

Agribusiness Insights

PRODUCTION UPDATE 2022-23



PRODUCTIVE

A wet spring delayed planting, however good summer conditions helped with yields.



PROMOTE

Increased tourism visitation is resulting in positive activity in the agri-business and agri-tourism sectors.



PROTECT

Producers remain vigilant for potential biosecurity incursions into the State.



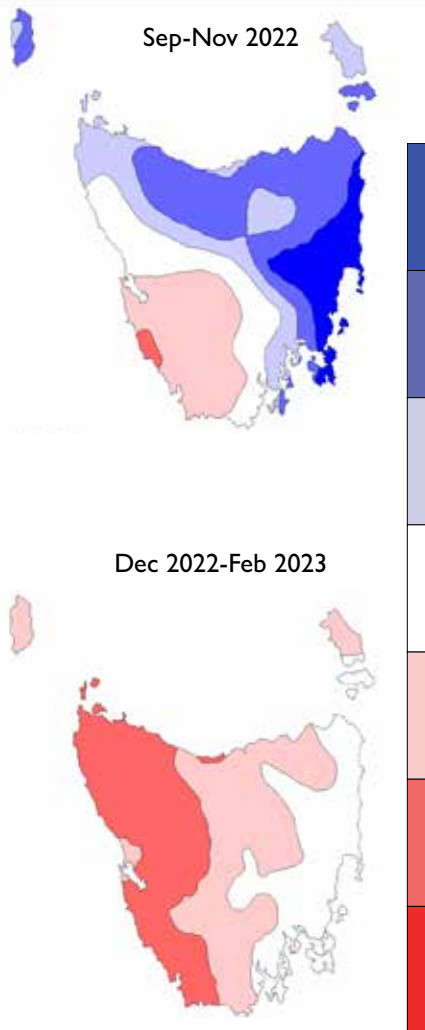
PRODUCTIVE

Shortages in skilled seasonal labour remains a challenge but is improving.

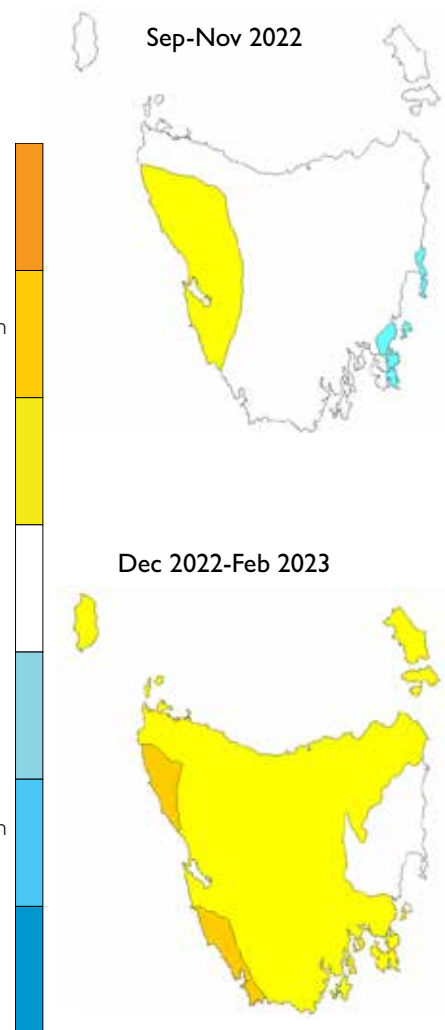
Weather during summer harvest 2022-23

- A wet spring in Tasmania's north and east resulted in an abundance of feed in the summer months. Conditions were dry for large parts of the southwest, with below average rainfall and higher temperatures across the State during the summer.
- Heavy rain and flooding in October impacted available pasture and the establishment of crops, which in turn has influenced the timing of harvests later in the season and affected yields of some commodities. Flooding in northern Tasmania was the most significant since the June 2016 floods.
- Seasonal conditions yielded mixed results in horticulture, with berries and pome fruits performing strongly, however the delayed planting of many vegetables crops is expected to impact overall production volumes despite good summer weather.
- The grape vintage was delayed by wet weather conditions, with cooler weather potentially impacting yields across Tasmanian vineyards; however reported quality is excellent.
- Wet spring conditions reduced the overall growing area for some crop commodities, but the excellent summer conditions resulted in strong yields and harvest results from planted paddocks.

Rainfall



Mean temperature



BL12118



Tasmanian Government



Photo Amy Grubb

External impacts on Tasmanian agriculture

COVID-19 and Prices

- Producers remain alert to the continued presence of COVID-19 within the community and potential impacts and disruptions to business.
- Businesses remain ready to impose strict COVID-19 protocols to limit transmission between workers including physical distancing, personal hygiene and protective equipment, and changes to work team structures and operations.
- The record prices for dairy and red meat over the past 12 months are not expected to continue, and livestock producers will need to plan for a potential correction. While prices are expected to fall, it is anticipated they will remain above long-term averages.
- Confidence remains high among Tasmanian farmers as excellent summer seasonal conditions continue and market access improves.
- Currently the supply of agricultural inputs such as fertilisers has improved since the peaks of last year, resulting in an easing of prices over the last 12 months.
- Like many businesses, Tasmanian farmers are concerned about rising interest rates and inflation and what the long-term impacts will be.

