

# AN OVERVIEW OF VICTORIA'S AGRICULTURE FACTSHEET

AGRICULTURE VICTORIA

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This factsheet describes the current state of Victorian agriculture, aiming at providing current key information and statistics in one place. Having a single source of truth regarding Victorian agriculture performance will ensure the use of consistent and current data in briefs, PPQs and advice to Agriculture Victoria executive and the Minister's Office. The factsheet covers key aspects of Victorian agriculture: its contribution to the broader economy, exports, land and water use, production trends, and productivity. All statistics are from the Australian Bureau of Statistics (ABS) unless otherwise stated. The factsheet will be updated quarterly. An accompanying fact pack provides detailed time series analysis and comparisons to other jurisdictions.

## The economic contribution of food and fibre to Victoria

Food and fibre's contribution to the Victorian economy can be measured in several ways. Some of the key measures commonly used include industry gross value added, export value, employment and business numbers.

### Contribution to Gross State Product (GSP)

Food and fibre production and manufacturing contributes about 5.9 per cent to the Victorian GSP.

Victorian GSP was \$431 billion (current prices) in 2017-18, accounting for 23 per cent of national output. Agriculture, Forestry and Fishing accounted for \$9.96 billion (or 2.3 per cent) of Victoria's GSP.

### Food and fibre exports

Victoria's food and fibre exports increased by \$1.4 billion, to reach a record \$14.1 billion for the 2017-18 period, comprising \$10.2 billion and \$3.9 billion of food and fibre exports respectively.

Food and fibre exports play a big role in the Victorian economy, making up about 50 per cent of the value of total goods exports. Victoria is Australia's largest state exporter of food and fibre products, accounting for 27 per cent of Australian food and fibre exports in 2017-18.

The most valuable food and fibre exports from Victoria were meat (\$3.4 billion), animal fibre (\$2.2 billion) and dairy (\$1.9 billion).

The five most valuable markets for Victorian food and fibre exports in 2017-18 were China, Japan, USA, New Zealand and Indonesia, accounting for 56 per cent of Victoria's food and fibre exports. China is the primary market for food and fibre exports from Victoria growing by 27 per cent and worth \$4.6 billion to the state.

### The gross value of agricultural production

In 2017-18, the gross value of Victorian agriculture production increased by 6.4 per cent to \$14.9 billion, compared to \$14.0 billion in 2016-17. Victoria's share of national agriculture production increased by two percentage points from 23 per cent in 2016-17 to 25 per cent in 2017-18.

The value of crop production fell by 12 per cent to \$2.3 billion, compared to \$2.6 billion in 2016-17. Horticulture production (fruit, nuts, grapes and vegetables) increased by 5 per cent to \$2.7 billion in 2017-18, from \$2.5 billion in 2016-17.

The value of livestock slaughtered was \$4.7 billion, an increase of 6 per cent from 2016-17, while livestock products

value increased by 31 per cent, reaching \$4.2 billion compared to \$3.2 billion in 2016-17. This strong performance was driven by large increases in the value of wool, sheep and lamb, and cattle, which increased by 63, 15 and 11 per cent respectively. Value of milk rose by 20 per cent to \$2.6 billion.

### Employment

In May 2019 quarter, Victoria's food and fibre production and manufacturing employed 199,600 people – 87,400 in production and 112,200 in manufacturing.

Victoria was the best-performing state in food and fibre production employing 87,416 people (or 26 per cent of primary production employment in Australia). NSW was the second-best performing state with 85,496 agriculture jobs.

Of the **87,400 Victorian Agriculture, Forestry and Fishing jobs**:

- **77,000 (88 per cent) were in agriculture,**
- 1,800 in forestry,
- 800 in fishing, and
- 7,800 in agricultural support services.

Over 80 per cent of the Agriculture, Forestry and Fishing jobs were in regional Victoria.

The 112,200 jobs in Victorian food and fibre manufacturing, comprise 66,900 in food, 8,400 in beverages and tobacco, 14,500 in wood products, 7,500 in paper products and 14,900 in textile, leather and footwear products.

### Farm businesses

As of 30 June 2018, there were 21,200 farm businesses in Victoria, accounting for 25 per cent of total farm businesses in Australia.

Majority of the farm businesses comprise beef and sheep enterprises (9,000 and 8,300, respectively), followed by grains (5,800), dairy (3,800), grapes (900), fruits and nuts (860), and vegetable (600).

Some of the farm businesses may have more than one enterprise (e.g. mixed beef-sheep or mixed crop-livestock enterprises) within the same farm business – this means adding up the individual enterprises will exceed the total farm businesses.

## Victoria's agricultural production and productivity

### Land use

In 2017-18, Victoria's agricultural industries covered 11 million hectares.

Agricultural land area is about 50 per cent of the total land area in Victoria. Approximately 40 per cent (4.4 million hectares) is used for cropping, and 53 per cent (5.8 million hectares) is used for grazing, with the remainder used for forestry and conservation purposes.

### Agricultural production

In 2017-18, the beef herd size was 2.1 million heads of cattle, producing 392 kilotonnes (kt) of beef. The sheep industry herd size was 15 million heads, producing 263 kt of sheepmeat. Victoria is Australia's second-largest wool-producing state, producing 114 kt in 2017-18.

