

WA Vegetable Industry Benchmarks

2016-2017 Financial Year





Funding Statements



Department of
**Primary Industries and
Regional Development**

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**Hort
Innovation**
Strategic levy investment

**VEGETABLE
FUND**

This project has been funded by Hort Innovation using the vegetable research and development levy and funds from the Australian Government. For more information on the fund and strategic levy investment visit horticulture.com.au



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Key Insights

- Generally very positive outcomes however wide range of results.
- The best growers produced more income and controlled operating costs, focusing on growing vegetables.
- The vegetable industry can generate very positive returns comparable with any industry.
- There are easy changes to improve profits for those with lower results.
- The overall industry average numbers will change as the benchmarks evolve to include more businesses and we develop the measures used to benefit the industry.

About this research

- This report is published for the benefit of Western Australian vegetable growers and those involved in the Western Australian vegetable industry.
- The 2016-2017 vegetablesWA & Planfarm benchmarks are derived from a number of businesses positioned across Western Australia.
- The result of this benchmarking initiative is producing an industry report and an individual grower report.



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Market & Environmental Factors

During the 2016-2017 financial year there were 4 major market and environmental factors that influenced the performance of growers over this period.



TOMATO POTATO PSYLLID
INCURSION IN WA



MARKET ACCESS CUT TO
EASTERN STATES BUYERS



MARKET FLOODING IN
MAJOR KEY LINES

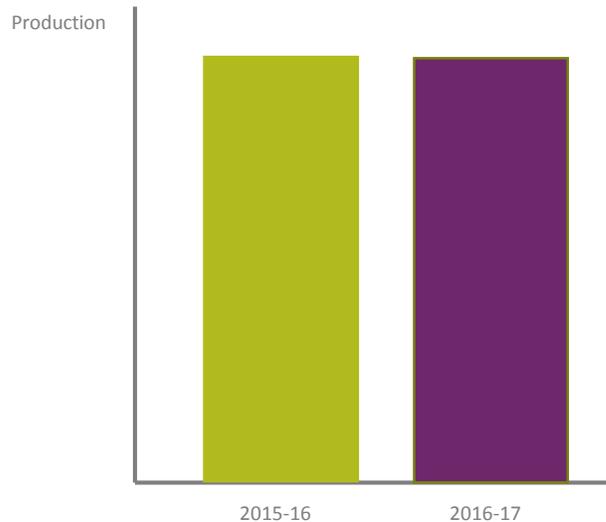


WEATHER EVENT
CHANGES, MILDER
CONDITIONS

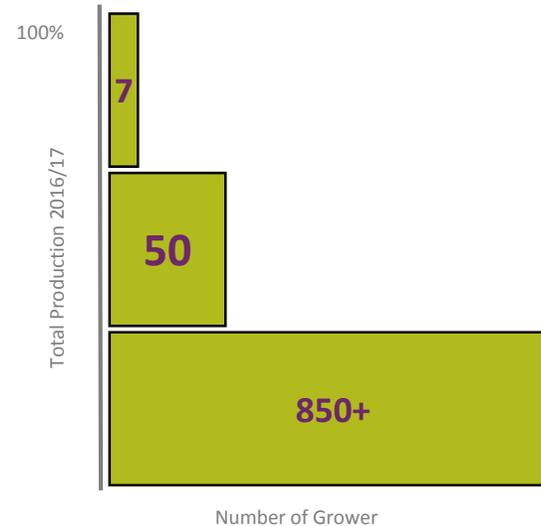


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Vegetable Industry Information



