

Farm Equity Positions

The Discussion Paper states "It is generally considered that farms with equity in excess of 50 per cent of total assets are in a relatively strong position. According to the FCC survey, about 91 per cent of farms fall in this category".

Once again, we believe that the assets values found in the FCC study are highly overstated.

Any farmer whose equity is below 80% is not in a strong position. If world farm commodity prices continue to deteriorate over the next few years farmers with less than 80% equity and who are not protected by supply management type marketing boards, such as dairy or poultry, will not survive, if they are completely dependant on farm income only.

investment is as follows:

Year	Net Return on Investment	Net Farm Income (all farms)
1981	1.2%	1,211
1982	2.7%	1,325
1983	2.7%	1,325
1984	2.7%	1,325
1985	2.7%	1,325

The figures for subsequent years will probably show a negative return on investment.