

Victorian Agriculture Industry Overview



January 2023



Victoria is the #1 producer in Australia of;

- Table and dried grapes:** 70% of Australia's production.
- Milk:** 5.65 billion litres, or 64% of national production.
- Sheep meat:** 47% of national production.
- Fruit and nuts:** 35% of national production.
- Vegetables:** 22% of national production.

Victoria is the #1 food and fibre exporter in Australia of;

- Dairy products:** \$2.5 billion, or 73% of Australia's dairy exports.
- Skins and hides exporter:** 51% of national exports valued at \$344m.
- Animal fibre:** contributing 47% of national exports.
- Horticulture exports:** contributing 46% of national exports.
- Prepared foods:** contributing 36% of national exports.
- Total food and fibre exports :** contributing 26% of national exports.

Overview of Victorian farms

- There were 21,600 farm businesses in Victoria in 2020-21, accounting for 25 per cent of all farm businesses in Australia.
- Majority of Victoria's farm businesses are beef specialists (5,300 farms), with a further 1,750 mixed-livestock and 680 and sheep-beef farms. Other types of farm businesses include dairy (3,100), sheep specialists (3,000) and horticulture (2,800).
- The area of land in Victoria used for agricultural production was 11.4 million hectares in 2020-21, or 50 per cent of the state's total land. Of the total agricultural land, 38 per cent was used for cropping and 51 per cent for grazing.

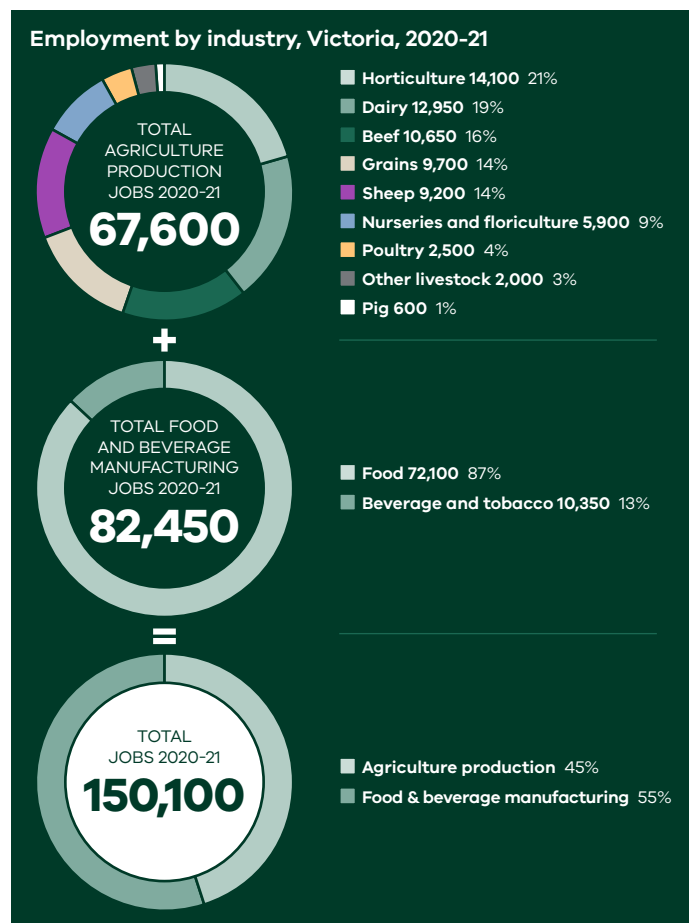
How much is produced?