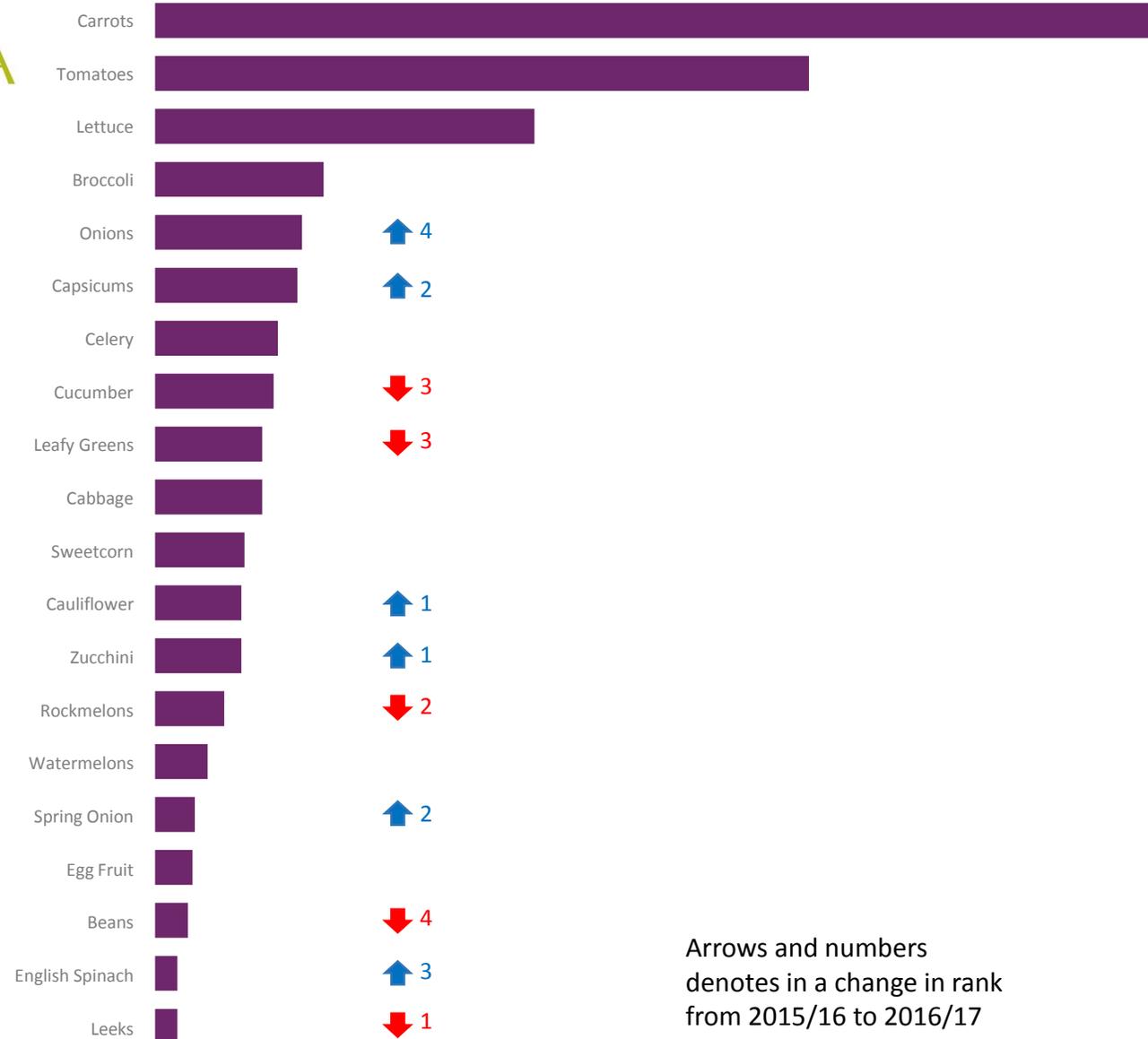
Level of production was the same between 2015/16 and 2016/17



- 33.3% of the states production comes from 7 growers
- 33.3% of the state's production comes from 50 growers
- 33.3% of the state's production comes from 850+ growers

