



Australian Government
Department of Agriculture
and Water Resources
ABARES



National and international issues affecting Tasmania

Peter Gooday – Chief Commodity Analyst

**Australian Bureau of Agricultural
and Resource Economics and Sciences**

8 May 2019



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

- The sector's goal for 2030
- Production and export performance
- Farm incomes
- Increased food demand
- China agricultural policy
- Long term factors

Australian Bureau of Agricultural & Resource Economics and Sciences (ABARES)

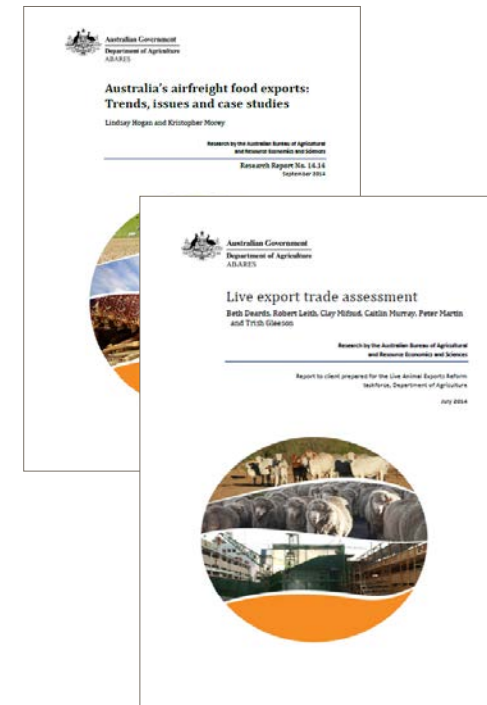
Statistics



Forecasting

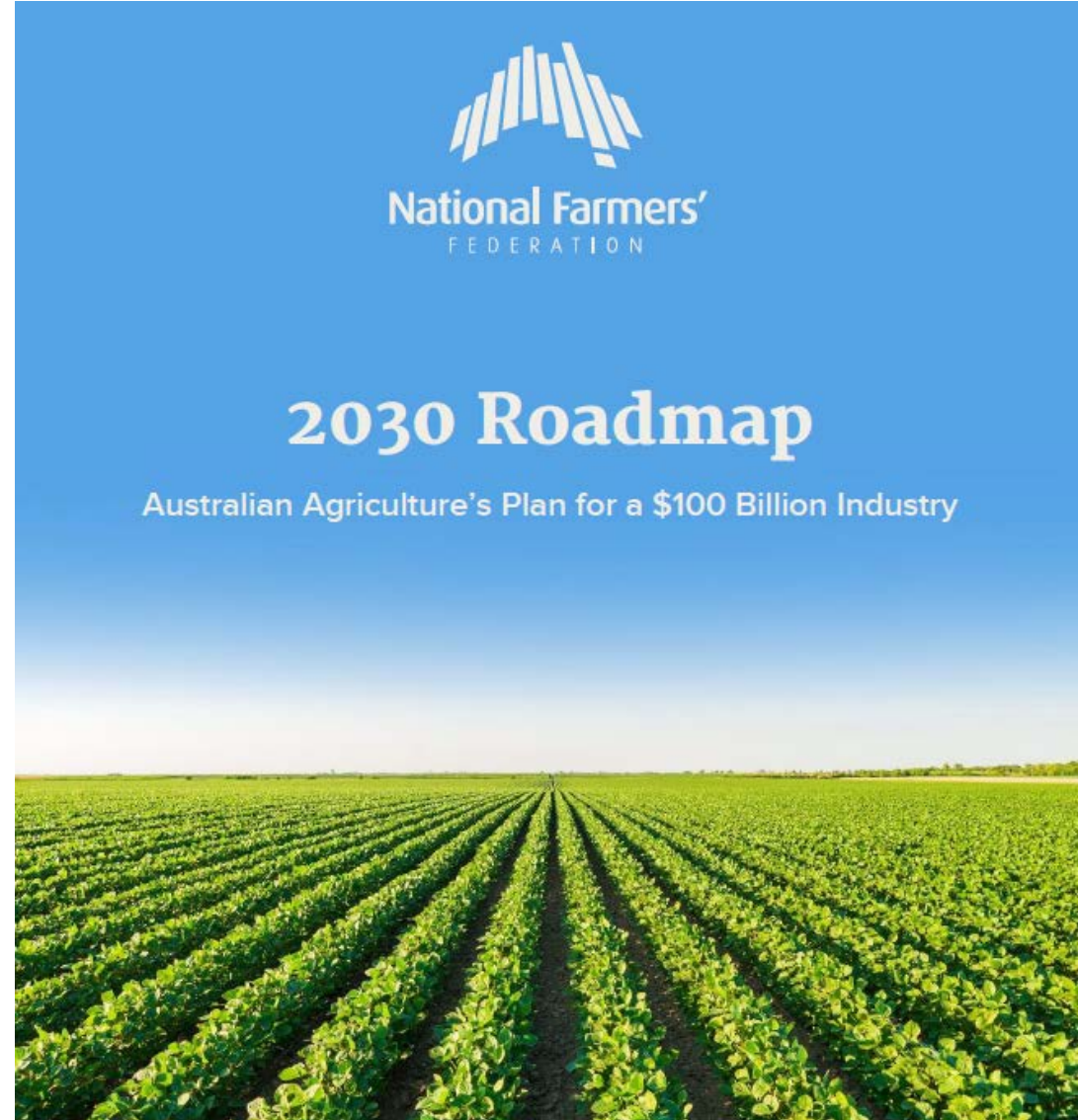


Analysis

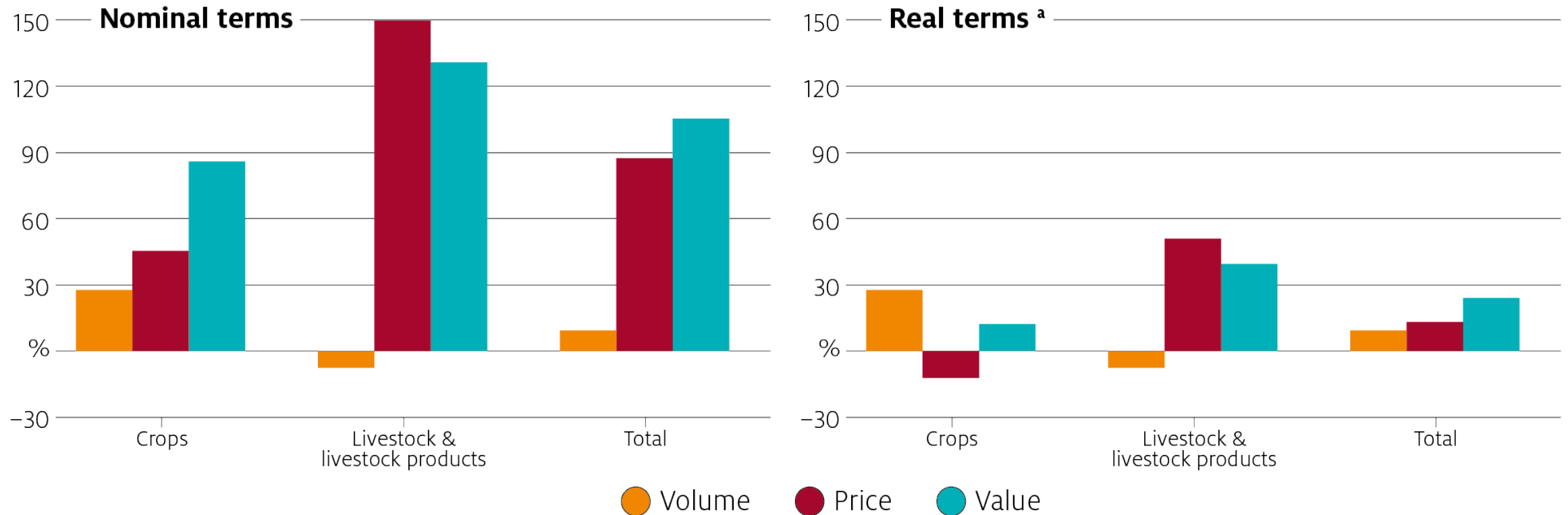


agriculture.gov.au/abares/research-topics

Support for \$100 billion by 2030



Prices account for 90% of past growth

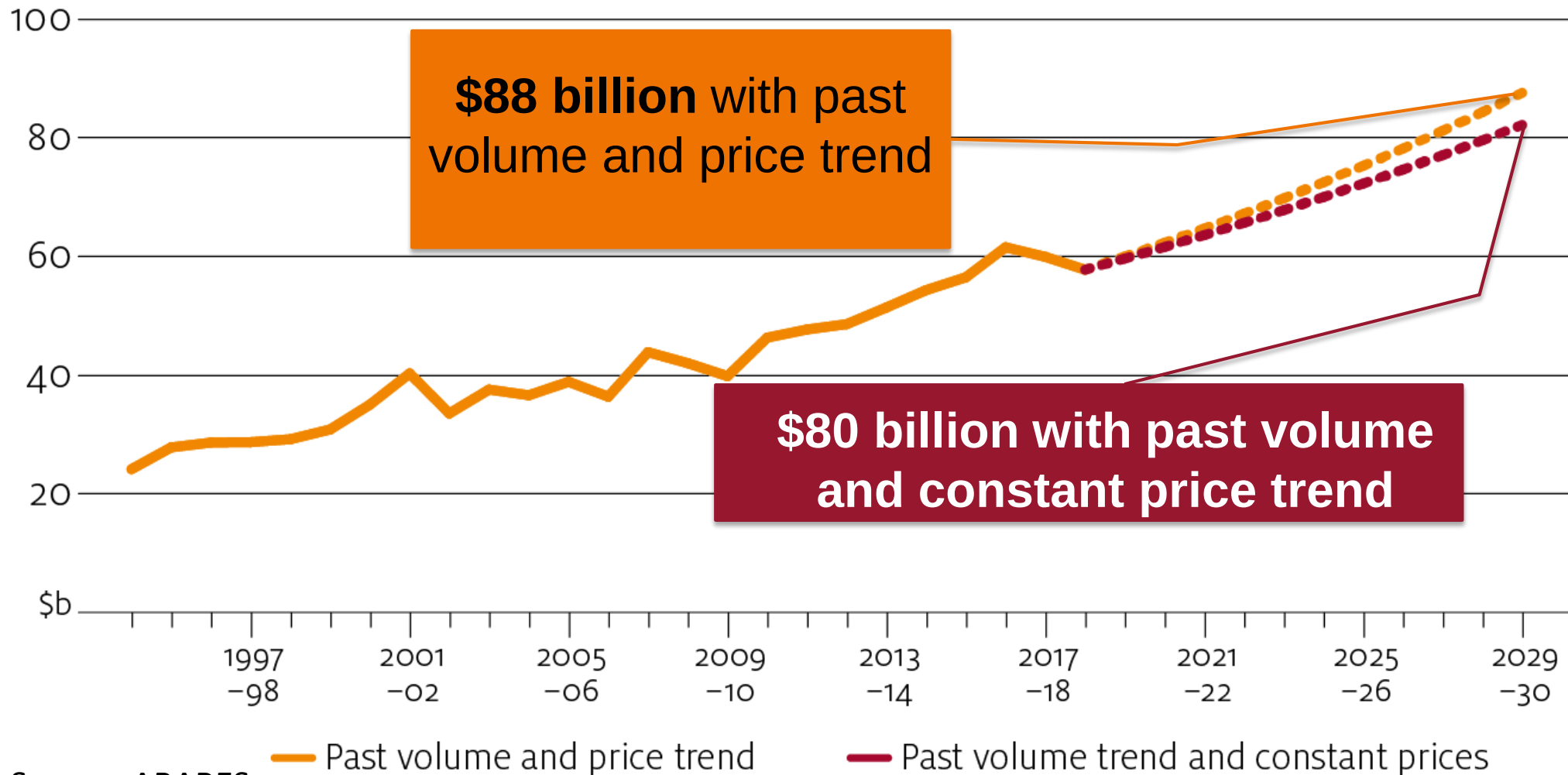


Source: ABARES Insights, Issue 1, 2018 (<http://www.agriculture.gov.au/abares/Documents/snapshot-australian-agriculture.pdf>)

Note: estimates relate to the agriculture sector only (does not include fisheries and forestry), crops includes horticulture, values represent the growth in each variable over the past 20 years (not the proportion of growth that can be attributed to each factor), ^a real prices and values are adjusted to remove the effects of inflation. Source: ABARES.

