

# THE IMPORTANCE OF AGRICULTURE TO TASMANIA

PRESENTATION TO FARMX CONFERENCE & EXPO

WOOLMERS' ESTATE, LONGFPORD  
21<sup>ST</sup> AUGUST 2025

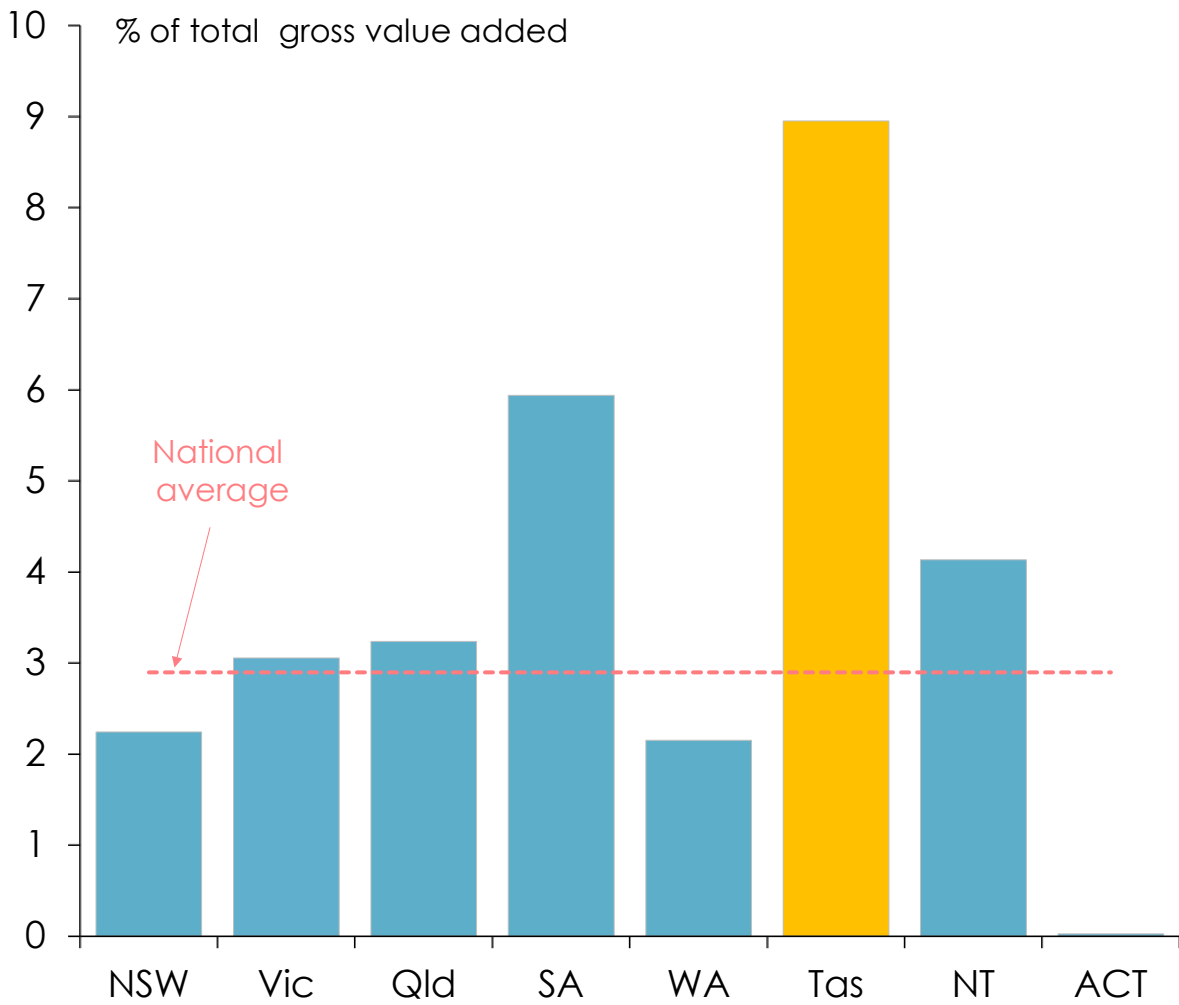
**SAUL ESLAKE**

CORINNA ECONOMIC ADVISORY  