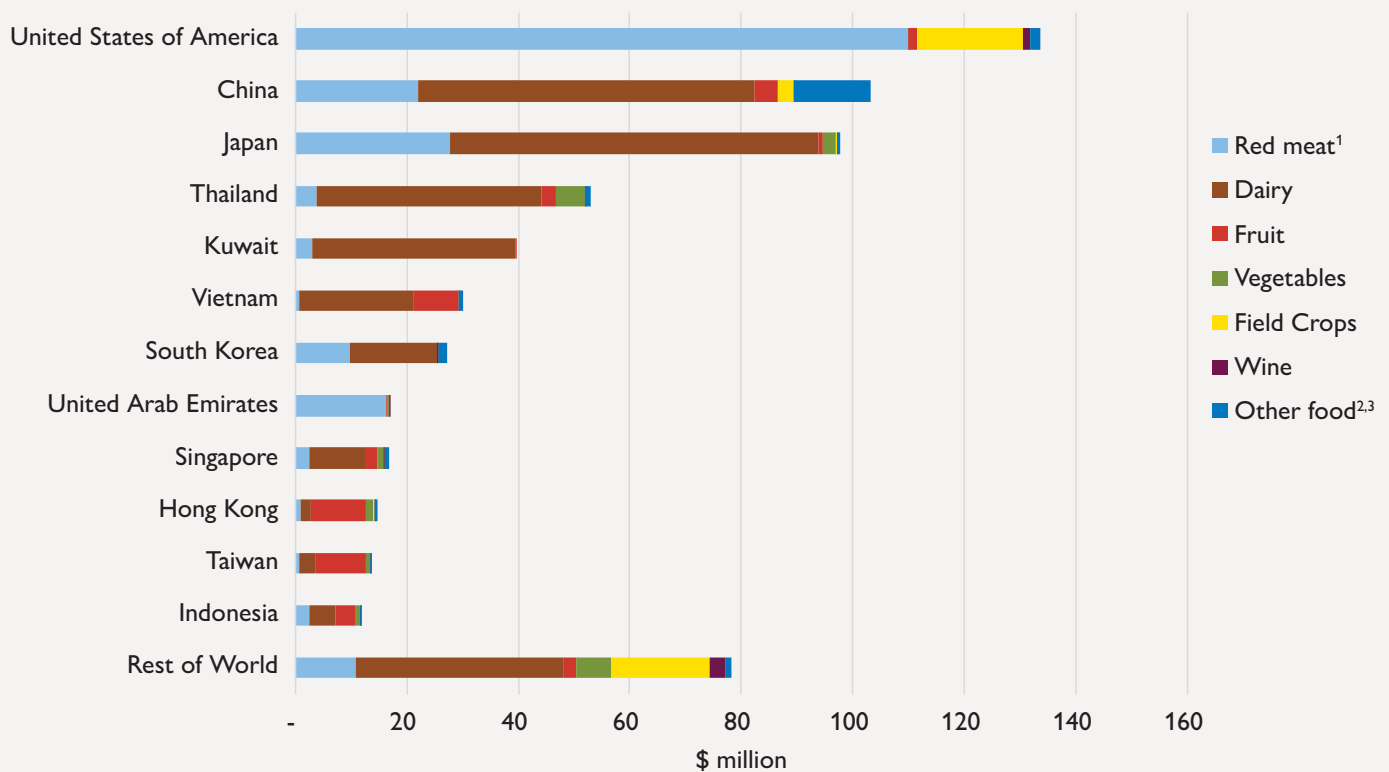
Itinerant and Seasonal Workers and Biosecurity

- As a result of the increased labour shortages during the height of the COVID-19 pandemic, many producers have utilised the Australian Government's *Pacific Australia Labour Mobility (PALM)* scheme to good effect to source experienced workers from overseas.
- The PALM scheme continues to support the local agricultural labour workforce in Tasmania, with this the first full production season since changes to the Horticulture Award guaranteeing a minimum wage for pieceworkers were implemented in April 2022.
- Labour shortages are still present within all agricultural sectors in Tasmania, particularly in some specialist and technically skilled labour jobs such as shearers and wool handlers. Reliable access to road freight and drivers is also continuing to be a challenge.
- Biosecurity remains a high priority, with the Tasmanian Government putting in place increased checks of passengers and their belongings at the border for potential incursions, including foot and mouth disease, lumpy skin disease, varroa mite, and small hive beetle.