Take nothing for granted

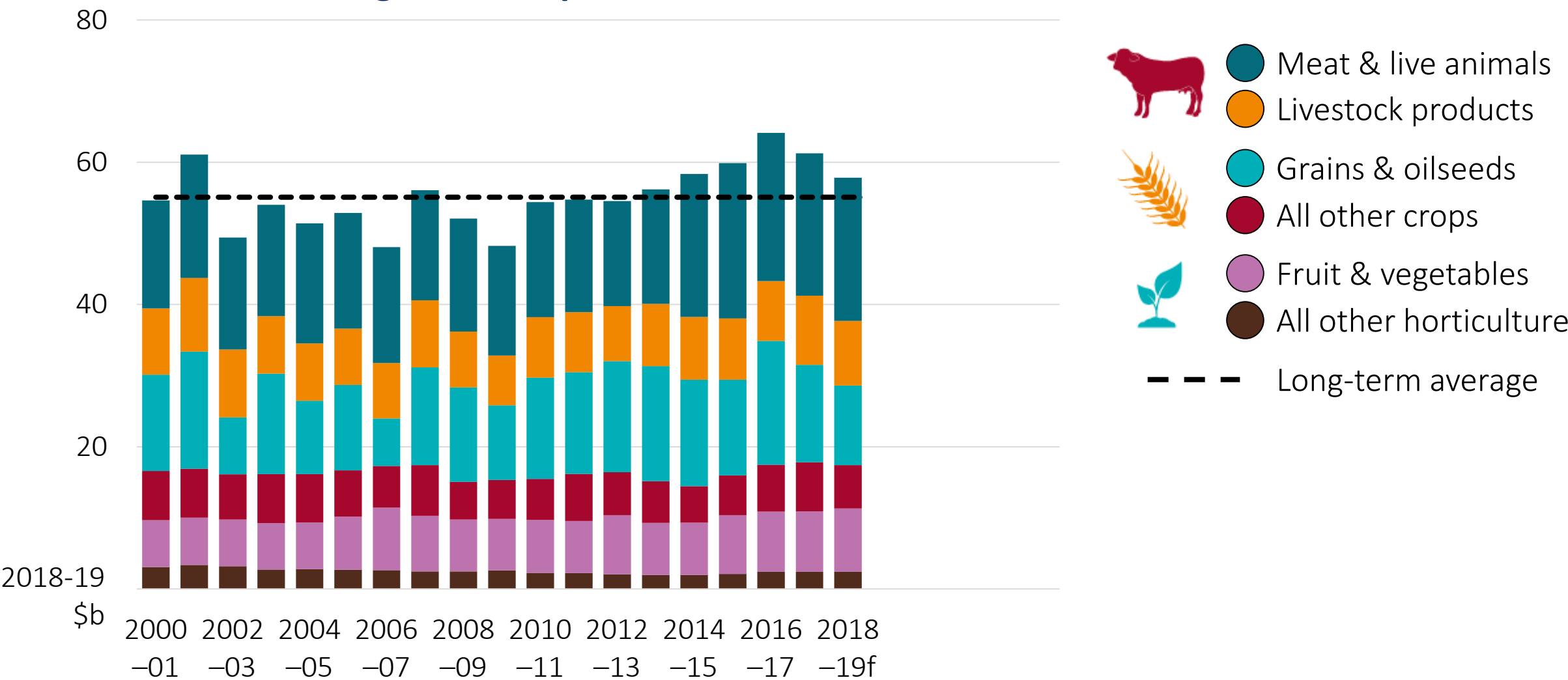
Gross value of farm production



Source: ABARES

Sector remains strong despite drought

Gross value of agricultural production

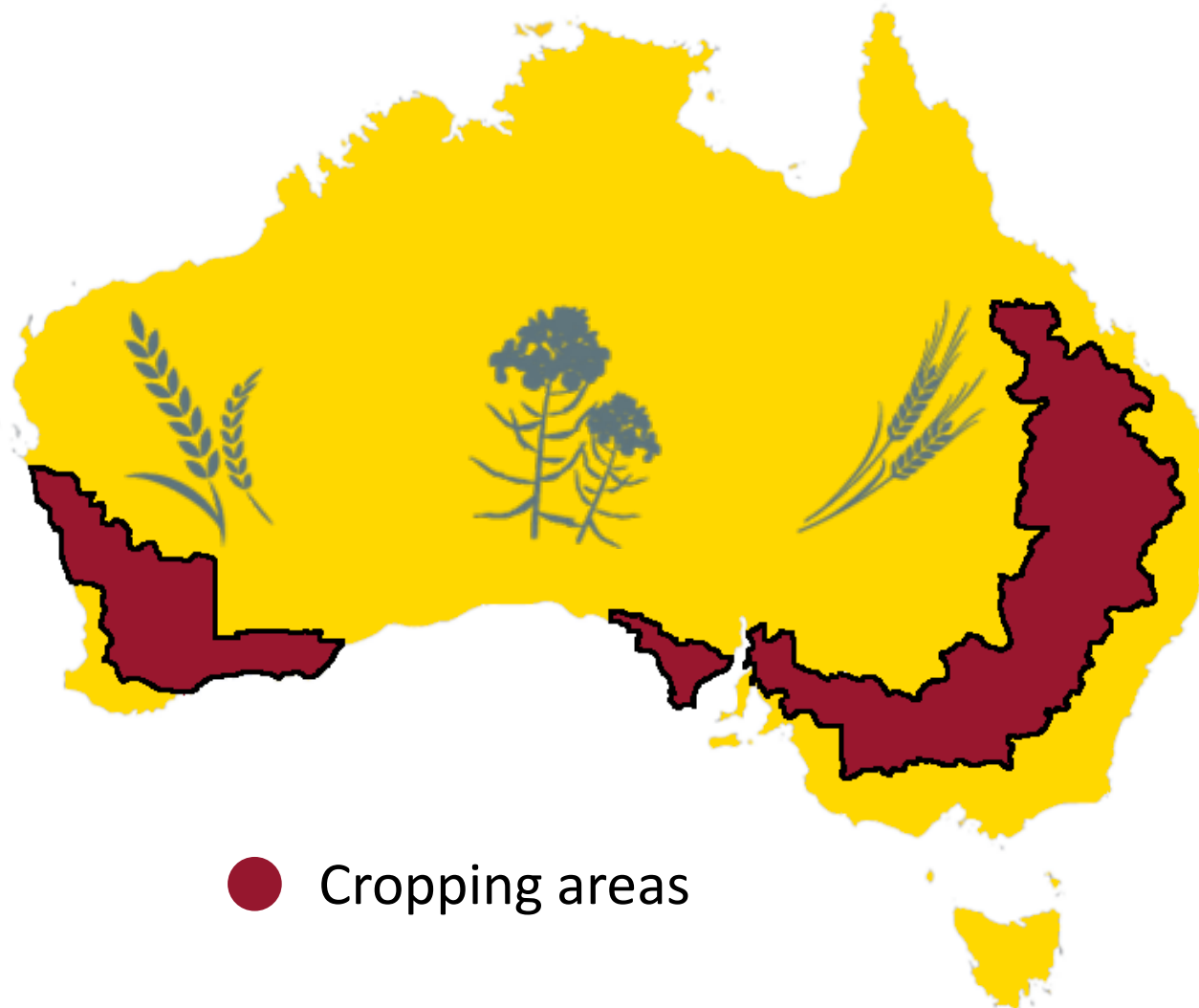


f Forecast. z Projection.