INDEPENDENT ECONOMICS

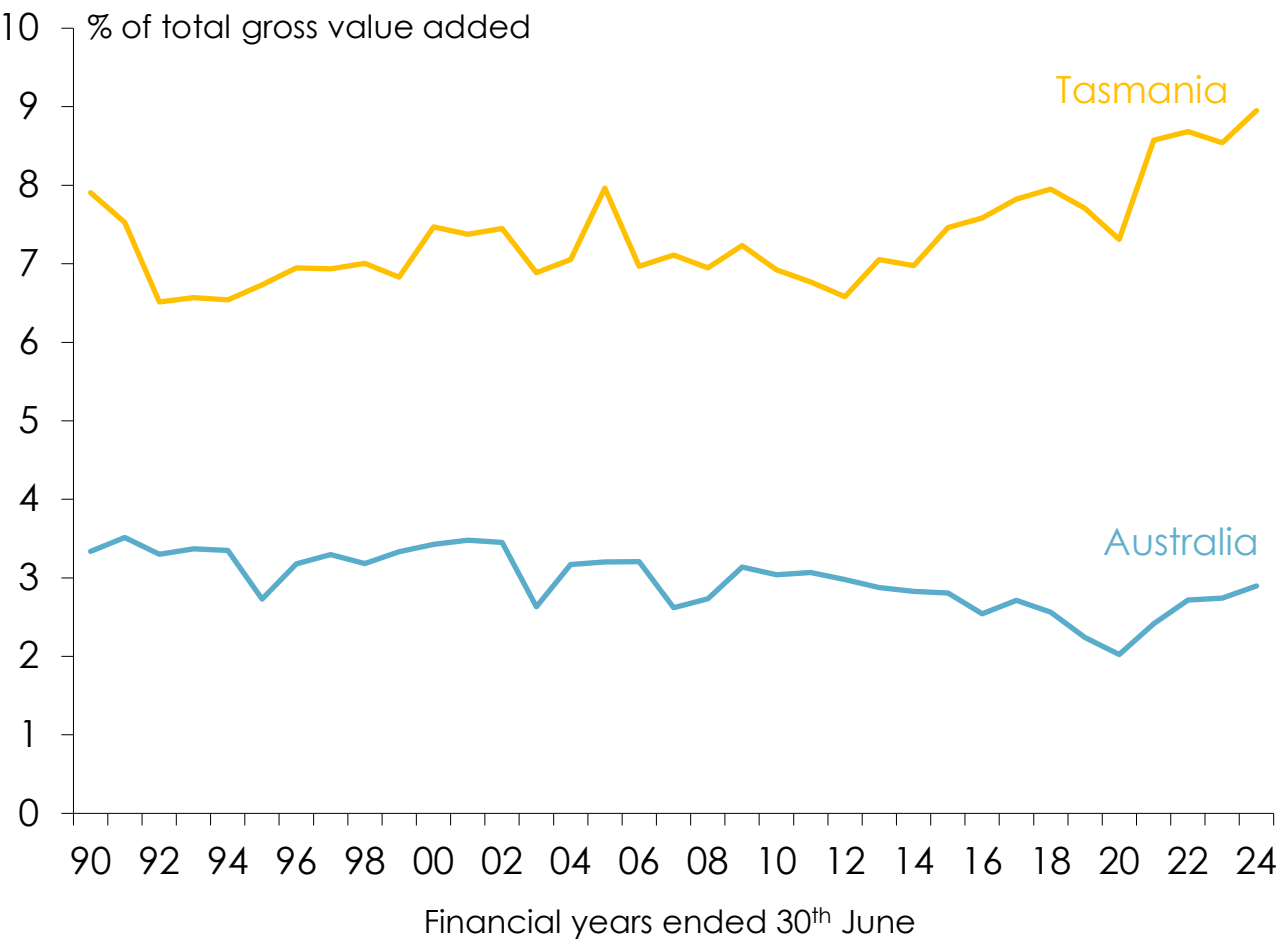
# Tasmanian agriculture

# Agriculture contributes a bigger share of Tasmania's economy than that of any other state