Trade

- 2021-22 was another great year for Tasmanian exporters, as the value of land-based agri-food products remained high due to strong demand and robust prices.
- Tariff and non-tariff trade barriers combined with international security tensions continue to challenge global trade partnerships and may impact certain Tasmanian agricultural industries. There are early signs that the removal of some of these trade barriers is moving in a positive direction.
- Targeted support measures such as the International Freight Assistance Mechanism (IFAM) administered by AusTrade and put in place during the COVID-19 pandemic helped to keep global air links open through the disruptions and have helped ensure the longer-term viability of these pathways.
- The cost of incoming and outgoing sea and air freight has come down from the peak in early 2021-22. Commodities exposed to freight cost volatility have experienced some headwinds.
- The *Tasmanian Government Tasmanian Export Freight Logistics Advisory Service (TEFLAS)* continues to assist businesses impacted by ongoing freight and logistics challenges with export assistance and advice.
- Freight services, supply chain integrity, labour supply and storage capacity remain key considerations for stakeholders.
- With the exchange rate trading predominantly below USD \$0.70 over the last 12 months there have been favourable conditions for Tasmanian businesses exporting overseas but a challenge for those needing to purchase imports.

Tasmania overseas food exports 2021-22 (excludes seafood)



¹ 'Red meat' refers to beef, mutton and lamb, and pork.

² 'Other food' includes food not easily placed into other categories, such as pre-prepared foods, unidentified flours and products containing a combination of ingredients.


³ The ABS has reclassified some products within the 'Dairy' and 'Other Food' categories, meaning these categories cannot be directly compared with 2020-21 figures.

Sources

- Trade data (international food exports) – purchased from ABS. A summary of these export statistics is available from Department of State Growth website.
- Bureau of Meteorology, Climate Outlooks

TASMANIAN AGRICULTURE TOWARDS \$10 BILLION BY 2050

The Tasmanian Government initiatives delivering on the Competitiveness of Tasmanian Agriculture White Paper and Tasmania's Sustainable Agri-Food Plan include:

Initiative	Description	Status
Tasmanian Rural Water Use Strategy	<p>The Tasmanian Government released the Rural Water Use Strategy in March 2021 as the blueprint for managing the state's water resources. The Implementation Plan released in April 2022 sets out a four-year schedule of activities to progress actions outlined in the Strategy to deliver sustainable outcomes for rural water users, communities and the environment.</p> <p>Headline projects underway include:</p> <ul style="list-style-type: none"> • Catchment Yields Science Update Project; • Water Accountability, Metering and Reporting Project; • Groundwater Assessment Project; • River Health Advisory Project; • New State-wide Water Quality Monitoring Program. <p>The 2023 Report Card providing a snapshot of progress on delivery and future plans is expected to be released around August 2023.</p>	Implementation underway
Upgrade of Tasmania's Research Farm Assets	<p>The Government's Plan for Tasmania's Research Farm Capacity is guiding the investment of \$7 million to modernise our Crown and Tasmanian Institute of Agriculture (TIA) research farm assets to make our research farms centres of excellence for practical research and demonstration:</p> <ul style="list-style-type: none"> • Contribution of \$5 million to a \$7.7 million joint investment with UTAS to support the upgrade of Elliott and Forthside Research Farms; • \$750,000 to upgrade core infrastructure at Cressy; • Maintenance and feasibility studies into Grove Station (Farm). 	Underway
Agricultural Workforce Resilience Package	<p>\$1.9 million package including:</p> <ul style="list-style-type: none"> • <i>Tassie Harvest Jobs, Take Your Pick</i> jobs campaign to encourage Tasmanians to consider local agricultural jobs and career options; • Support for industry resilience, promotion and targeted development of skills and training; • Increasing the service delivery capability of FarmPoint and Safe Farming Tasmania; • Tasmanian Agribusiness Workforce Roundtable to bring industry and the community together with government to build workforce resilience. 	
Water resources and irrigation	<p>The Government plans to invest a further \$32.3 million into irrigation development and delivery including:</p> <ul style="list-style-type: none"> • \$16 million over four years to Tasmanian Irrigation to fund irrigation project development and delivery costs; • \$10.5 million to Tasmanian Irrigation for the repayment of borrowings; • \$2.3 million (added to a previous commitment of \$5 million) to support the development of Tranche 3 irrigation scheme businesses cases; • \$1.5 million to co-fund the Lake Leake Dam Life Extension project; • \$1.2 million to support the South East Interim Irrigation Scheme; and • \$850 000 to Tasmanian Irrigation to enable necessary studies on legacy assets. 	Ongoing
Agricultural Innovation and Agricultural Development Funds	<p>A combined total of \$3.8 million allocated from the Agricultural Innovation Fund and Agricultural Development Fund to nine agricultural research projects that will benefit the dairy, red meat, wool, seed production, potato, berry and wine industries with additional benefits flowing to marine farming and forest industries.</p>	Underway
Ag-Protection Package	<p>The Government Ag-Protection Package will invest \$10.2 million to future-proof Tasmanian agriculture and manage risks to primary industries including:</p> <ul style="list-style-type: none"> • Addressing biosecurity including cat management, as well as on-farm biosecurity awareness and practices and awareness of the threats posed through import risks, pest and disease; • Support farmers to adapt to a changing climate, including capitalising on opportunities for carbon farming. 	Underway
Community Farming Partnership Program	<p>\$5.6 million to support farming communities, local farming issues, and improvements to farm safety.</p>	Underway
Strategic Industry Partnership Program (SIPP)	<p>\$2 million to expand SIPP to deliver targeted co-investment with peak industry bodies to support sustainable growth and resilience.</p>	Underway