2018-19 winter crop: A tale of two halves

17.7Mt

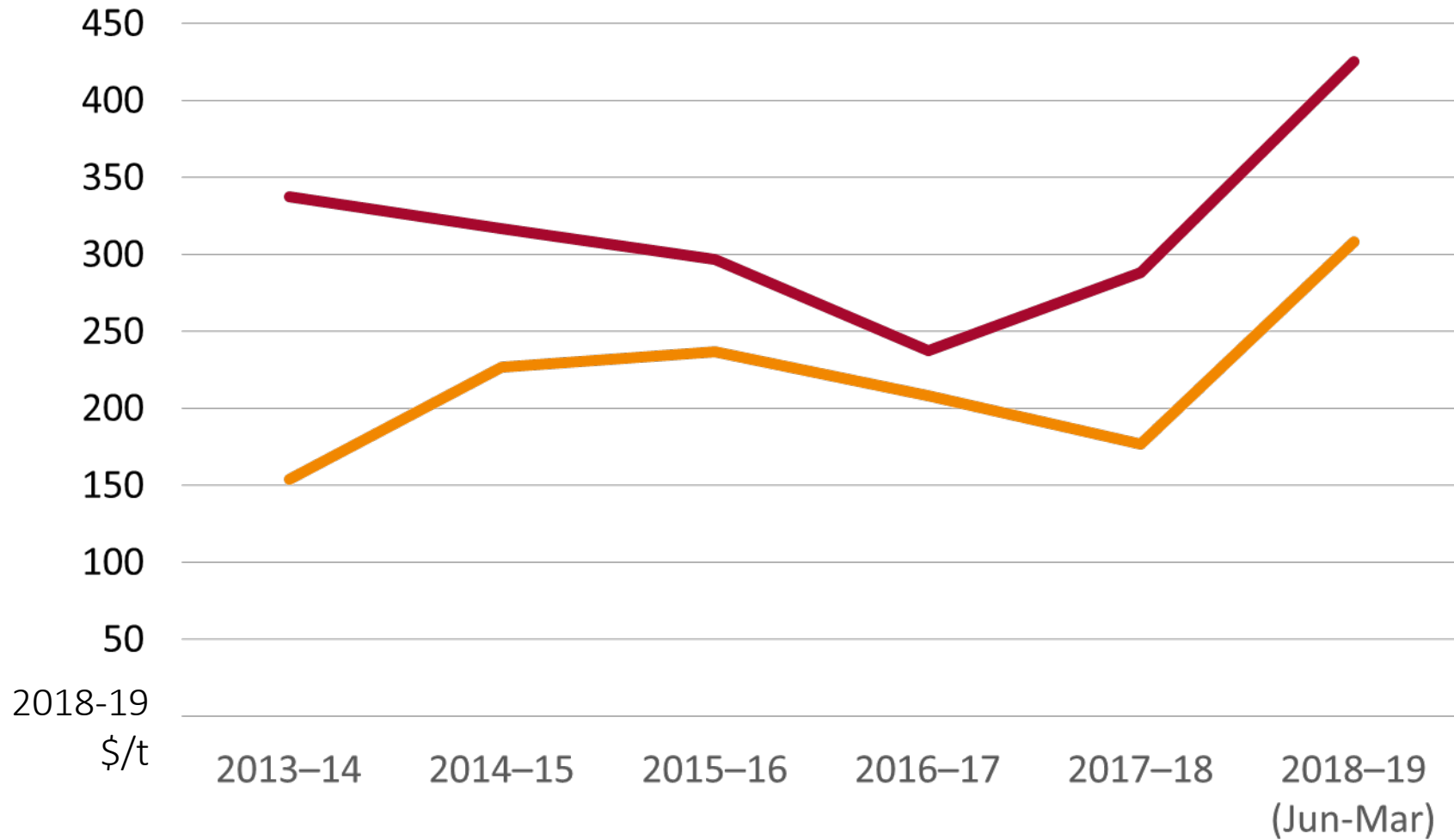
2nd biggest crop ever



12.7Mt

Smallest crop since
2006–07

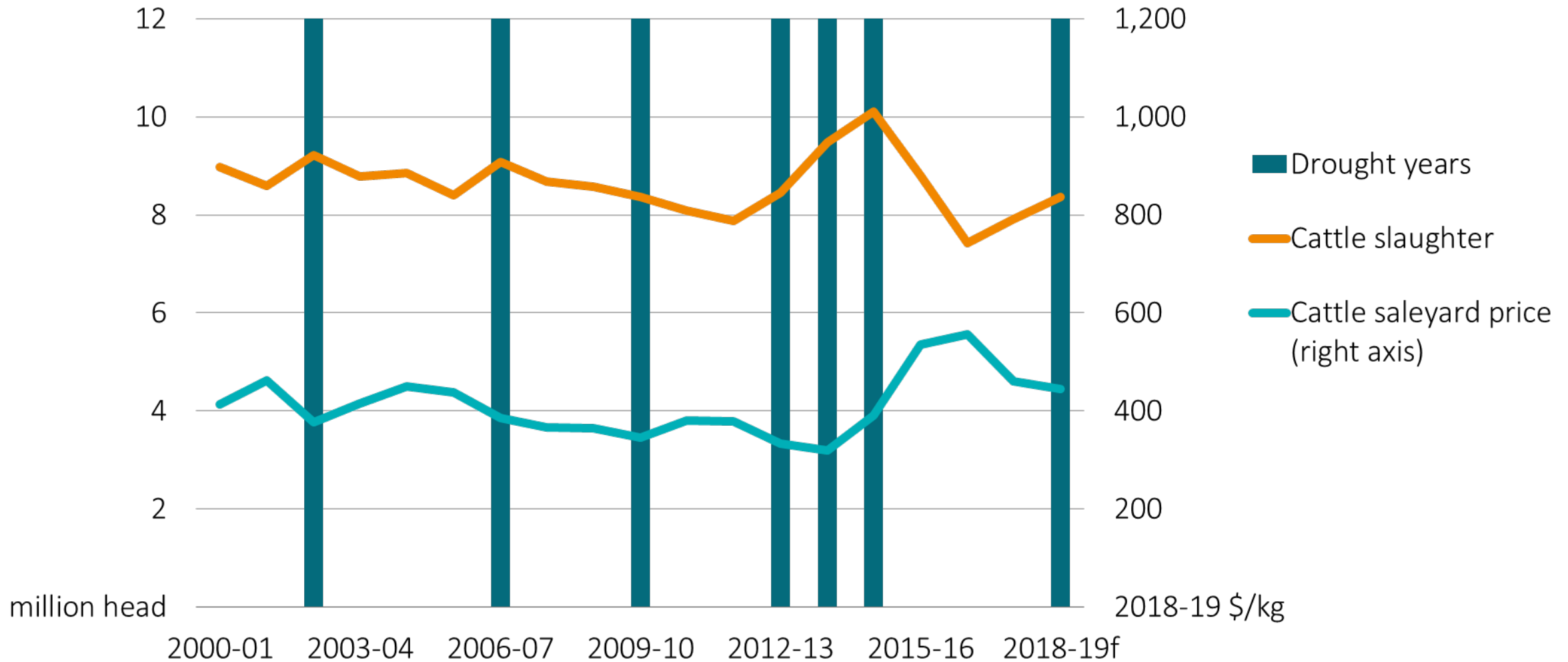
Feed grain and fodder costs have risen



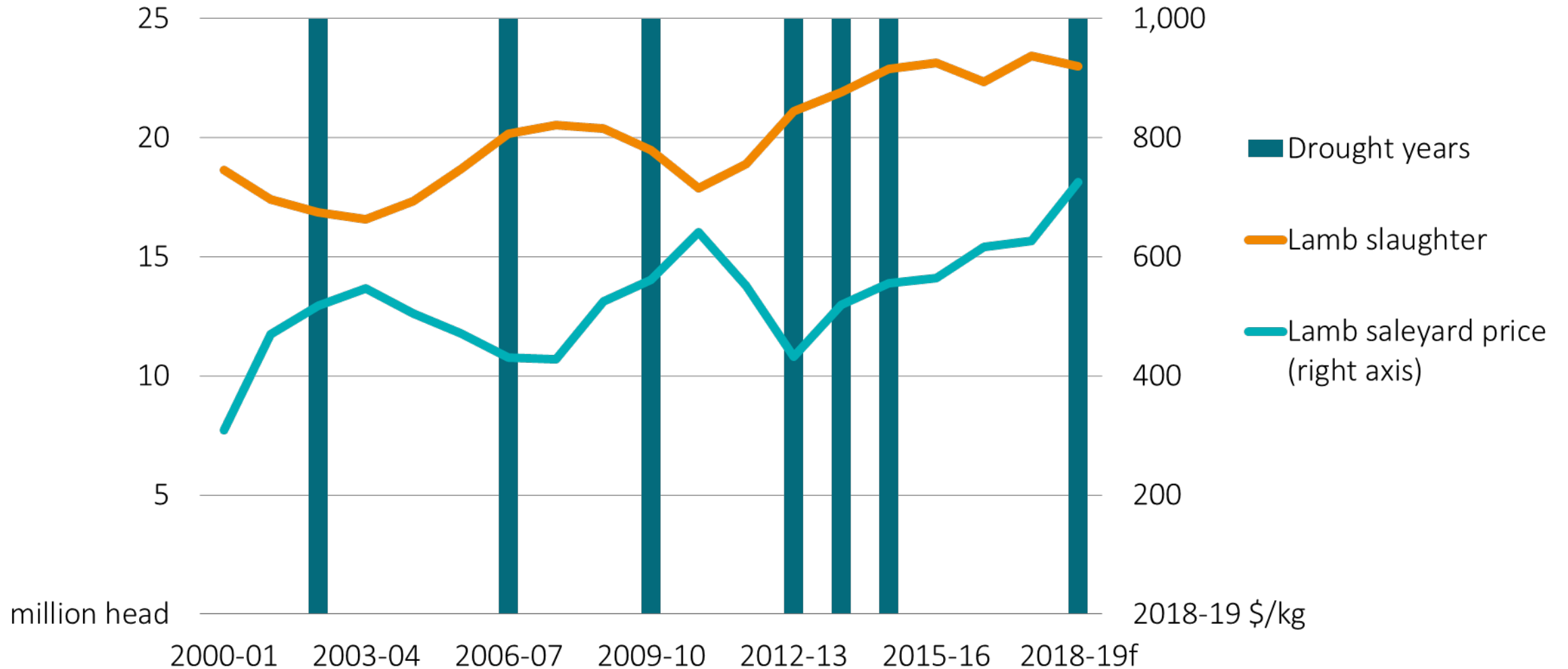
Feed wheat
+48%
compared to 2017-18

Hay
+74%
compared to 2017-18

Drought and strong prices driving cattle slaughter