Agriculture, forestry & fishing as a share of total 'gross value added', 2023-24

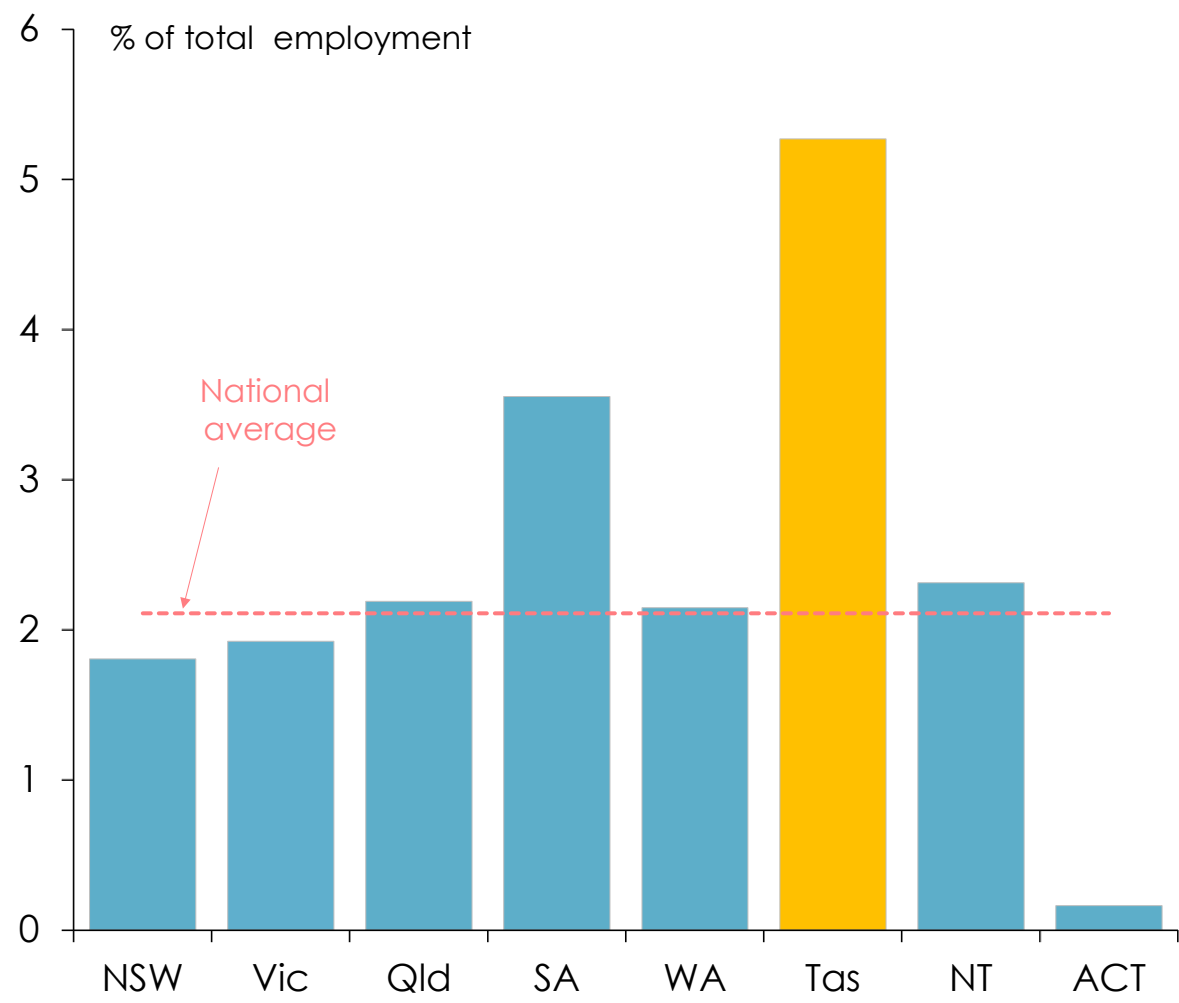


Agriculture, forestry & fishing as a share of total 'gross value added', 1989-90 to 2023-24