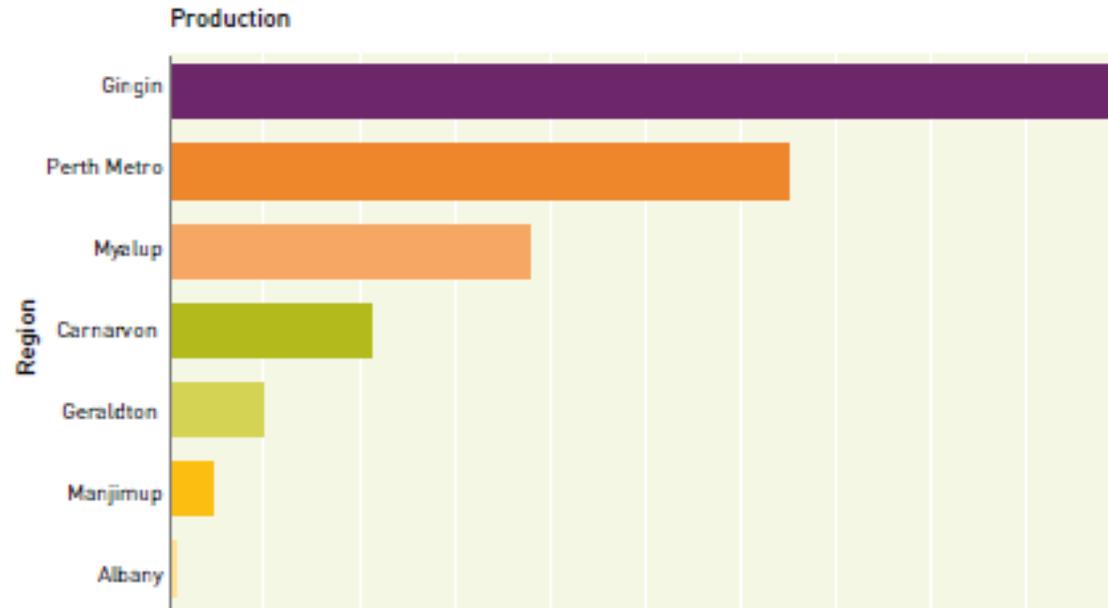


Top 20 vegetable lines ranked by production in 2016/17



Arrows and numbers denotes in a change in rank from 2015/16 to 2016/17

Regional Production in 2016/17





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Presentation of Financial Results

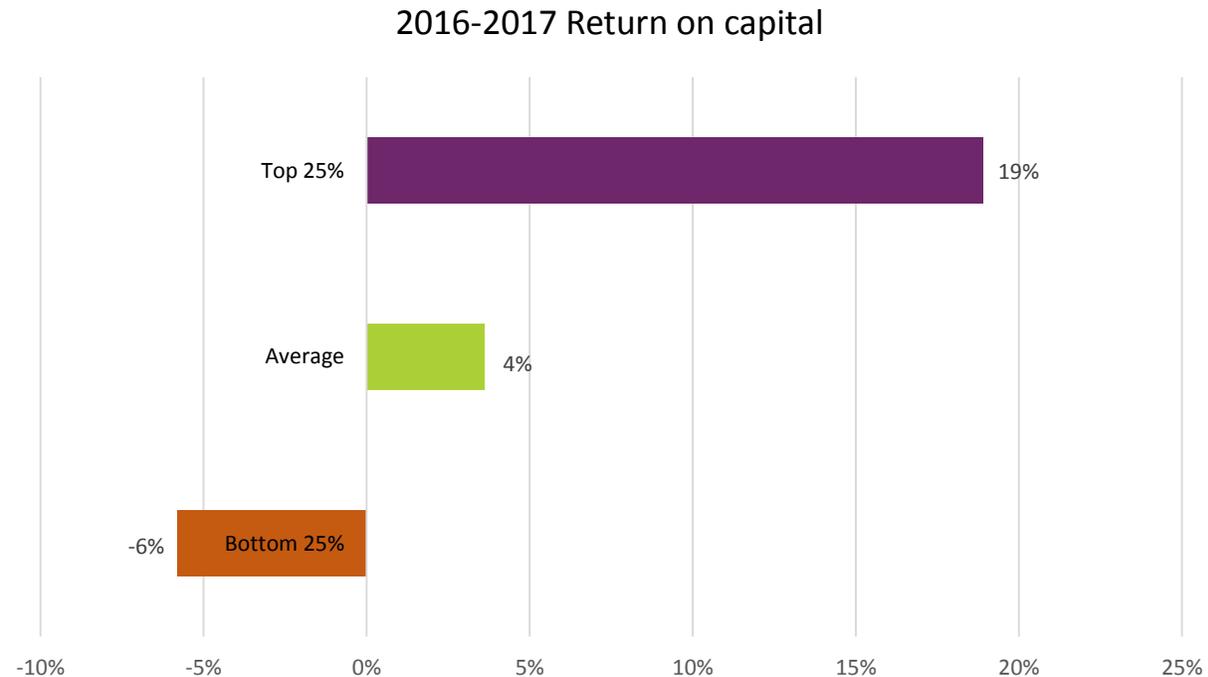
- Growers were ranked on their vegetable operating profit per hectare.
- Results present averages for:
 - The whole dataset
 - The top ranked 25%
 - The bottom ranked 25%