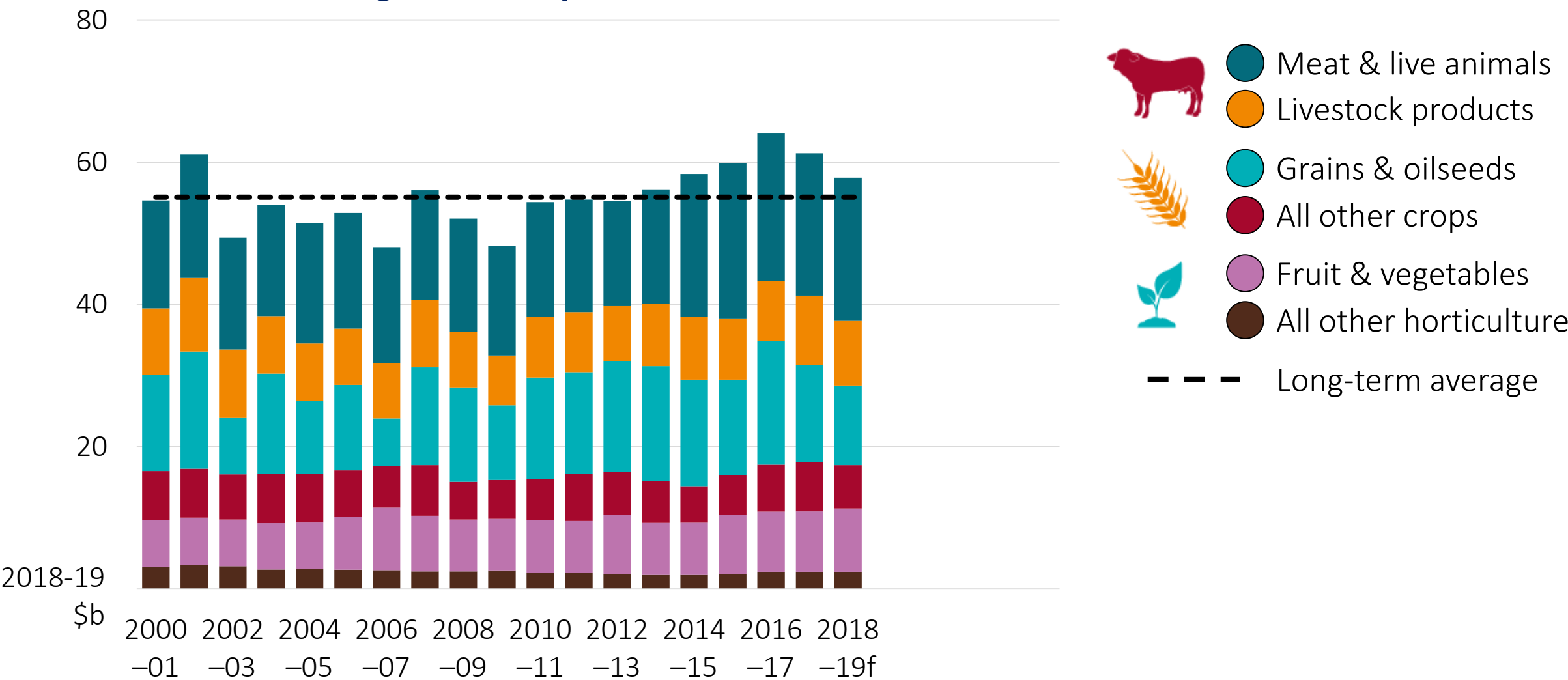


Lamb slaughter relatively unchanged



Sector remains strong despite drought

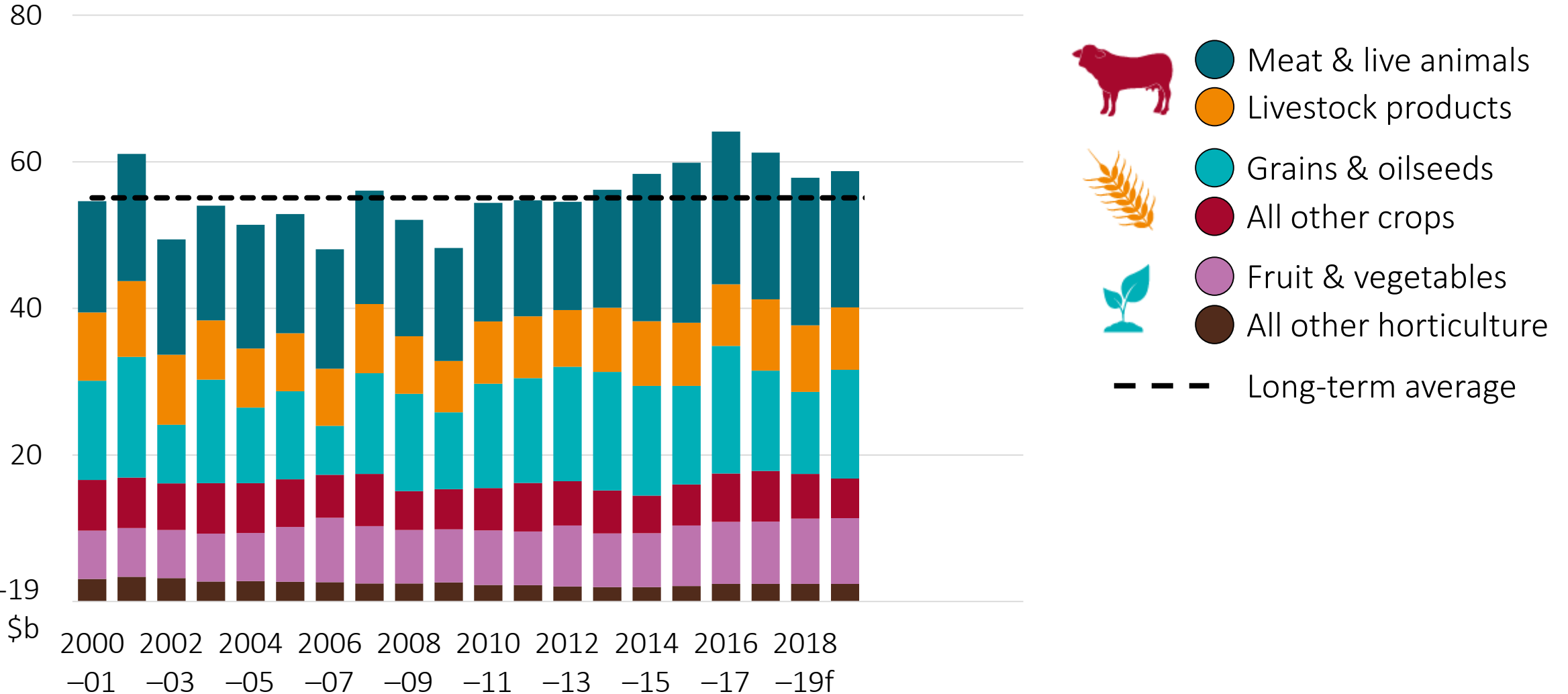
Gross value of agricultural production



f Forecast. z Projection.

Production to rebound

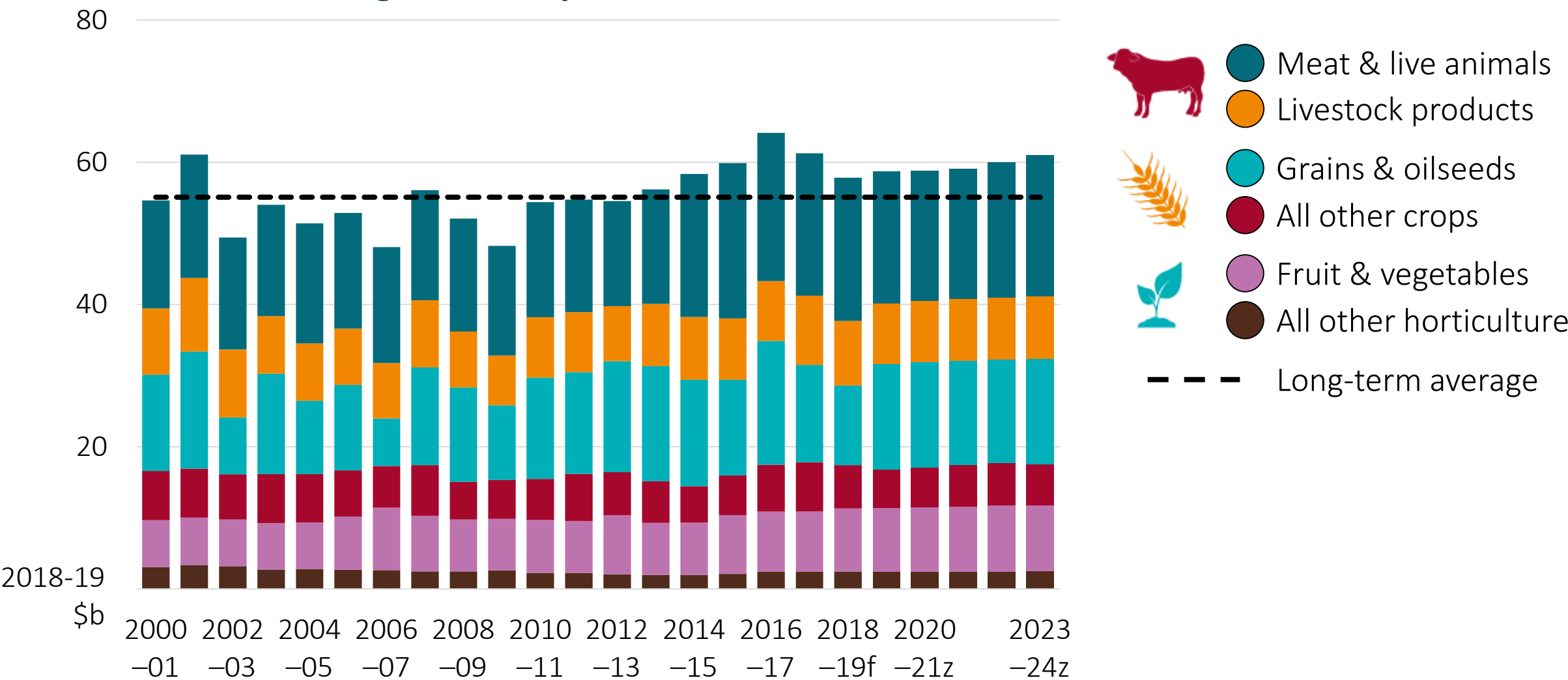
Gross value of agricultural production



f Forecast. z Projection.