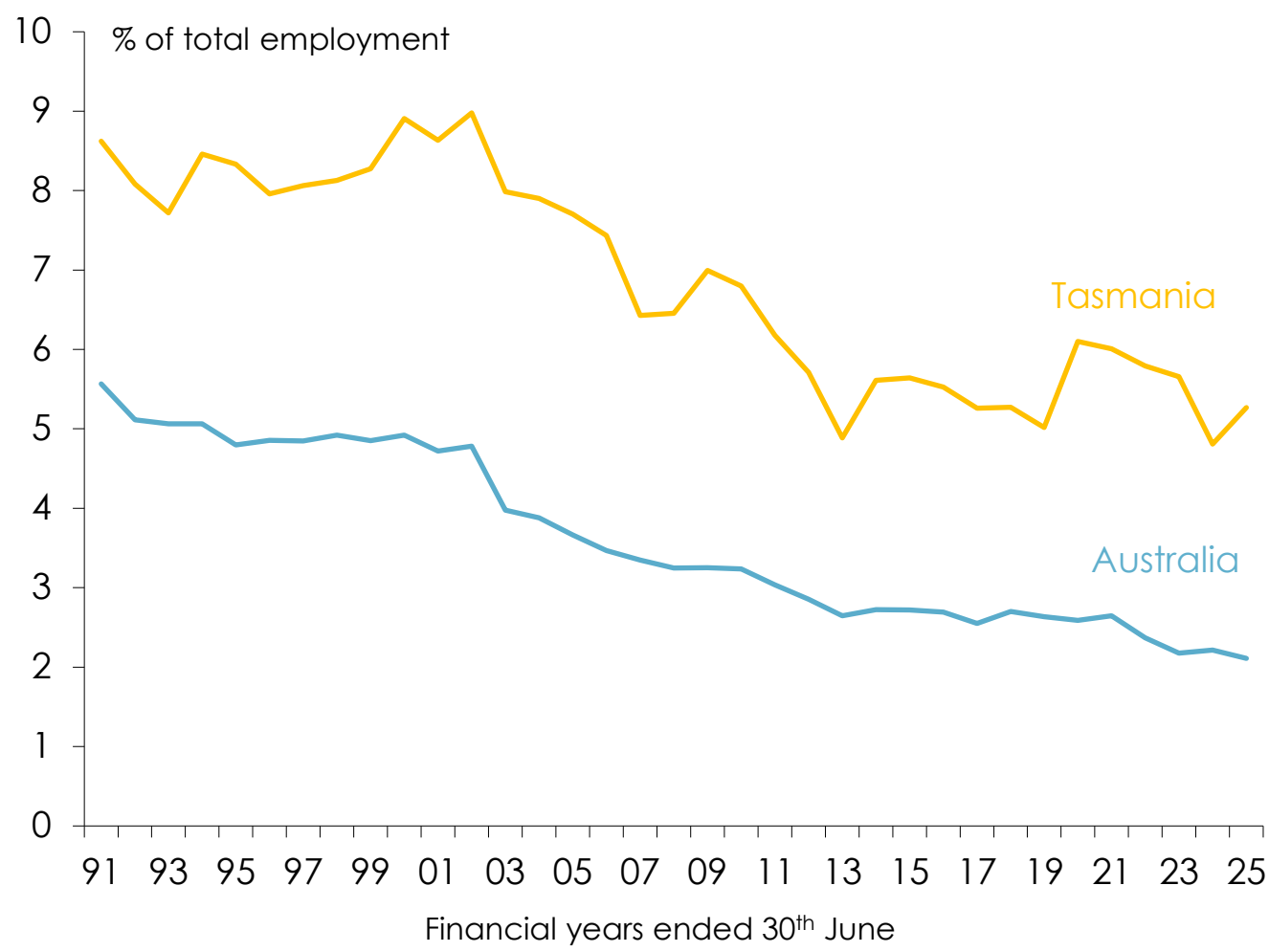


# Agriculture is a larger contributor to employment in Tasmania than in any other state

Agriculture, forestry & fishing as a