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WA Vegetable Growers Performance

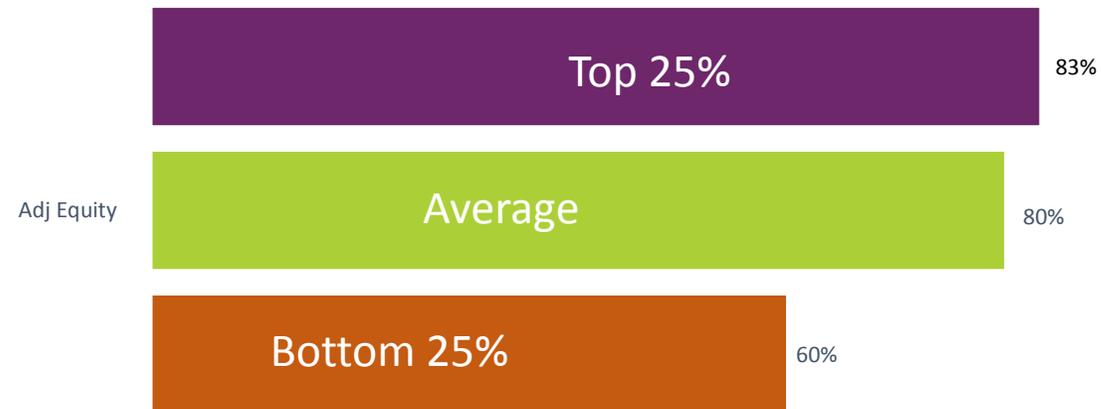
The 2016/17 financial year was a varied one for vegetable growers, with a wide range of return achieved across Western Australia.





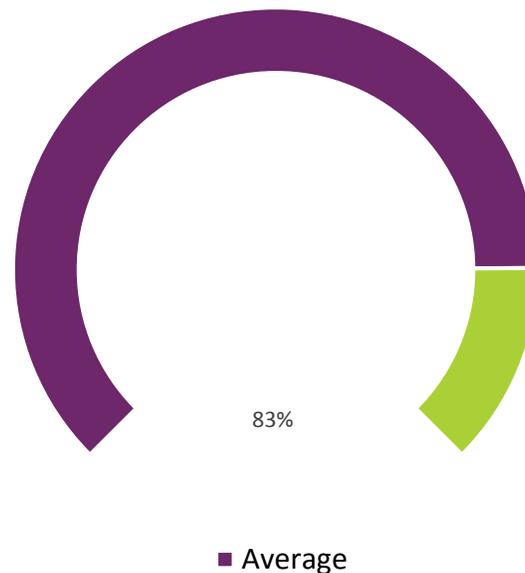
Vegetable growers in Western Australia have strong businesses with an average adjusted equity percentage of 83%

2016-2017 Equity %



2016/2017 financial year Western Australian vegetable growers operating costs as a percentage of gross farm income was 83%