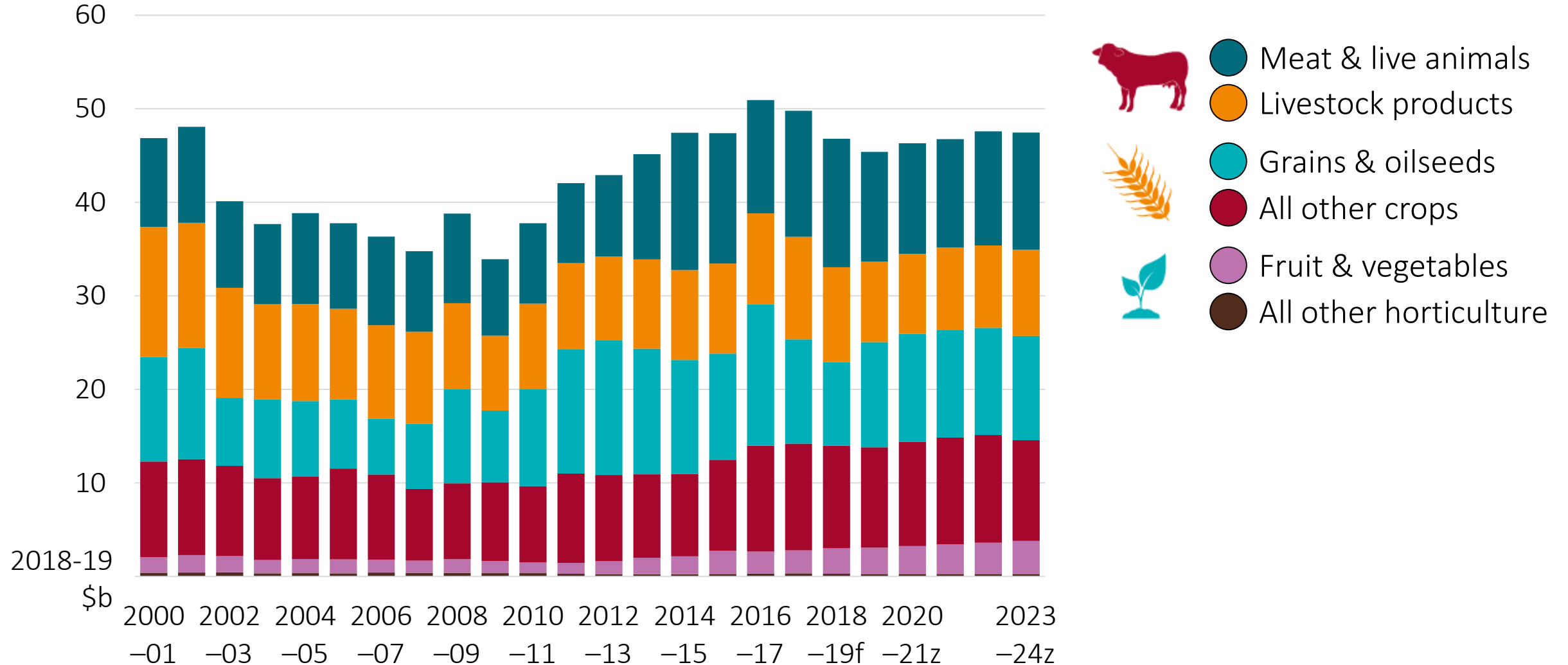
And modest growth ahead

Gross value of agricultural production



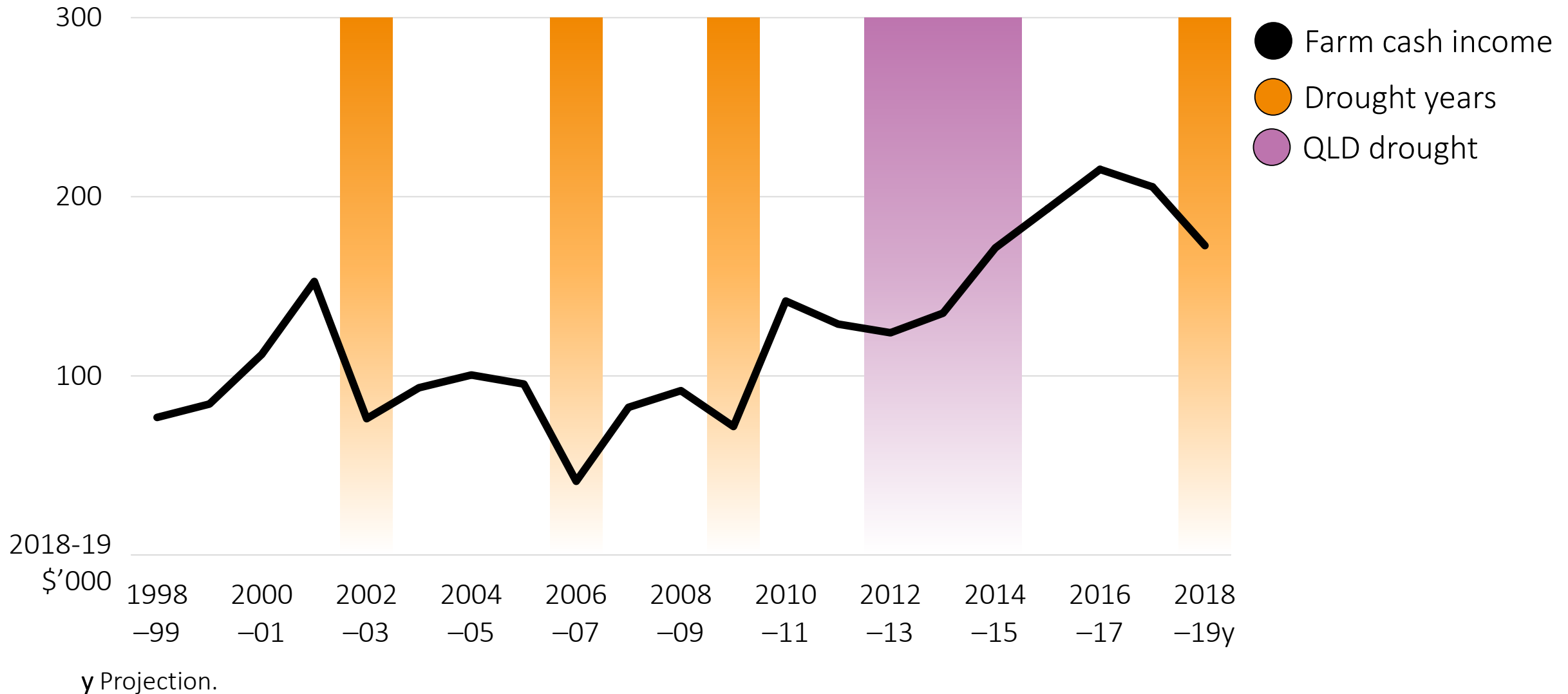
f Forecast. z Projection.

Exports to grow modestly, risks mounting

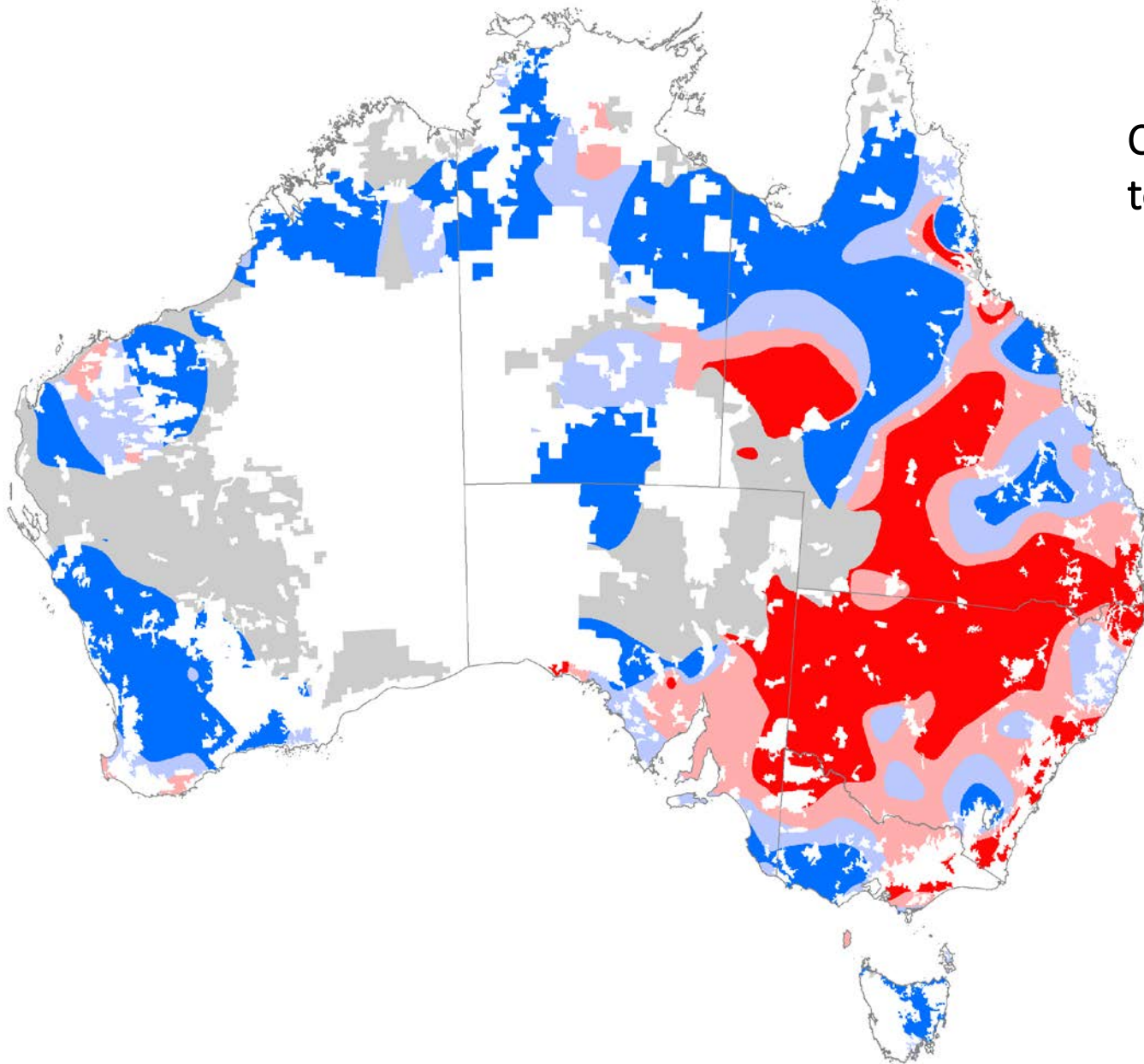


f Forecast. z Projection.

Incomes hit by drought, but still high ... on average



Regional drought effects are very clear

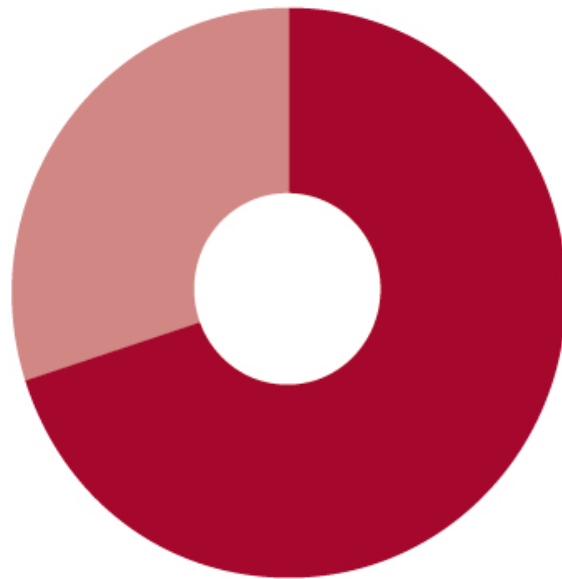


Current farm cash income compared to average over the previous 10 years

- >25% below average
- 0-25% below average
- 0-25% above average
- >25% above average
- Insufficient data
- Non-agricultural land