share of total employment, 2024-25

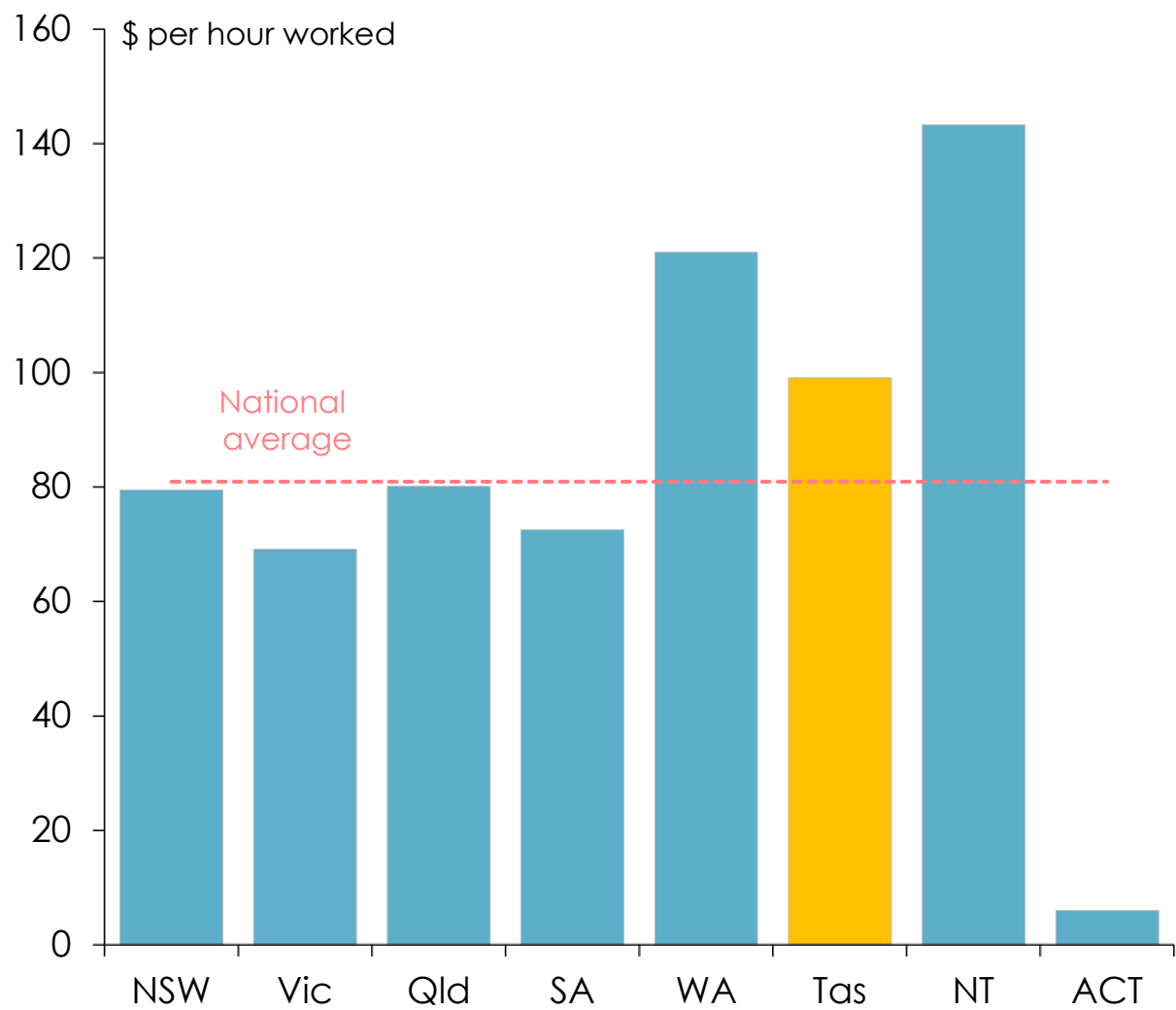


Agriculture, forestry & fishing as a share of total 'gross value added', 1990-91 to 2024-25