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RED MEAT



Year-on-year growth in farm gate value over the last 8 years

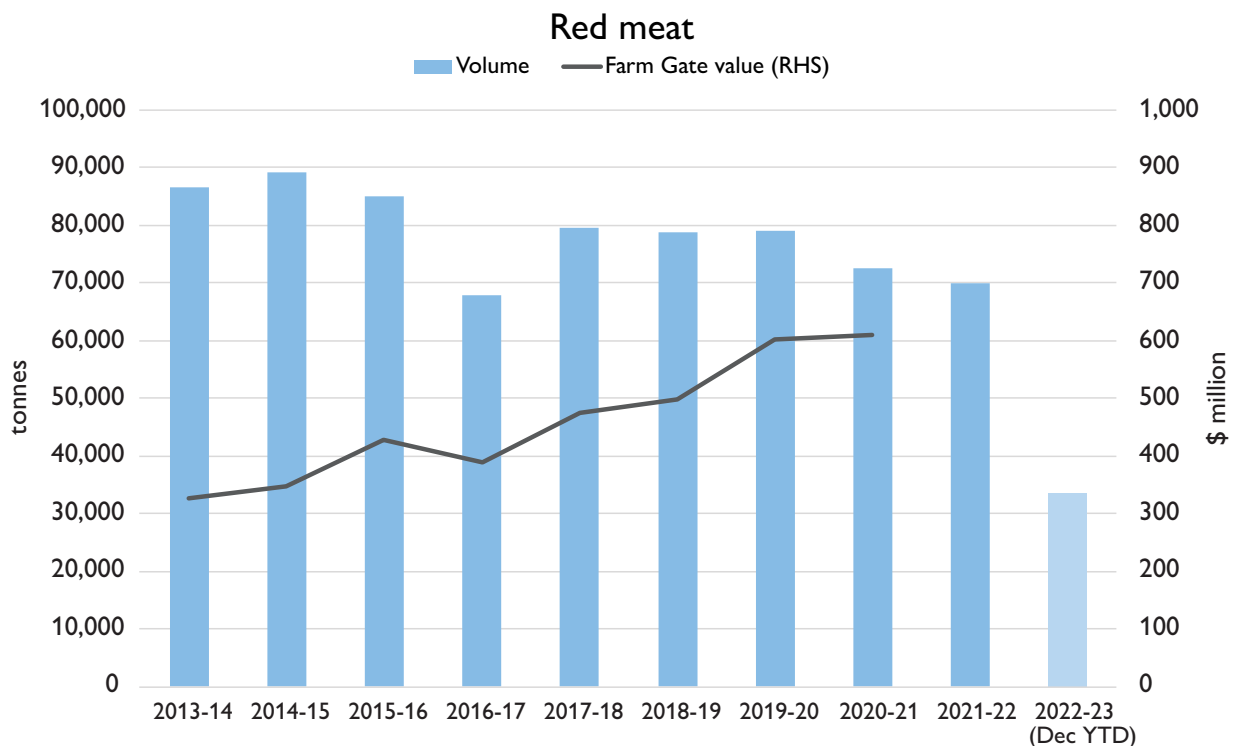
Positive signs for processed livestock exports



Tasmanian livestock numbers increasing



Red meat volume and value production 2013-14 to 2022-23



Note: Where data is not listed above it is not yet available. '2022-23' column above includes only data available at time of publishing.

Positive impacts this season

- Positive seasonal conditions, ongoing access to irrigation and strong market demand are benefitting red meat producers within the State.
- Processed exports of lamb and mutton to the Middle East increased, with positive signs that trade restrictions with China may ease.
- The Tasmanian livestock numbers have increased after years of rebuilding as a result of successive years of above average seasonal conditions across Australia and Tasmania.

Challenges this season

- The record high prices for red meat eased across the production period and are not expected to return for the next 12 months, placing pressure on processors to source livestock as some producers choose to retain stock.
- Access to kill floor labour continues to be a significant issue for the industry, but some workers are returning to the State after an absence during the COVID-19 pandemic.
- The availability of freight continues to impact transport costs, delivery times and access to overseas markets.