- Dairy:** Victoria is Australia's largest dairying state, producing nearly two-thirds (5.65 billion litres of milk) of Australia's milk in 2020-21.
- Beef:** In 2020-21, Victoria produced 390,000 tonnes of beef and veal, processed from 1.5 million cattle and calves. Victoria produced 21 per cent of the 1.9 million tonnes of beef and veal produced in Australia.
- Sheep meat:** In 2020-21, Victoria produced 307,000 tonnes of sheep meat, processed from 12.4 million adult sheep and lambs. Victoria is the largest sheep meat producing state, contributing 47 per cent to the national production of 660,000 tonnes.
- Grains:** Victoria produced approximately 10 million tonnes of grains in 2020-21, contributing 17 per cent to the national grain production of 59.5 million tonnes. Major commodities produced include wheat (4.5 million tonnes), barley (2.9 million tonnes), and canola (1.1 million tonnes).
- Horticulture:** In 2020-21, Victoria produced around 1.7 million tonnes of horticultural produce including 564,000 tonnes of fruit and nuts, 147,000 tonnes of table and dried grapes, 255,000 tonnes of wine grapes and 700,000 tonnes of vegetables. Victoria is the second largest horticulture producer in Australia, accounting for 24 per cent of Australia's 7.1 million tonnes horticultural produce.

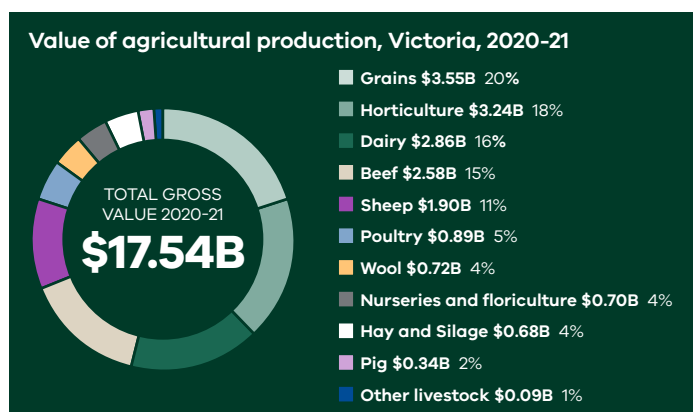
Jobs in the agri-food sector

- In 2020-21, there were around 150,100 people employed in Victoria's agriculture production and manufacturing sectors – 67,600 in primary production and 82,450 in food and beverage manufacturing.

- Of all states, Victoria had the second largest number of people employed in agricultural production, employing 67,600 people, or 25 per cent of agricultural production employment in Australia.
- The horticulture sector (14,100) is the most significant employer, followed by the dairy (13,000), beef cattle (10,600), grains (9,700), and sheep (9,200).
- More than 75 per cent of Agriculture, Forestry and Fishing jobs were in regional Victoria, underscoring the role agriculture plays in supporting employment in regional Victoria.



What is the value of farm-gate production?

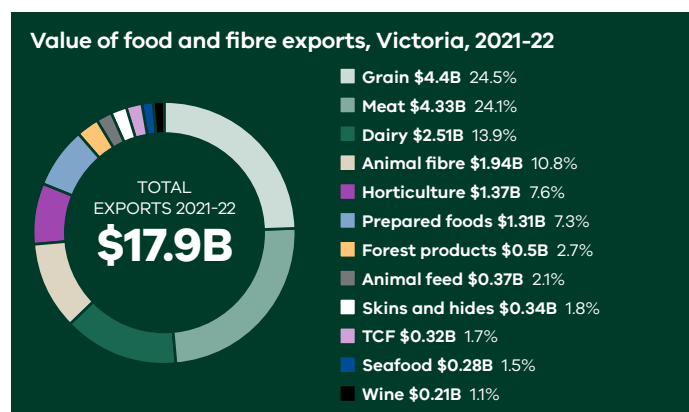


- In 2020-21, Victoria's gross value of agricultural production (GVAP) was \$17.5 billion or 24.8 per cent of Australia's GVAP, making Victoria Australia's second largest agricultural producer, after New South Wales.
- Ranked by value, grains (\$3.55 billion), horticulture for human consumption (\$3.24 billion), milk (\$2.86 billion), beef (\$2.58 billion), sheep meat (\$1.9 billion) and poultry (\$0.89 billion) are the most valuable commodities.
- By value, Victoria tops all the states in dairy (61% of the national value), sheep meat (44%), nurseries and floriculture (43%), and hay and silage (31%); and the second largest producer of horticulture for human consumption (28%) and wool (27%).
- The gross value of Victorian beef production was \$2.58 billion, or 15 per cent of Victoria's total GVAP. Victoria contributed 19 per cent to the national gross value of beef production estimated at \$13.5 billion.
- The value of grains rose by 19 per cent to \$3.55 billion, compared to \$2.98 billion in 2019-20. Victorian grain production contributed 20 per cent to Victoria's total GVAP and 17 per cent to the national gross value of grain production (\$20 billion).
- Horticulture production for human consumption (fruit, nuts, grapes and vegetables) increased by 4 per cent to \$3.24 billion in 2020-21, from \$3.13 billion in 2019-20. Victorian horticulture production contributed 18 per cent to Victoria's total GVAP and 25 per cent to the national gross value of horticulture production of \$12.8 billion.