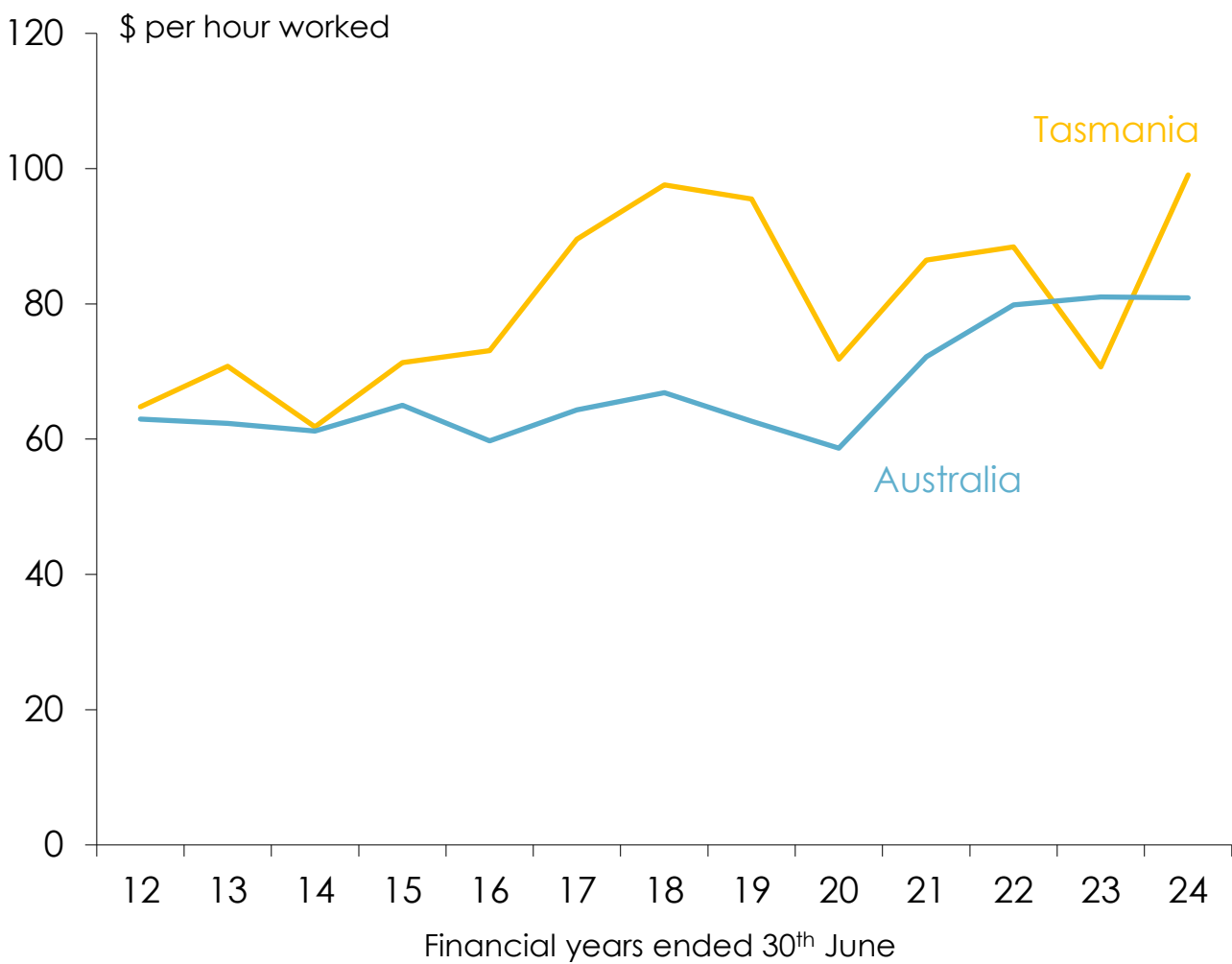


# Agriculture is one of only five industries in which labour productivity in Tasmania is higher than the corresponding national average