Sources

- Australian Bureau of Statistics Cat: 7215.0 Livestock Products, Australia;
- NRE Tas Agri-Food ScoreCards

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DAIRY



Milk production for 2022-23 year-to-date up

Value of exports (2020-21)

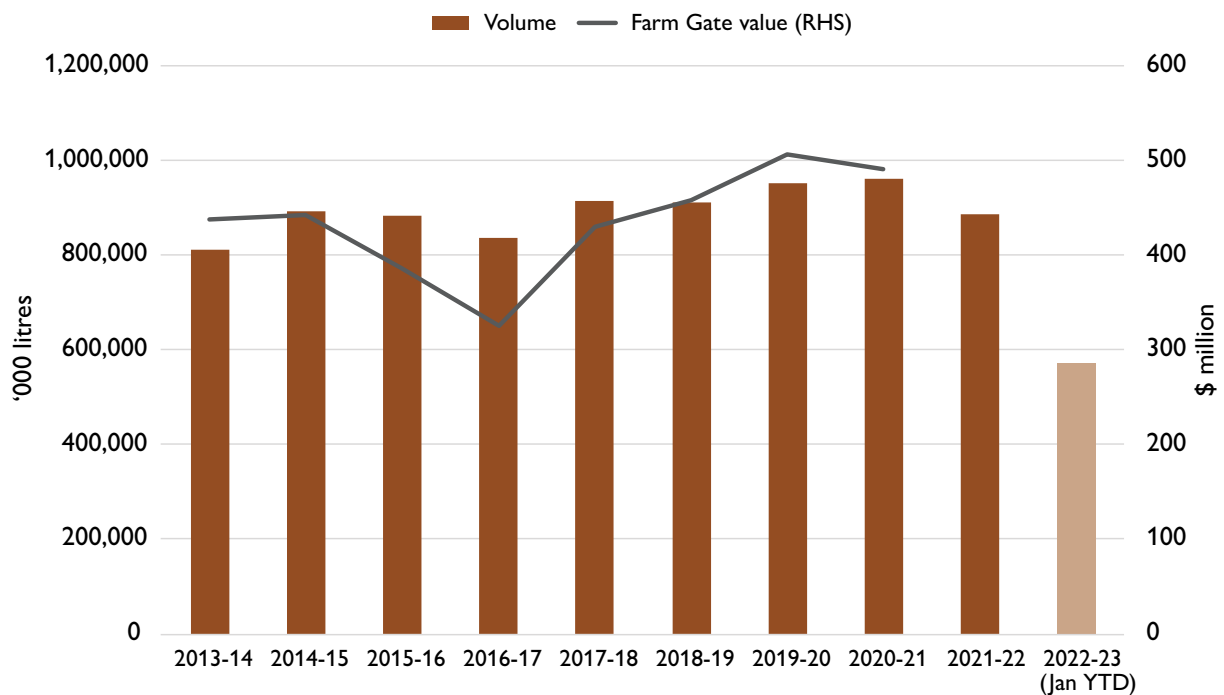


Record high milk prices



Milk volume and value production 2013-14 to 2022-23

Milk produced



Note: Where data is not listed above it is not yet available. '2022-23' column above includes only data available at time of publishing.

Positive impacts this season

- The price of milk solids offered by processors this season was above expectations.
- Milk production for the seven months to Jan 2023 has been strong with YTD figures for Tasmania growing over the same period last year, with the State contributing a larger share to Australia's total milk production.
- Access to reliable irrigation water helped farmers manage the warm and dry summer months.

Challenges this season

- The higher cost of feed inputs, fertilisers and fuel have limited the ability of farmers to take full advantage of high dairy prices, but these high input costs are starting to ease.
- Seasonal conditions during spring-summer were mixed, with high rainfall during October 2022 resulting in flooding in the northern areas of the State, resulting in production losses, damages to infrastructure and reduction in quality of pasture.
- Access to staff, particularly on-farm staff and tanker drivers continues to be a concern.