Australia exports most of what we produce

Share of agricultural production exported,
3-year average, 2014–15 to 2016–17



70%

of agricultural production
is exported



Sugar
78%



Horticulture
18%



Mutton & lamb
72%



Pig & poultry
6%



Dairy products
41%



Beef & veal
76%

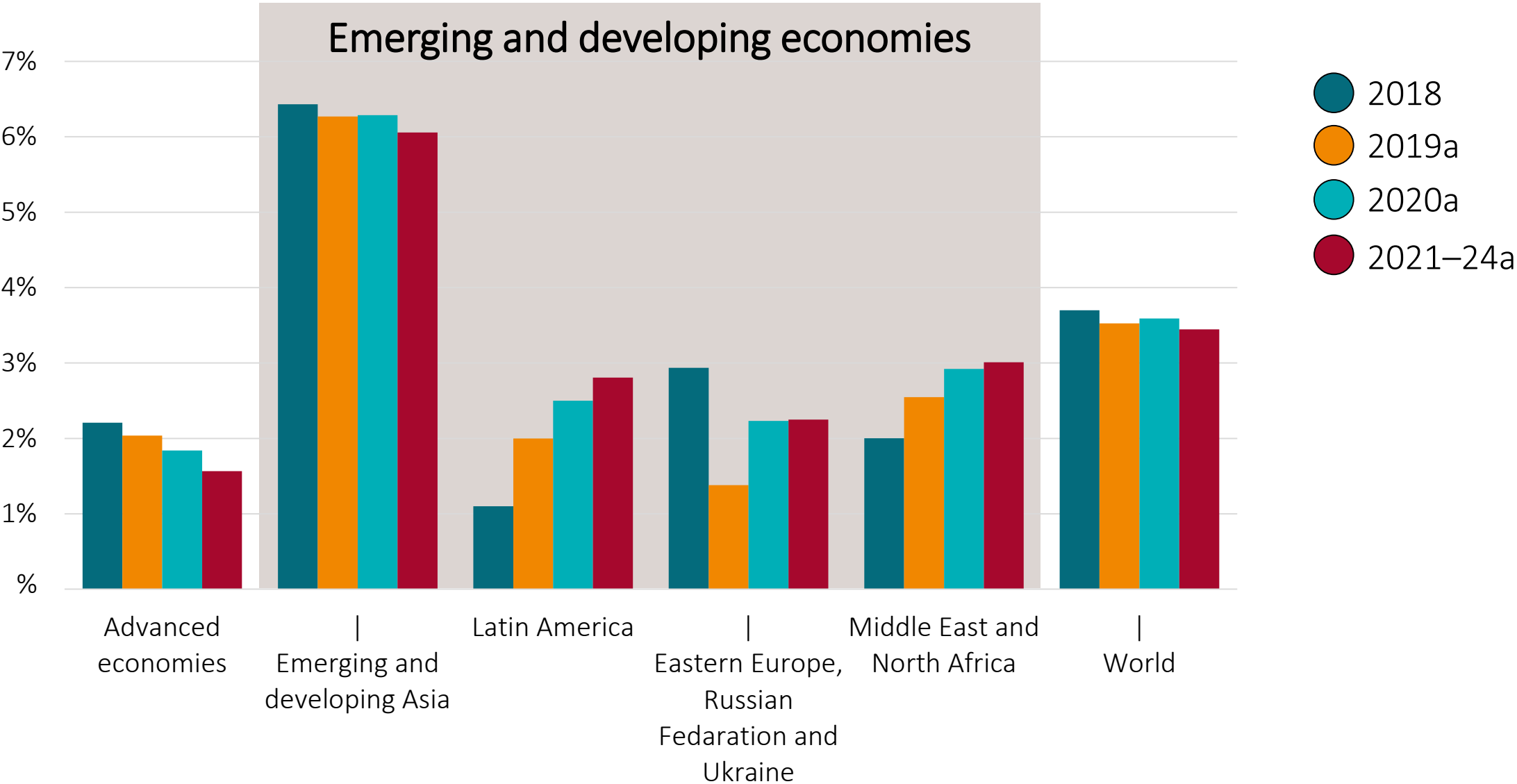


Wheat
71%



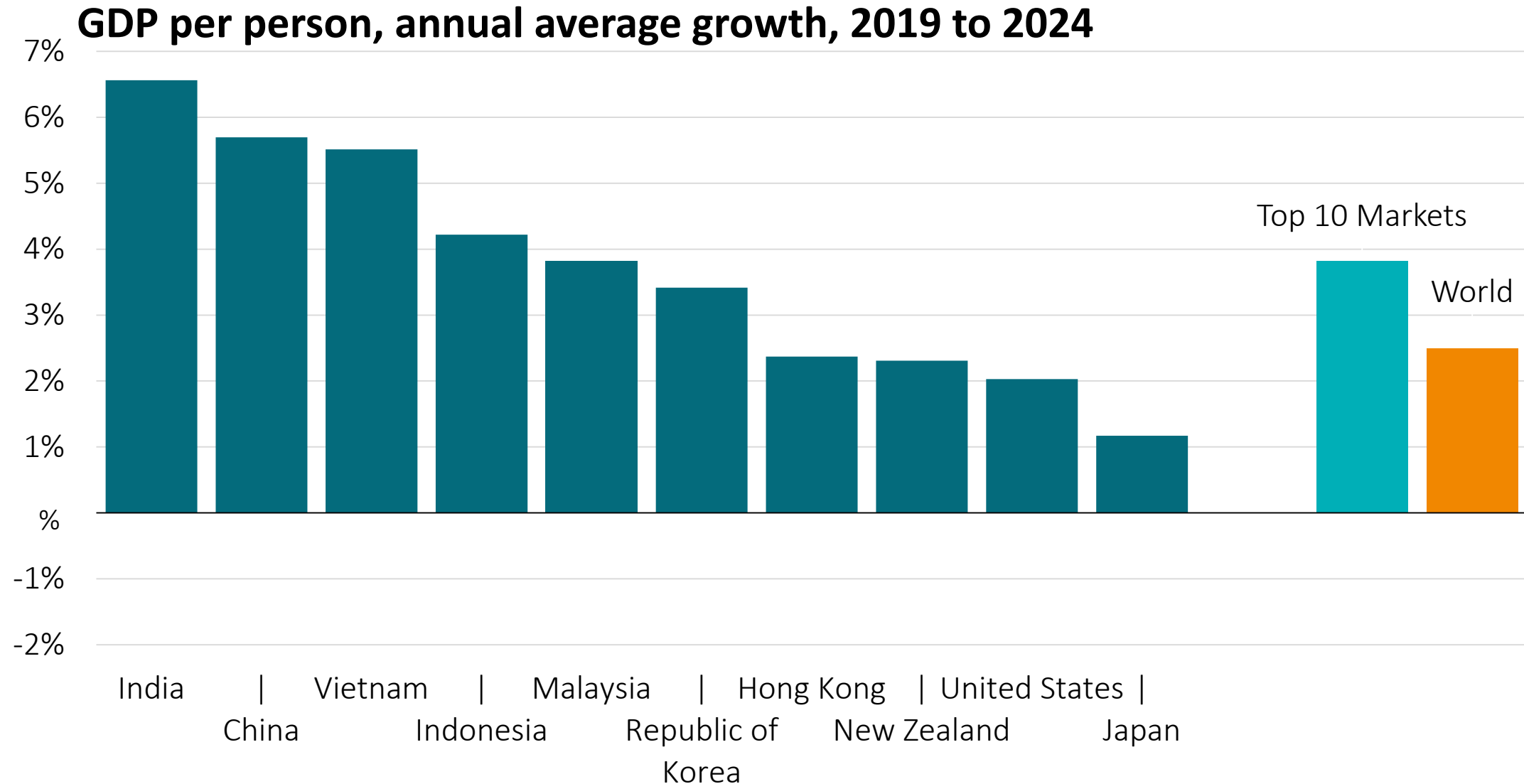
Canola
75%

World economic growth likely to slow somewhat



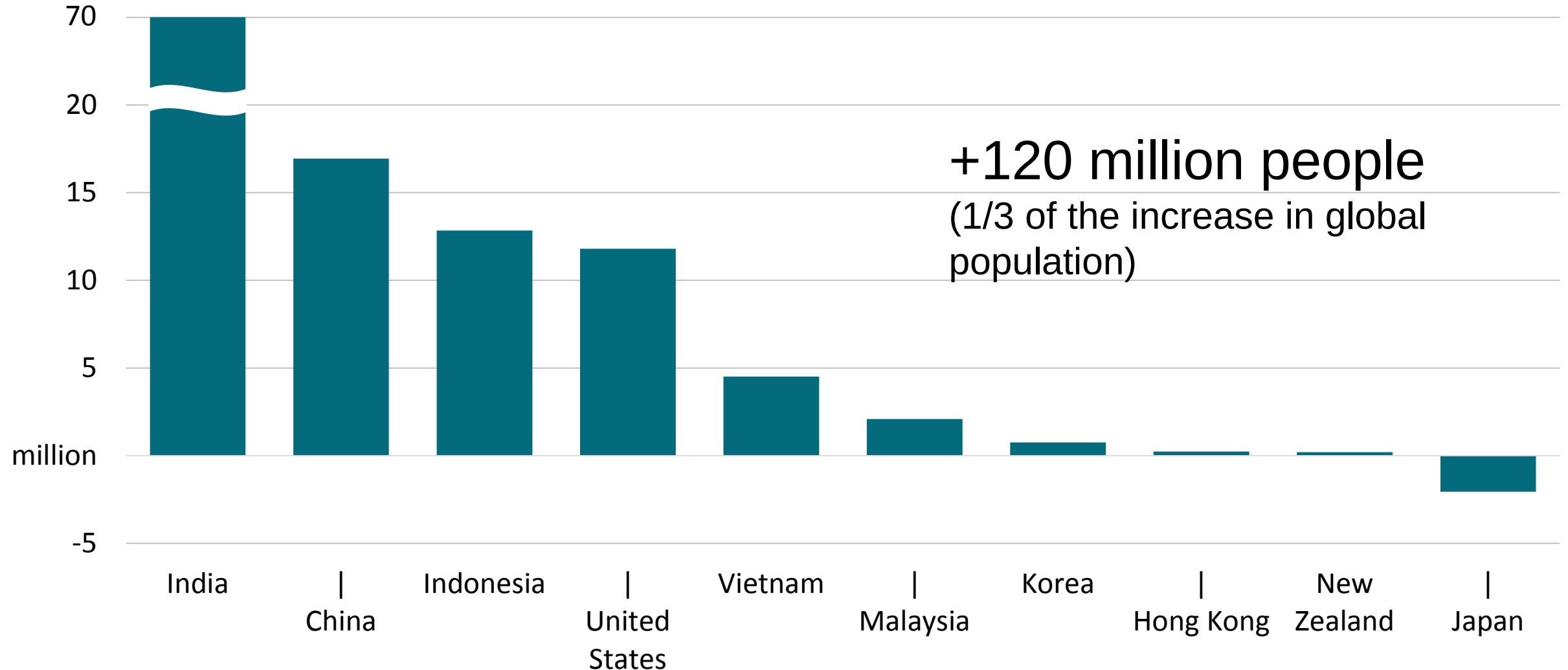
^a Assumption.