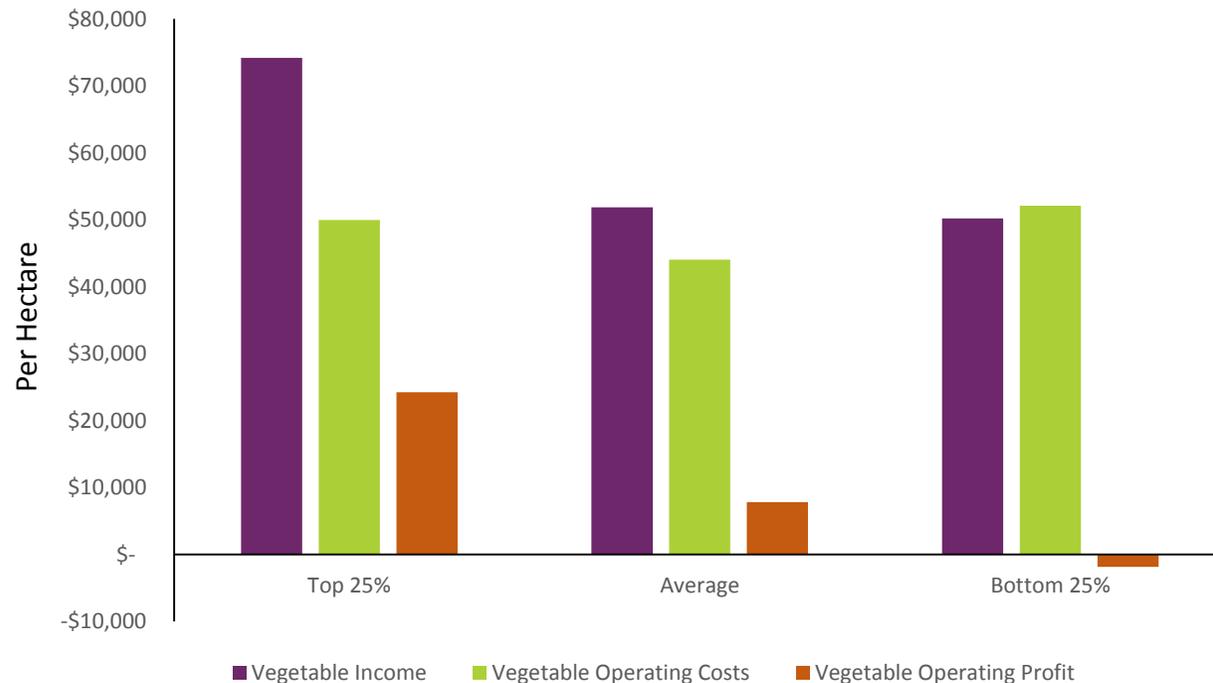
Vegetable operating cost %



Key Point of Note:

- With an average operating profit of \$7,833/ha, a reduction of just 5% in operating cost % (83% to 78%) would increase the operating profit by \$2,303/ha or 29.4%.

2016/2017 financial year was varied with very large differences between the top 25%, the average and the bottom 25% of growers



Key Point of Note:

- Top 25% produce 43% more income from similar operating costs.
- The average and the bottom 25% produced almost the same amount of revenue, but the average grower had a \$6,000/ha lower operating costs compared to a grower in the bottom 25%.