Sources

- Dairy Australia, Milk Production Statistics

- NRE Tas Agri-Food ScoreCards

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FRUIT

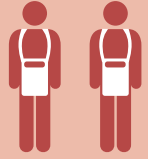


Excellent seasonal conditions for select commodities

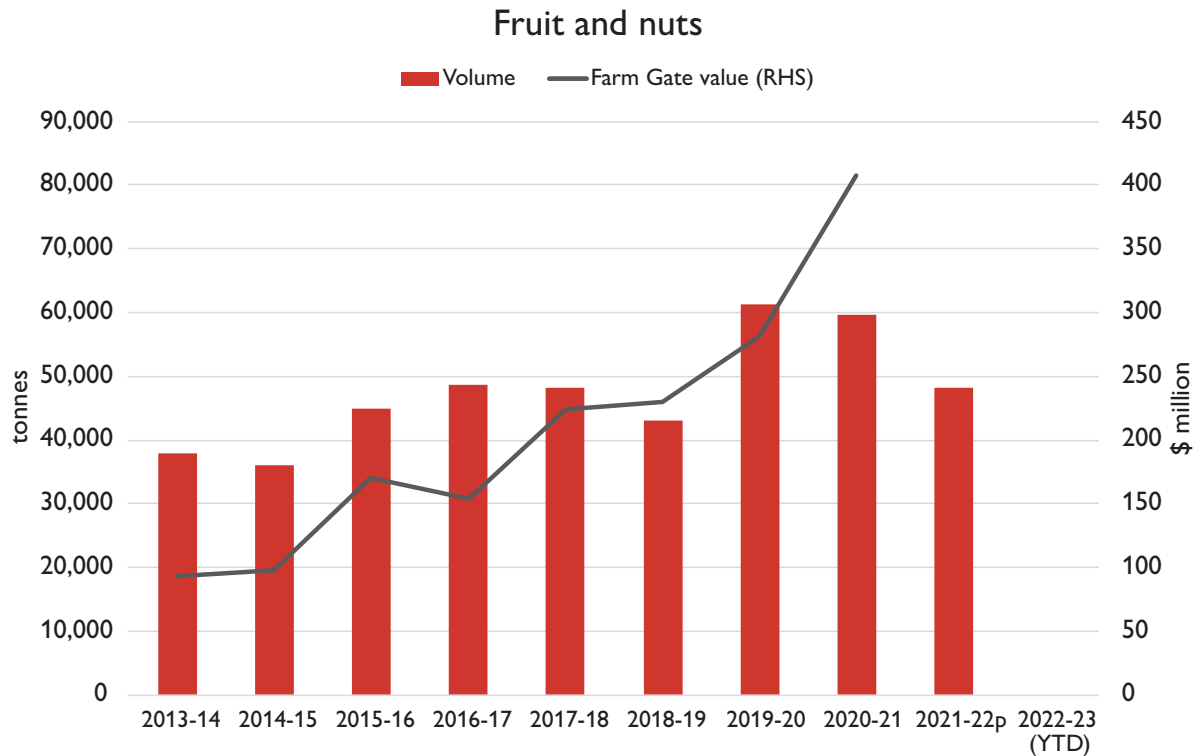
Compound Annual Growth over last 8 years in farm gate value



Access to experienced labour a challenge but improving



Fruit and nuts volume and value production 2013-14 to 2022-23



p: preliminary **Note:** Where data is not listed above it is not yet available. '2022-23' column above includes only data available at time of publishing.

Positive impacts this season

- Ideal seasonal conditions have seen good yields in the berries and pome fruit industries.
- Policies implemented by the Australian Government and supported by Tasmania including the introduction of the *Australian Agriculture Visa Program* and the *Re-Start* seasonal worker flight program into Tasmania have seen the available workforce move towards approaching pre-pandemic levels.
- While overseas trade volumes are lower, Tasmania is contributing a larger overall share of high-value commodities such as cherries.

Challenges this season

- While the situation has improved, sourcing skilled and experienced labour during the harvest season continues to be the greatest overall challenge faced by fruit growers.
- The excellent growing conditions in mainland states resulted in an abundant supply of berries across the country placing price pressures on local growers.
- Reliable access to packaging and supplies for freight, such as food-grade pallets and trays, created transport delays for some.

Sources

- Horticulture Innovation Australia (Hort Innovation), Australian Horticulture Statistics Handbook
- NRE Tas Agri-Food ScoreCards

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VEGETABLES



Potential for increased overseas demand for vegetables

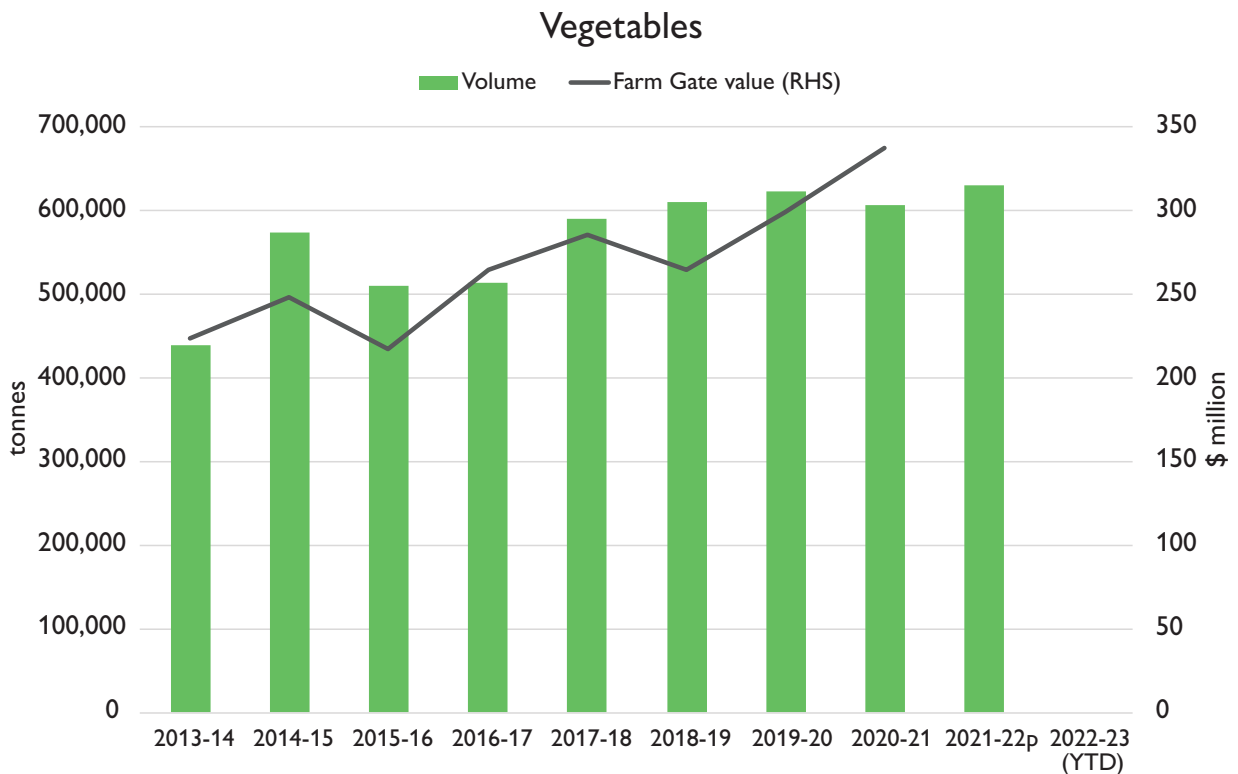
Challenging spring weather delayed plantings