Victoria is Australia's largest dairy producing state, producing about 6 billion litres of milk (or 64 per cent of Australia's milk production) in 2017-18 from 1.7 million dairy cows. Total grains production was 7.7 million tonnes, comprising cereals

(79%), oilseeds (12%) and pulses (9%). In 2017-18, Victoria's horticultural crops, included 320 kt of grapes (of which 221 kt were wine grapes) and 52 kt of almonds, among other produce.

### Agricultural productivity growth

According to ABARES, the long-term productivity growth (1977-78 to 2017-18) for the Victorian broadacre and dairy sectors averaged 1 and 1.1 per cent per annum, respectively.

The 1.1 per cent growth in Victoria's dairy productivity is lagging the national growth rate of 1.6 per cent, and all the other states recording higher growth rates (e.g. 2.1 per cent for NSW).

For specific Victorian broadacre sectors, the highest trend growth per annum is in the cropping specialists (1.8 per cent), followed by mixed crop-livestock (1.5 per cent), and beef specialist (0.6 per cent). There was no productivity growth for sheep specialists.

## Water use in Victorian farms

### Water used to irrigate crops and pastures

Victorian farming businesses used an estimated 2.3 million megalitres (ML) of water in 2017-18. About 630,000 hectares of agricultural land was irrigated, with 2.2 million ML of water used to irrigate crops and pastures. Six thousand farms applied water to their land.

Pastures and crops accounted for most of the water used on Victorian farms in 2017-18. About 750,000 ML was applied to crops (32 per cent of all water applied), with 51 per cent of this applied to fruit trees (380,000 ML) and 15 per cent to grapevines (113,000 ML). About 1.4 million ML was applied to pastures (60 per cent of all water applied).

Close to 1.1 million ML was applied to 326,000 hectares of pastures and cereals used for grazing; 200,000 ML was applied to 61,000 hectares of pastures and cereals cut for hay, and 106,000 ML was applied to 44,000 hectares of pastures and cereals cut for silage.

### Gross Value of Irrigated Agricultural Production

In 2017-18, the total Gross Value of Irrigated Agricultural Production (GVIAP) in Victoria was \$4.9 billion, or 33 per cent of the total gross value of Victoria's agriculture.

The four commodities with the highest GVIAP were dairy products (\$1.3 billion), fruit and nuts (excluding grapes) (\$1.2 billion), vegetables (\$0.8 billion), and grapes (\$0.4 billion).

## Victorian farmers and farm managers

Based on the 2016 Census data, there are approximately 34,500 farmers and farm managers in Victoria. The median age of main occupation farmers was 55.9 in 2016, rising by 1.3 years since the 2011 census.

### Gender

About 70 per cent of the farmers are male (24,600), and 30 per cent are female (9,900). Of the female farmers, 5,523 were owner-managers. This is 29% of owner-managers in Victoria.

### Ownership

The majority (55 per cent or 19,000) of the farmers are owner-managers, followed by contributing family workers

(24 per cent or 8,000), with employee farm managers making up 19 per cent (6,400).

### Young farmers (age 18 – 34 years)

There are 4,400 young farmers, representing 13 per cent of all farmers in Victoria. About 60 per cent of the young farmers are employee farm managers, 30 per cent are owner-managers, and the remainder are contributing family workers.

## Victoria's fisheries and forestry sectors

### Fisheries

In 2016-17, Victoria's total fisheries production was 7,992 tonnes comprising 4,845 tonnes from wild-catch fisheries and 3,147 tonnes from aquaculture. The gross value of Victoria's fisheries production was \$93 million, of which \$54 million was derived from wild-catch fisheries and \$39 from aquaculture.

The wild-catch fisheries production comprised 3,554 tonnes of fish, 840 tonnes of molluscs (e.g. abalone, squid, octopus), and crustaceans (e.g. rock lobster, prawns and crabs). Aquaculture production was mainly salmonids (1,282 tonnes), blue mussel (1,136 tonnes) and abalone (462 tonnes). Among the wild-catch fisheries, rock lobster was the most valuable fishery worth \$23 million, followed by

abalone valued at \$20 million. Abalone was also the most valuable aquaculture fishery with a value of \$18 million. In 2017-18, the seafood industry exported 5,000 tonnes worth \$240 million, an 18 per cent increase in value from 2016-17. China was the most valuable market accounting for 63% of seafood exports valued at \$150 million, followed by Hong Kong at \$38 million.

### Forestry

In 2016-17, Victoria's log volume production was 9.5 million m<sup>3</sup> (1.3 million m<sup>3</sup> from public native forests and 8.2 million m<sup>3</sup> from plantations). The logs had a gross value of \$731

million (\$108 million from public native forests and \$623 million from plantations).

The plantation forestry industry is privately owned. Varieties harvested include hardwood plantations (woodchips) and softwood (roundwood, sawnwood, woodchips and panels). Total plantations covered 421,000 hectares. Hardwood plantations covered 198,000 hectares while softwood plantations occupied 223,000 hectares. The native forestry industry is concentrated in eastern Victoria. VicForests (a State-owned business) is responsible for the sustainable harvest, regeneration and commercial sale related to public native forests.

## Definitions

Definitions below are based on the Australian and New Zealand Standard Industrial Classification (ANZSIC) used by the ABS. A distinction is made in the factsheet between Agriculture, Forestry and Fishing (broad primary production), Agriculture (specific to farm production), and agricultural sectors (e.g. beef production) performance depending on availability of disaggregated data.