But outlook for our major markets is better



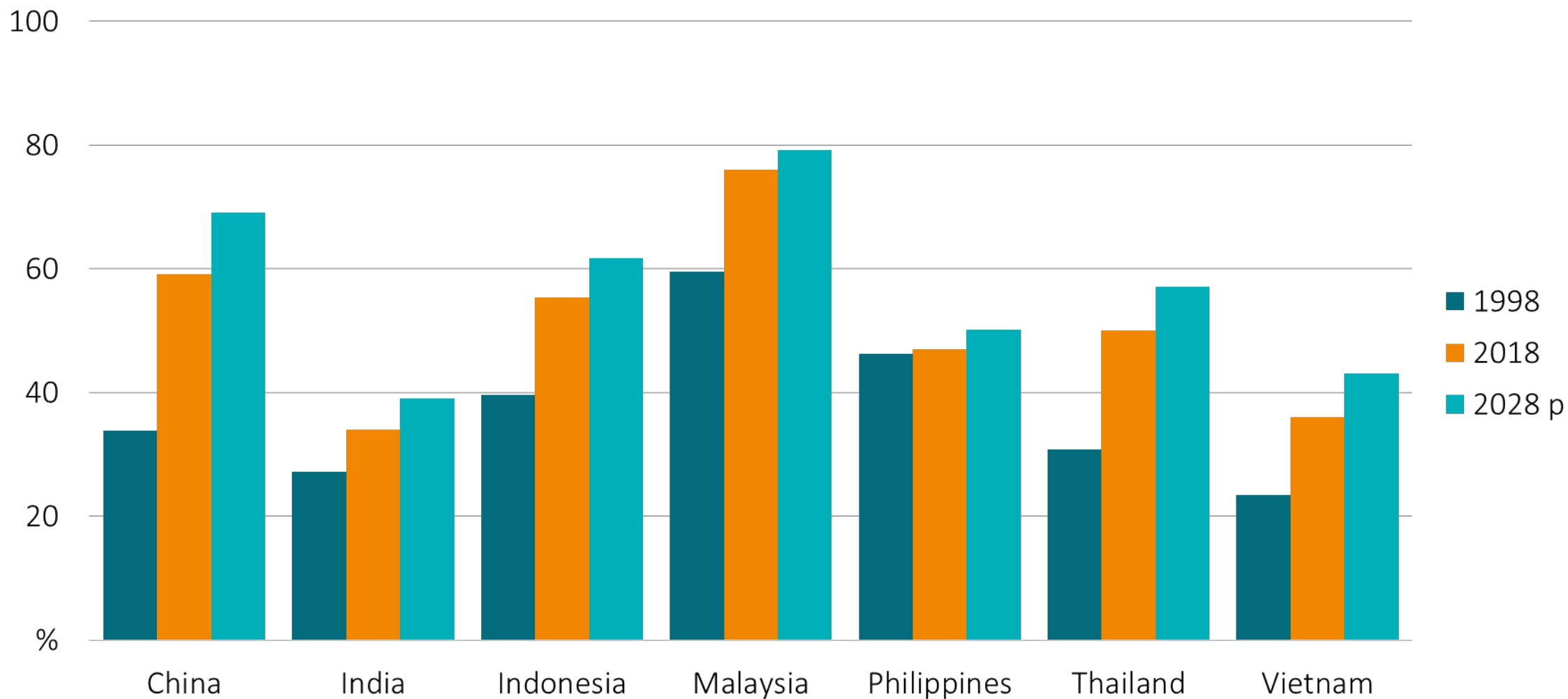
But outlook for our major markets is better

Change in population, 2019 to 2024



But outlook for our major markets is better

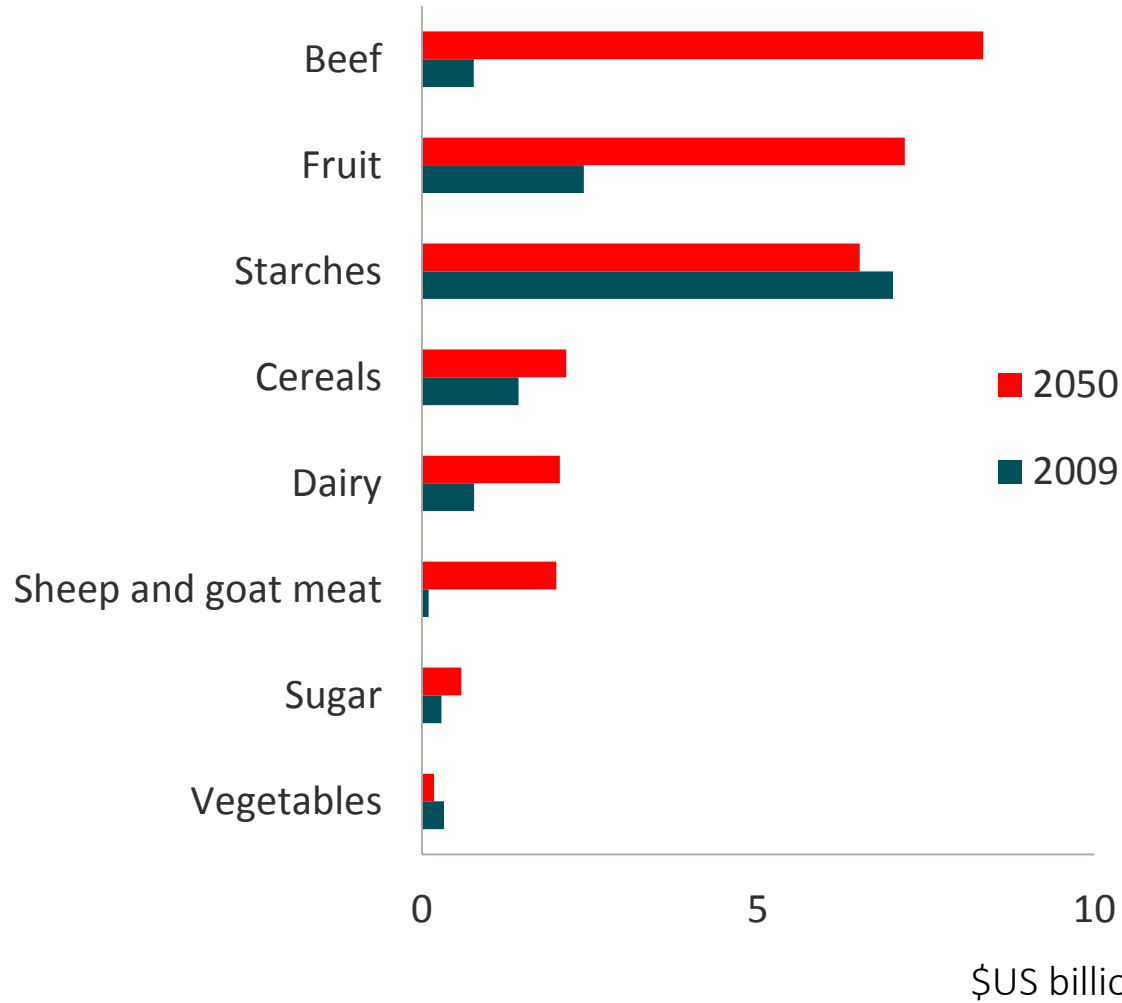
Share of urban population



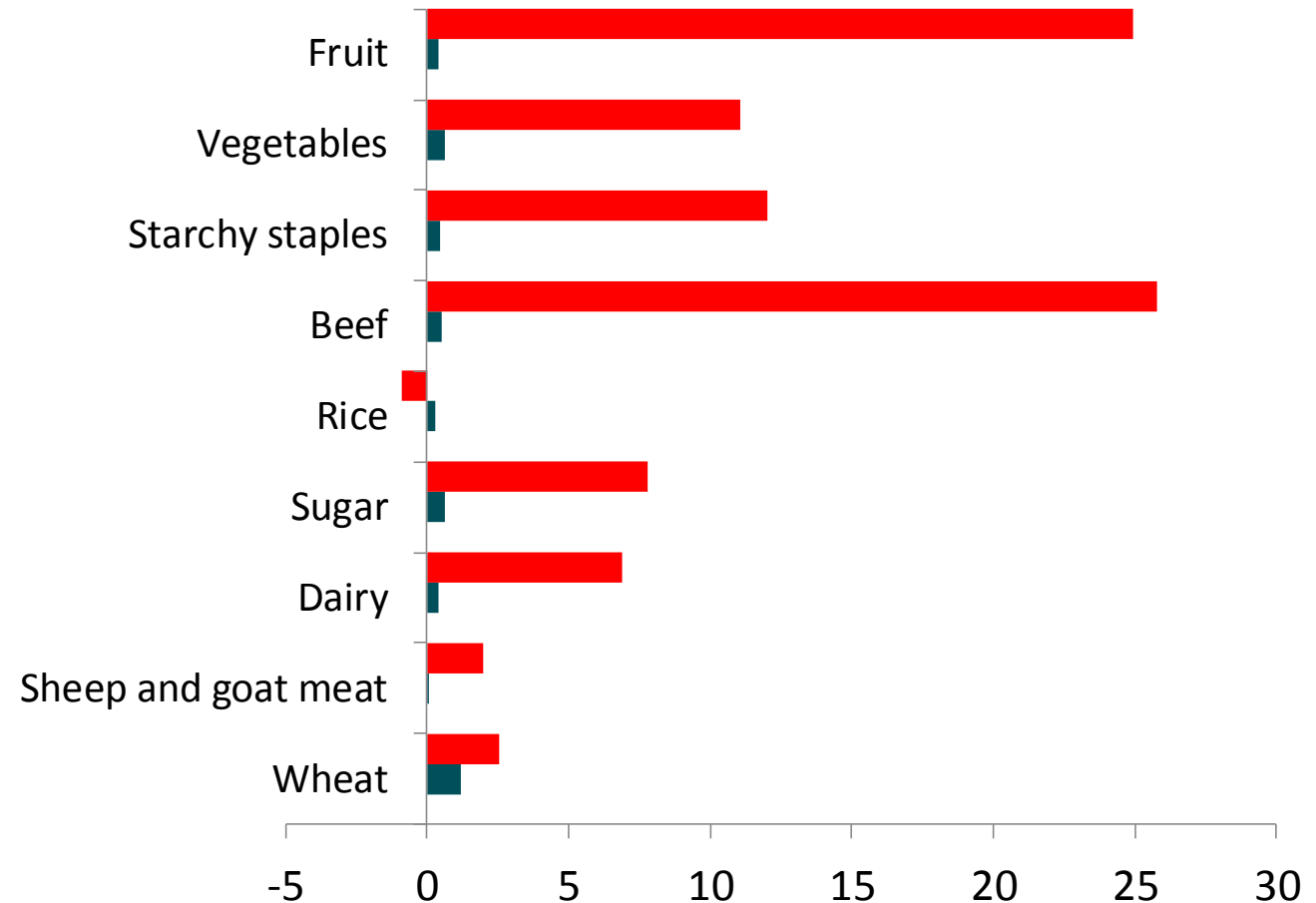
p Projection.