Access to labour for later in the season is challenging



Vegetable volume and value production 2013-14 to 2022-23



p: preliminary **Note:** Where data is not listed above it is not yet available. '2022-23' column above includes only data available at time of publishing.

Positive impacts this season

- Optimal summer conditions are expected to result in excellent yields for late planted vegetable crops such as onions, peas and beans after a delay in planting due to a wet spring.
- Warm weather and political instability in Europe and shortages in Japan and the United States are expected to drive demand for export of Tasmanian onions overseas.
- The absence of COVID-19 restrictions has seen improved access to labour and improved demand for Tasmanian produce in both local and interstate retail and service sectors.

Challenges this season

- Wet spring conditions resulted in delayed, damaged or abandoned vegetable plantings across the state, which is likely to impact the overall production volumes achieved this season.
- A shortage of potatoes available for processing between September and March saw demand outstrip supply, but early season potato harvest volumes are looking positive. This tight market is expected to continue into 2024.
- Elevated input prices are one of the more challenging aspects faced by producers in recent seasons.

Sources

- Horticulture Innovation Australia (Hort Innovation), Australian Horticulture Statistics Handbook
- NRE Tas Agri-Food ScoreCards



FIELD CROPS



Record summer harvest for wheat, barley and canola

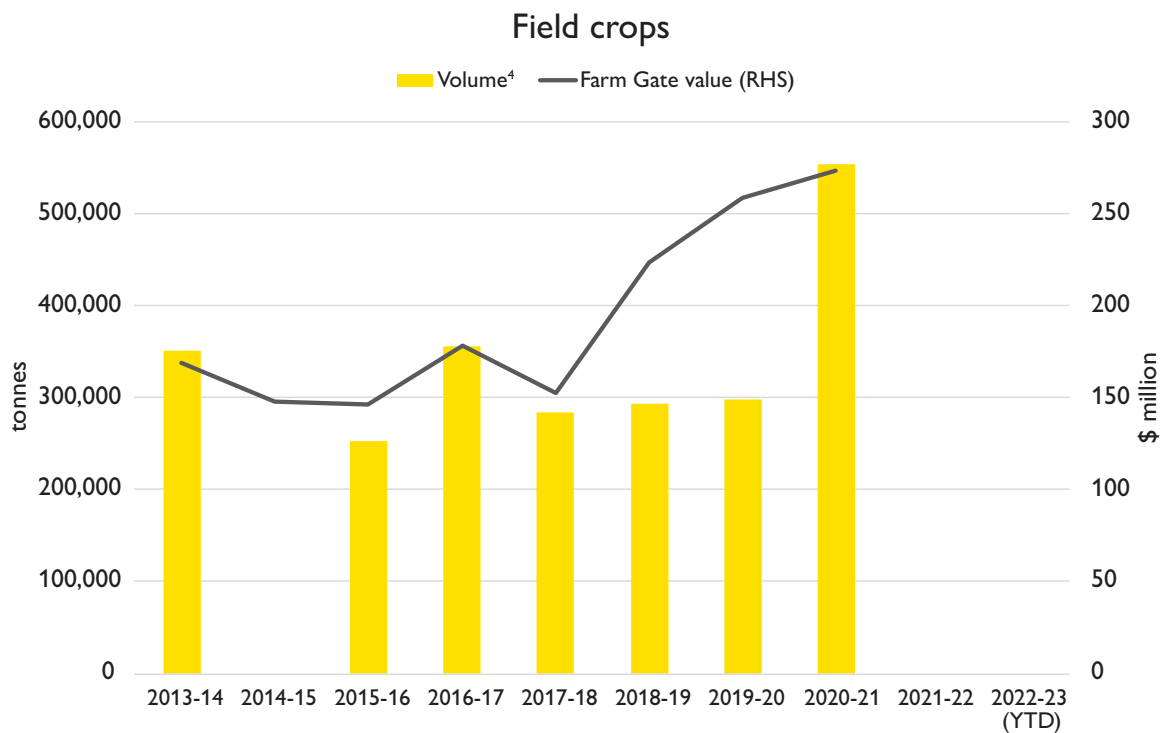
Decreased growing area for regulated crops due to adverse weather



Market forces for regulated crops has curtailed demand.