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Top Performers in 2016-2017

15%

HAD A 15% HIGHER
RETURN ON CAPITAL THAN
THE AVERAGE GROWER

22%

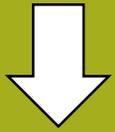
HAD 22% LOWER
VEGETABLE OPERATING
EXPENSE PERCENTAGE

\$24,218

HAD A VEGETABLE
OPERATING PROFIT OF
\$24,218 PER HECTARE



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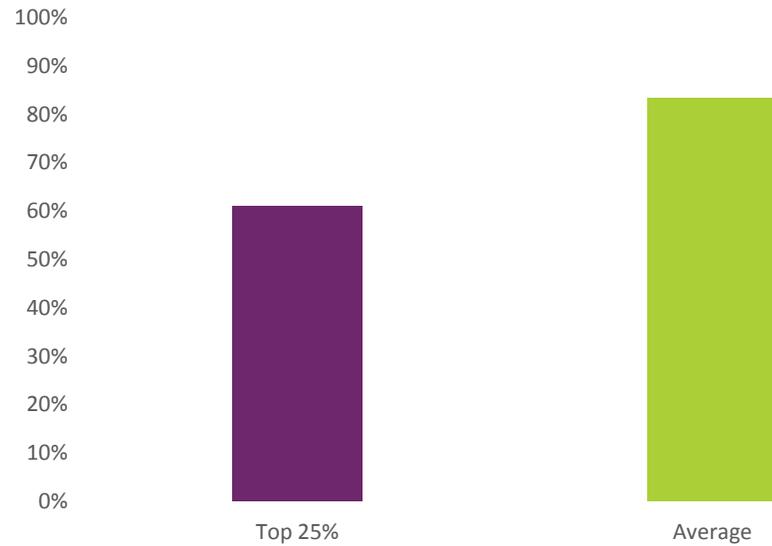


Had lower operating cost %

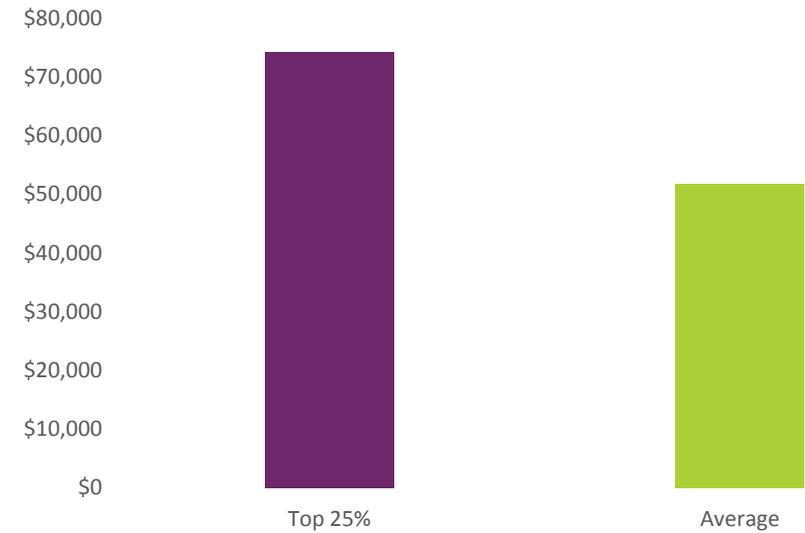


Produced more revenue from the same amount of land

Vegetable operating Cost %



Vegetable revenue \$/ha





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Some of the key differences in terms of business practice between the top 25% and average vegetable growers were:



THEY PRODUCED
QUARTERLY FINANCIAL
REPORTS



THEY PRODUCED AN
ANNUAL BUDGET



THEY USED SPECIFIC
CROP ROTATIONS AROUND
THE FARM



THEY KEPT GOOD
PRODUCTION AND
FINANCIAL RECORDS



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Grower Productivity

The benchmarking project has the ability to collect and report on key productivity ratios, however, due to business management and record keeping among the majority of participating growers, this information is not able to be generated in the first year of benchmarking.

Typical grower productivity measures will include:

- **Yield per full time equivalent:** This details the vegetables produced for every full time labour unit.
- **Yield per labour cost:** This details the vegetables produced for every labour dollar spent.
- **Yield per kilolitre:** This details the vegetables produced for every kilolitre of water used.
- **Yield per dollar of chemical and fertiliser:** This details the vegetables produced for every dollar spent on chemicals and fertiliser.



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Get Involved

This Industry benchmarking report, although giving insight into the general performance of Western Australian vegetable growers in the 2016-2017 financial year, does not provide actionable insight to vegetable growers on its own.

For Growers to gain the most benefit out of this project they need to have their own data compared back to the industry benchmark data which can be found on the individual grower report. To have access to the individual grower report the grower must participate in this project.

So to get started, start recording as much data as you can about your business and get in touch with vegetablesWA or Planfarm to begin the benchmarking process.



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