China and Indonesia food imports – 2009 and 2050

China



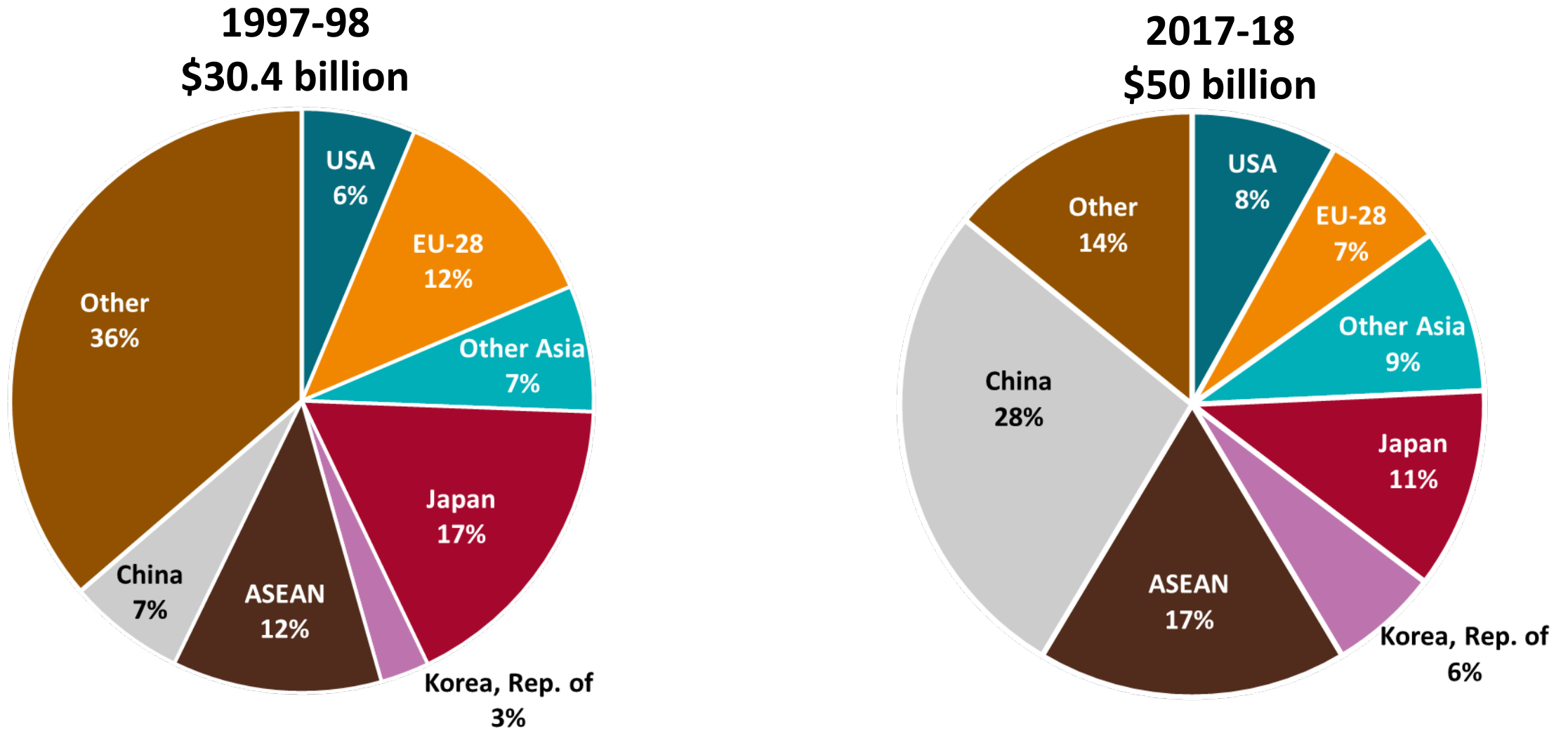
Indonesia



\$US billion (2009 terms)

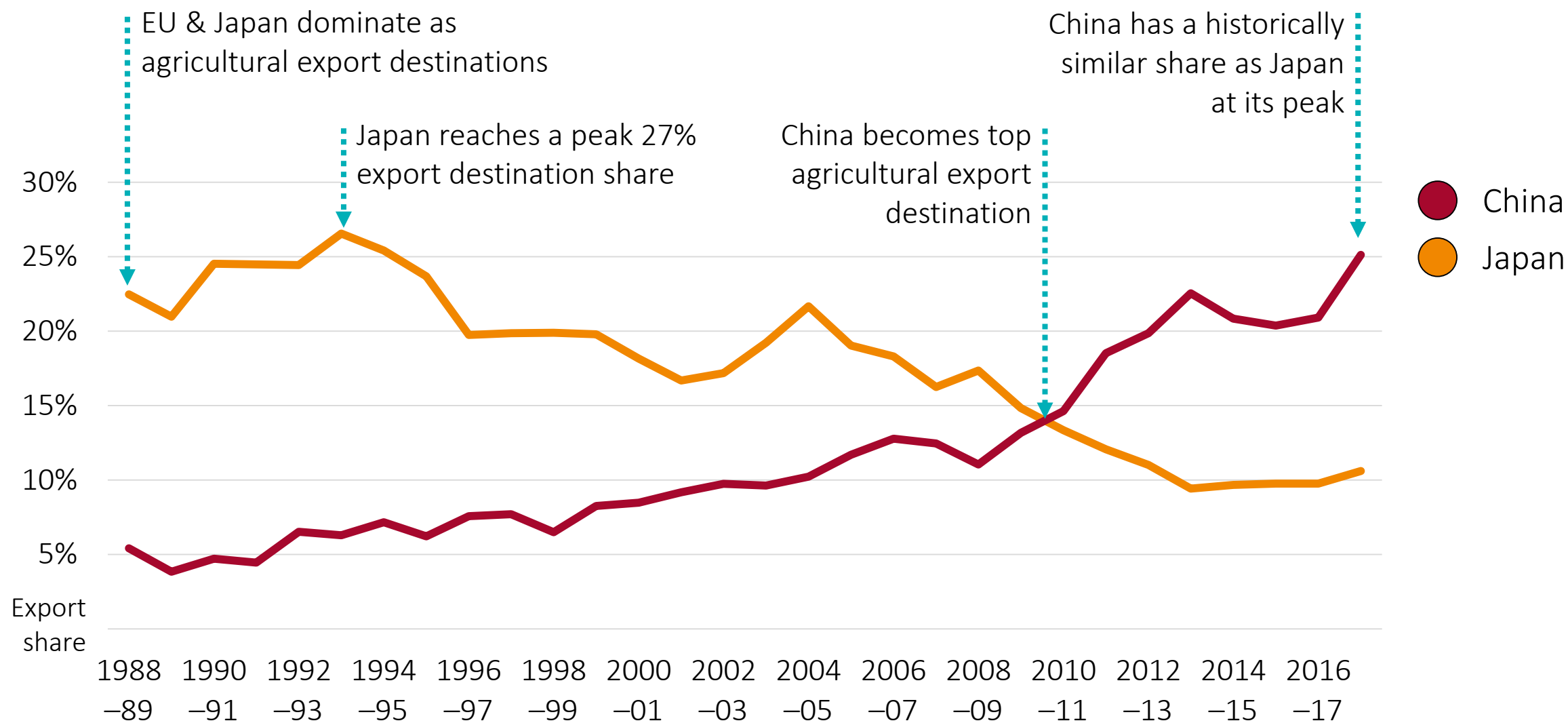
Australia's agricultural export markets are changing

Around two-thirds now exported to Asia



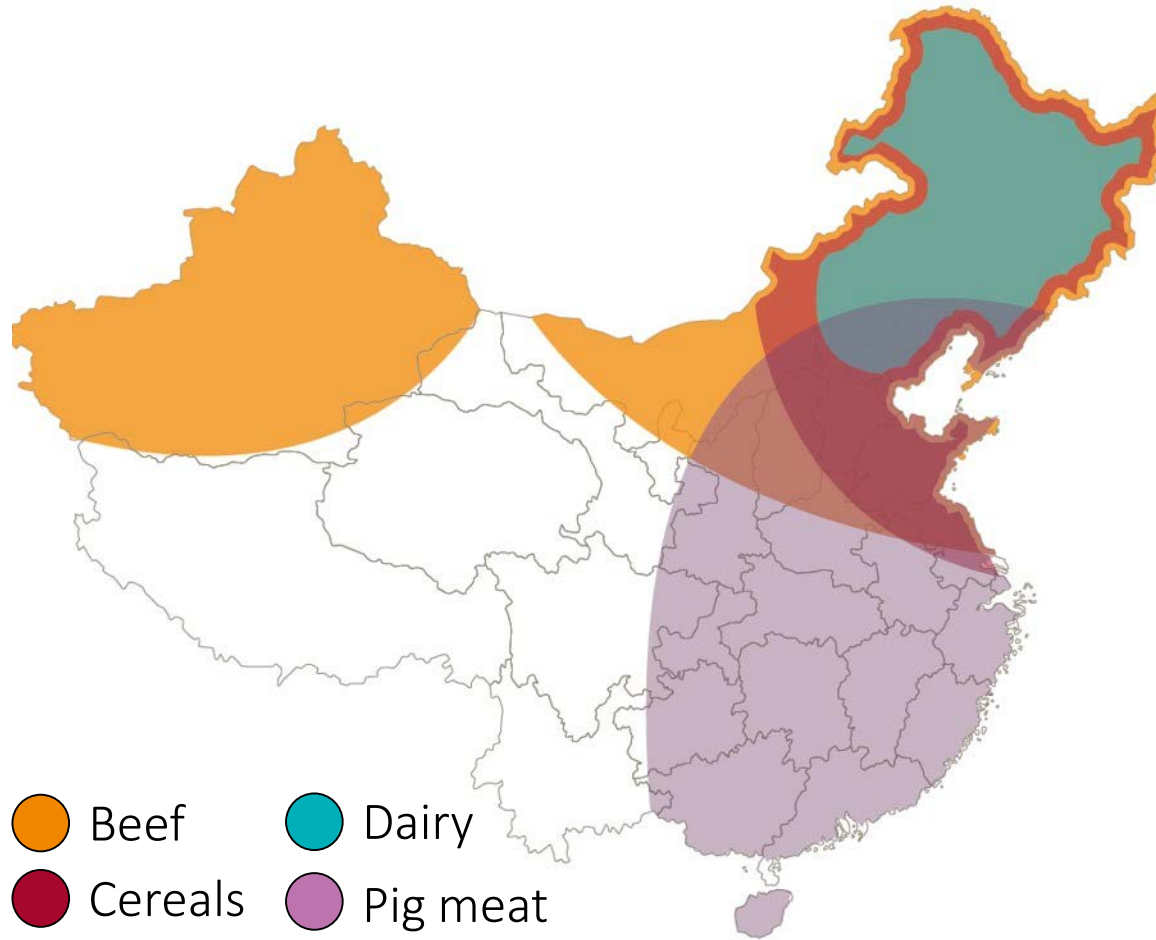
Note: Values reported in constant 2017-18 Australian dollars

China's agricultural evolution will be important



Note: Excludes adjustments for confidential data.

China's structural reforms



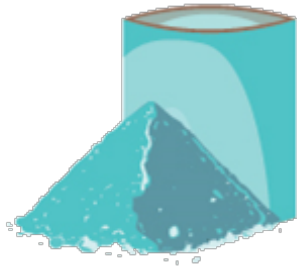
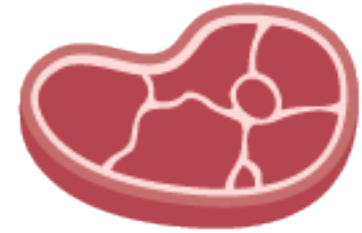
“China will keep deepening supply-side structural reform”

Xi Jinping Chinese President
July 2017

What does it mean for Australia?

Refining food safety

⇒ Australian meat already safe, can broadly comply



Ambitious dairy product production goal

⇒ Stronger powder demand

Improved domestic grain availability

⇒ Challenges demand for Australian grain



Long term trends shaping Australian agriculture

- Markets for farm inputs and outputs
- Technology development and uptake
- Structural change
- Climate change
- Society's expectations of farmers

Society's expectations



Beef cattle, New South Wales
The Straits Times



Salmon farming, Macquarie Harbour, Tasmania
Environment Tasmania



Chicken shed, Victoria
Australian Chicken Meat Federation



Australian Government
Department of Agriculture
and Water Resources
ABARES



agriculture.gov.au/abares

