VICTORIAN AGRICULTURE INDUSTRY OVERVIEW



JUNE 2021

Agriculture Policy | Contact: Francis Karanja - francis.b.karanja@agriculture.vic.gov.au

21,700 -0.8%

Farm businesses (2019-20)

74,800-1.5%

Jobs in agriculture (2020 - 21)

\$17.8B 12.3%

Value of agricultural production (2019-20) \$14.5B 2.1%

Total food and fibre exports (2019-20)

\$7.0B

Agriculture's contribution to Victoria's economy (2019-20)

Victoria is a leading agricultural producer ...

#1 milk producer

(5.6 billion litres, or 64% of national production)

Victoria contributes 46% of national production

#1 vegetable producer

contributing 25% of Australia's vegetable production

#1 in fruit and nuts

production contributing 35% of national production

#1 in sheep meat production #1 in table and dried grape production accounting for 70% of national production

... and a food and fibre exports leader in Australia

#1 in dairy exports

(\$2.1 billion, or 77% of Australia's dairy exports)

#1 in sheep meat exports

Victoria contributes 42% of national exports

#1 in wool exports

contributing 53% of national exports

#1 in horticulture exports

contributing 50% of national exports

#1 in poultry meat exports

contributing 31% of national exports

#1 in food and fibre exports

contributing 28% of national exports



Overview of Victorian farms

- There were 21,700 farm businesses in Victoria in 2019–20, accounting for 25 per cent of all farm businesses in Australia.
- Majority of Victoria's farm businesses produce beef (10,000 farms), followed by sheep meat/wool (8,600), grains (5,900), dairy (3,500) and horticulture for human consumption (2,850). Some farms produce multiple commodities.
- The area of land in Victoria used for agricultural production was 11.3 million hectares in 2019-20, or 50 per cent of the state's total land. Of the total agricultural land, 42 per cent was used for cropping and 52 per cent for grazing.



How much is produced?

- Dairy: Victoria is Australia's largest dairying state, producing nearly two-thirds (5.6 billion litres of milk) of Australia's milk in 2019-20
- Beef: In 2019-20, Victoria produced 495,000 tonnes of beef and veal, processed from 1.8 million adult cattle and 0.3 million calves. Victoria produced 21 per cent of the 2.4 million tonnes of beef and veal produced in Australia, behind Queensland and NSW.
- Sheep meat: In 2019-20, Victoria produced 315,000 tonnes of sheep meat, processed from 3.1 million adult sheep and 10.4 million lambs. Victoria is the largest sheep meat producing state, contributing 46 per cent to the national production of 684,000 tonnes.
- Grains: Victoria produced 8.4 million tonnes grains in 2019–20, comprising cereals (85%), oilseeds (9%) and pulses (6%). Victoria contributed 27 per cent to the national grain production of 30.9 million tonnes. Major commodities produced included wheat (3.7 million tonnes), barley (3.1 million tonnes), canola (731,000 tonnes), and pulses (550,000 tonnes).

• Horticulture: In 2019-20, Victoria produced around 1.4 million tonnes of horticultural produce including 480,000 tonnes of fruit and nuts, 100,000 tonnes of table and dried grapes, 200,000 tonnes of wine grapes and 700,000 tonnes of vegetables. Victoria is the largest horticulture producer in Australia, accounting for 26 per cent of Australia's 5.6 million tonnes of horticulture produce. Victoria is Australia's largest fruit and nuts producer (35% of the national production), number one producer of table and dried grapes (70%), the largest vegetables producer (25%), and the third largest producer (after SA and NSW) of wine grapes (14%).



Jobs in the agri-food sector

- In the year to May 2021, there were around 187,900 people employed in Victoria's food and fibre production and manufacturing sectors - 81,300 in primary production and 106,600 in processing.
- Of all states, Victoria had the third largest number of people employed in food and fibre production, employing 81,300 people, or 24 per cent of food and fibre production employment in Australia. Of the 81,300 jobs: 74,800 (92 per cent) were in agriculture, 1,400 in forestry, and 5,100 in agriculture, forestry and fishing suppor services.
- The largest number of persons are employed in beef cattle (18,800), followed by horticulture for human consumption (15,400), sheep (12,900), grains (9,600) and dairy cattle (8,100).
- Around 63,000 (or 78%) 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?