Contribution of Victorian irrigated agriculture

- In 2020-21, there were 5,400 irrigation farms in Victoria, accounting for 25 per cent of Victoria's 21,600 farm businesses.
- About 490,000 hectares were irrigated in Victoria, equivalent to 4% of Victoria's farming area (11.4 million hectares).
- Victorian farmers used 1,640 GL of irrigation water – 40 per cent (675 GL) applied on grazing pastures, 24 per cent (400 GL) on fruit and nut trees, and 14 per cent (234 GL) on pastures cut for hay and silage.
- Victoria's total gross value of irrigated agricultural production (GVIAP) was \$5.24 billion, representing 30 per cent of Victoria's total gross value of agricultural production of \$17.5 billion.
- Victoria has the largest irrigated agriculture of all states, accounting for 28 per cent of Australia's GVIAP (\$18.9 billion). By value, fruit and nuts (excluding grapes) (\$1.52 billion or 29%) are the most valuable irrigated commodity, followed by dairy (\$1.2 billion or 23%) and vegetables (\$716 million or 14%).

Food and fibre exports performance



- Victoria's food and fibre exports were valued at \$17.9 billion (comprising \$14.4 billion of food exports and \$3.5 billion of fibre exports) in 2021-22, an increase of \$4 billion (up 29%) on 2020-21.
- Victoria is Australia's largest food and fibre exporter by value, accounting for 26 per cent of the national total. Food and fibre exports from Victoria represent more than half of Victoria's merchandise exports.
- Victoria's top five food and fibre exports were grains (\$4.4 billion), meat (\$4.3 billion), dairy (\$2.5 billion), animal fibre (\$1.9 billion) and horticulture (\$1.4 billion).
- China (\$4.4 billion), the USA (\$1.6 billion), Japan (\$1.5 billion), New Zealand (\$951 million) and Indonesia (\$841 million) were Victoria's most valuable food and fibre markets in 2020-21, accounting for around 52 per cent of Victoria's food and fibre exports.
- Compared to all states, Victoria is Australia's largest exporter of dairy products (73 per cent), skins and hides (51%), animal fibre (47%), horticultural produce (46 per cent), and prepared foods (36 per cent).

Economic contribution to the Victorian economy

- In 2020-21, the Agriculture, Forestry and Fishing industry contributed \$10.4 billion (or 2%) to the Victorian Gross State Product (GSP) (\$474 billion)
- Agriculture production contributed \$9.4 billion or nearly 90 per cent of the Victoria's Agriculture, Forestry and Fishing industry value added of \$10.4 billion.
- The combined industry value added of agriculture production (\$9.4 billion) and food and beverage processing (\$8.2 billion) totalling \$17.65 billion, contributes 3.7 per cent to Victoria's GSP.

Australian agriculture outlook 2023

- ABARES projects strong production for most agricultural commodities, with the national gross value of agricultural production forecast to reach \$85 billion in 2022-23, while exports are forecast to reach a record of over \$72 billion.
- Widespread flooding (east coast) has damaged winter grain crops, restricted summer crop planting, and caused livestock losses. ABARES estimates that crop abandonment will account for 7 per cent of planted area in Victoria
- Though agricultural commodity prices are expected to remain broadly above historical averages, they will be counterbalanced by quality issues and high production costs, pointing to a mixed outlook for Australian agriculture in 2023.