Field crops volume and value production 2013-14 to 2022-23



⁴ excludes volume for pasture and vegetable seed, poppy, pyrethrum, hops, and spirits as data is unavailable or not published across overall time period. **Note:** Where data is not listed above it is not yet available. '2022-23' column above includes only data available at time of publishing.

Positive impacts this season

- New wheat, barley and canola harvest record over the summer, with production volumes increasing by 47 per cent.
- The return of free movement of workers into the State from the mainland and overseas has been a welcome relief to producers after experiencing struggles sourcing labour over the previous few seasons.
- Hay and silage production has been strong across much of the State with abundant stocks available to producers as they head into the winter months when demand for supplementary feed is higher.

Challenges this season

- A significant amount of pasture and cropping area was lost in some areas during the growing season due to the wet spring conditions and floods in October 2022. However growing conditions during the summer months underpinned strong yields partially offsetting losses.
- Unusual seasonal conditions were experienced for poppy crops with mild temperatures and heavy dews impacting harvest.
- Changing market forces for hemp seed and a lower international requirement for opiates has seen a reduction in demand for industrial hemp and poppy crops.

Sources

- NRE Tas Agri-Food ScoreCards

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WINE GRAPES



Increasing cellar door and winery visitation

Price of Tasmanian wine grapes relative to national average

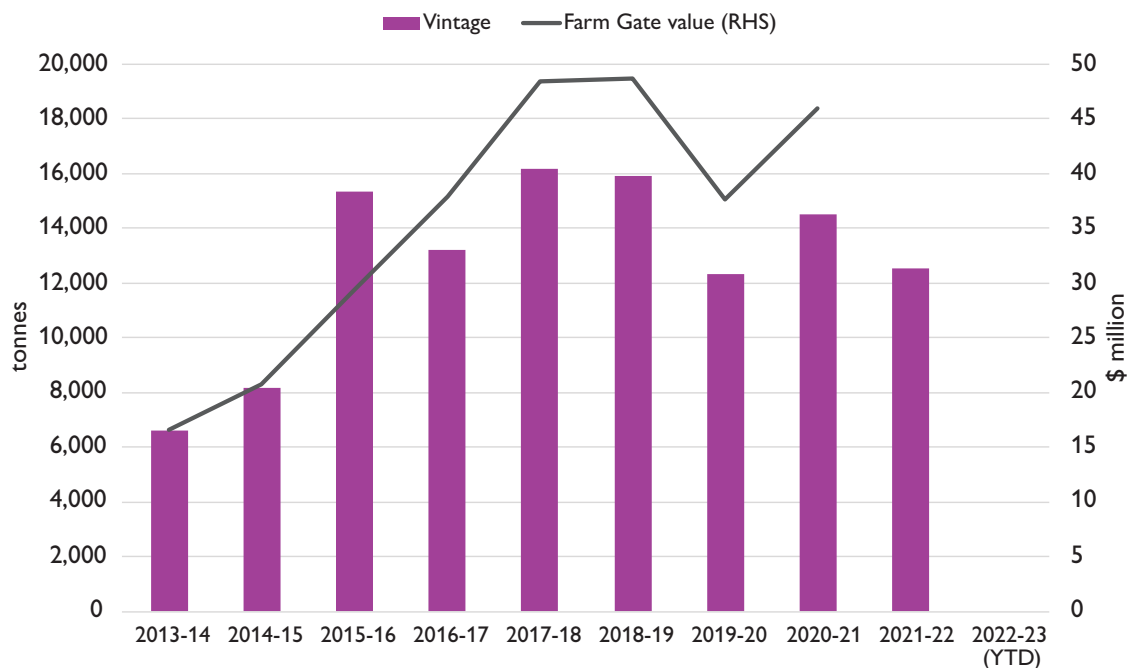
5x

Cooler seasonal conditions delayed vintage



Wine vintage and value 2013-14 to 2022-23

Wine



Note: Where data is not listed above it is not yet available. '2022-23' column above includes only data available at time of publishing.

Positive impacts this season

- Reports from across the state indicate grape quality for the 2023 vintage is exceptional.
- The ongoing resurgence of visitors and tourism to the State has translated into increased patronage for cellar door and winery visitations.
- Tasmanian wines are primarily sold in the domestic market where they continue to attract a price premium above vintages from other states, with the average price of Tasmanian wine grapes \$3,237 a tonne or five times the national average.

Challenges this season

- A cool and wet start to the growing season delayed the harvest of the 2023 vintage, with cooler weather impacting yields across Tasmanian vineyards.
- The spring seasonal conditions of higher rainfall followed by warmer weather resulted in challenges around potential disease pressures in select locations.
- The wine sector is continually challenged by the potential for smoke taint, with the later harvest commencement coinciding with the autumn window to conduct fuel reduction and agricultural burns.

Sources

- Wine Tasmania, Tasmanian wine grape vintage results
- NRE Tas Agri-Food ScoreCards