- Victoria's gross value of agricultural production (GVAP) was \$17.8 billion in 2019–20 or 29 per cent of Australia's GVAP, making Victoria Australia's largest agricultural producer.
- Ranked by value, horticulture for human consumption (\$3.60 billion), milk (\$3.0 billion), grains (\$2.98 billion), beef (\$2.91 billion), sheep meat (\$2.21 billion) and wool (\$0.77 billion) are the most valuable commodities.
- Victoria tops all the states in dairy (64% of the national value), sheep meat (46%), wool (29%) and table and dried grapes (71%), and was the second largest in fruit and nuts (27%) and vegetables (26%).
- The gross value of Victorian beef production was \$2.9 billion, or 16 per cent of Victoria's total GVAP.
 Victoria contributed 20% to the national gross value of beef production estimated at \$14.6 billion.
- Grain's value of production rose by 54 per cent to \$2.98 billion, compared to \$1.93 billion in 2018–19.
 Victorian grain production contributed 17 per cent to Victoria's value of agricultural production and 23 per cent to the national gross value of grain production (\$12.9 billion)
- Horticulture production for human consumption (fruit, nuts, grapes and vegetables) increased by 6 per cent to \$3.1 billion in 2019–20, from \$2.9 billion in 2018–19. Victorian horticulture production contributed 18 per cent to Victoria's total agricultural production value and 28 per cent to the national gross value of horticulture production of \$11.1 billion.



Food and fibre exports performance

- Victoria's food and fibre exports were valued at \$14.5 billion (comprising \$11.4 billion of food exports and \$3.1 billion of fibre exports) in 2019-20, an increase of \$299 million (up 2%) on 2018-19.
- Victoria is Australia's largest food and fibre exporter, accounting for 28 per cent of the Australia's food and fibre exports.

- Food and fibre exports from Victoria represent almost half (47 per cent) of all Victoria's goods exports in 2019-20.
- Victoria's top five valuable food exports are meat (\$4.7 billion), dairy (\$2.1 billion), horticulture (\$1.6 billion), prepared foods (\$1.3 billion) and grains (\$1.1 billion).
- China (\$4.8 billion), the USA (\$1.3 billion), Japan (\$1.3 billion), New Zealand (\$803 million) and Indonesia (\$562 million) were the most valuable markets for Victorian food and fibre exports in 2019-20, accounting for 61 per cent of Victoria's food and fibre exports.
- Compared to any other state in Australia, Victoria is the largest exporter of dairy (77 per cent), animal fibre (52 per cent), skins and hides (50 per cent) and horticulture (50 per cent), and is the second largest exporter of meat (25 per cent), prepared foods (31 per cent) and animal feed (26 per cent).



Economic contribution to the Victorian economy

- In 2019-20, the Agriculture, Forestry and Fishing industry contributed \$8 billion (or 2%) to the Victorian economy (\$459 billion).
- Agriculture production contributed \$7 billion or nearly 90 per cent of the Victoria's Agriculture, Forestry and Fishing industry value add of \$8 billion.
- The combined industry value add of agriculture production (\$7 billion) and food and beverage processing (\$7.5 billion) of \$14.5 billion, contributes 3.2 per cent to the Victorian economy.



Major commodity prices

- Some commodity prices have been affected by the ongoing volatility, partly related to the impact of COVID-19 and tariffs levied by China on imports of Australian barley.
- Prices trending downwards since COVID-19 outbreak (February 2020) include feed barley (down 16%), wool (down 7%), wheat (down 11%), and pork (down 26%). Beef price has increased by 70% during the same period.

Industry	Sector	Latest price	Change since COVID-19 outbreak (February 2020)	10-year trend (2010–11 to 2019–20)
Livestock	Beef	930 cents per kg cwt (25 June 2021)	+70% 📥	
	Lamb	819 cents per kg cwt (25 June 2021)	+6%	
	Wool	1,468 cents per kg (25 June 2021)	-7%	
	Pigs	318 cents per kg cwt (25 June 2021)	-26%	
Dairy	Milk	6.30-7.00 \$ per kg MS (2020-21)	Fixed annual price	
	Cheddar cheese	5,771 \$ per tonne (25 June 2021)	-2%	
Grain	Wheat (ASW1)	327 \$ per tonne (25 June 2021)	-11%	
	Canola	744 \$ per tonne (25 June 2021)	+21%	Intranation
	Feed Barley	277 \$ per tonne (25 June 2021)	-16%	
Horticulture	Almonds *	5.14 \$ per kg (export) (May 2021)		Year-on-year
	Apples & Pears **	Royal Gala 24–30 \$ per 12kg Carton (March 2021)	Year-on-year
	Citrus **	Navels 60-70 \$ per 18kg Carton (Mar	ch 2021)	Year-on-year
	Wine grapes	Shiraz 1,593 \$ per tonne (Heathcote r Chardonnay 1,892 \$ per tonne (Yarra		Year-on-year Year-on-year

^{*} Estimated from export data. ** From DataFresh.