South Wales wheat belt where horses as a major source of power have now almost entirely disappeared.

Capital invested in machinery varied very considerably on the fifteen farms. On Farm No. 12 machinery was valued at only £541, while on Farm No. 10 machinery was worth £2,147. Capital invested in machinery per 1946 crop acre also varied significantly, ranging from £1.3 to £4.8 per acre. However, as the major part of the machines on these farms was purchased pre-war, the foregoing figures give no real indication of the investment which would now be necessary to fully mechanise a normal wheat farm.

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**Acknowledgment.**

It is again desired to express appreciation of the services rendered by Departmental Field Officers who, over a period of years made it possible for members of this Division's staff to maintain personal contact with all the farmers keeping Farm Record Books in the selected areas. Without this personal contact it is doubtful if many satisfactory records would have been obtained.

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