Labour productivity (output per hour worked) in agriculture, forestry & fishing, 2023-24



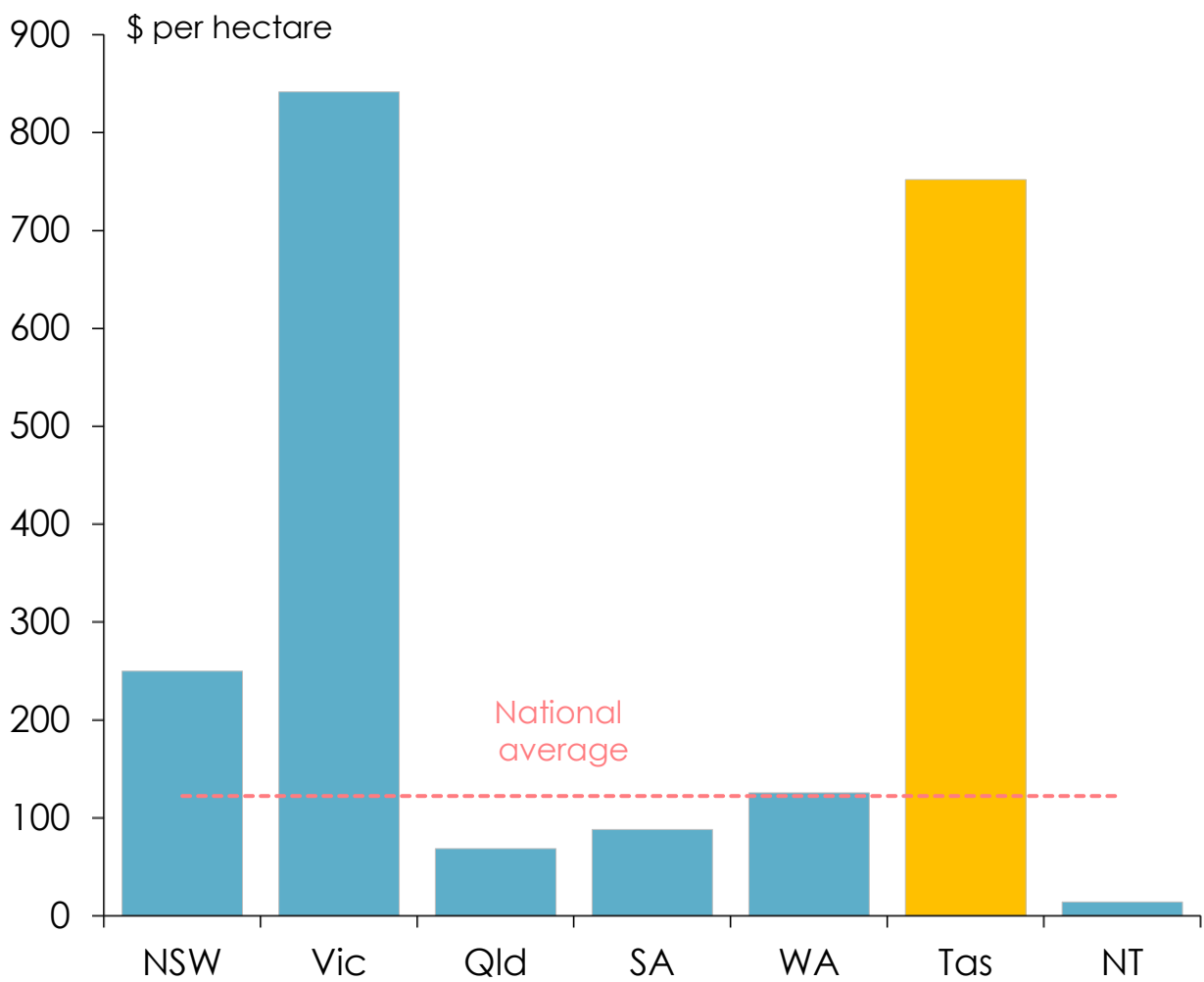
Labour productivity (output per hour worked) in agriculture, forestry & fishing, 2011-12 to 2023-24



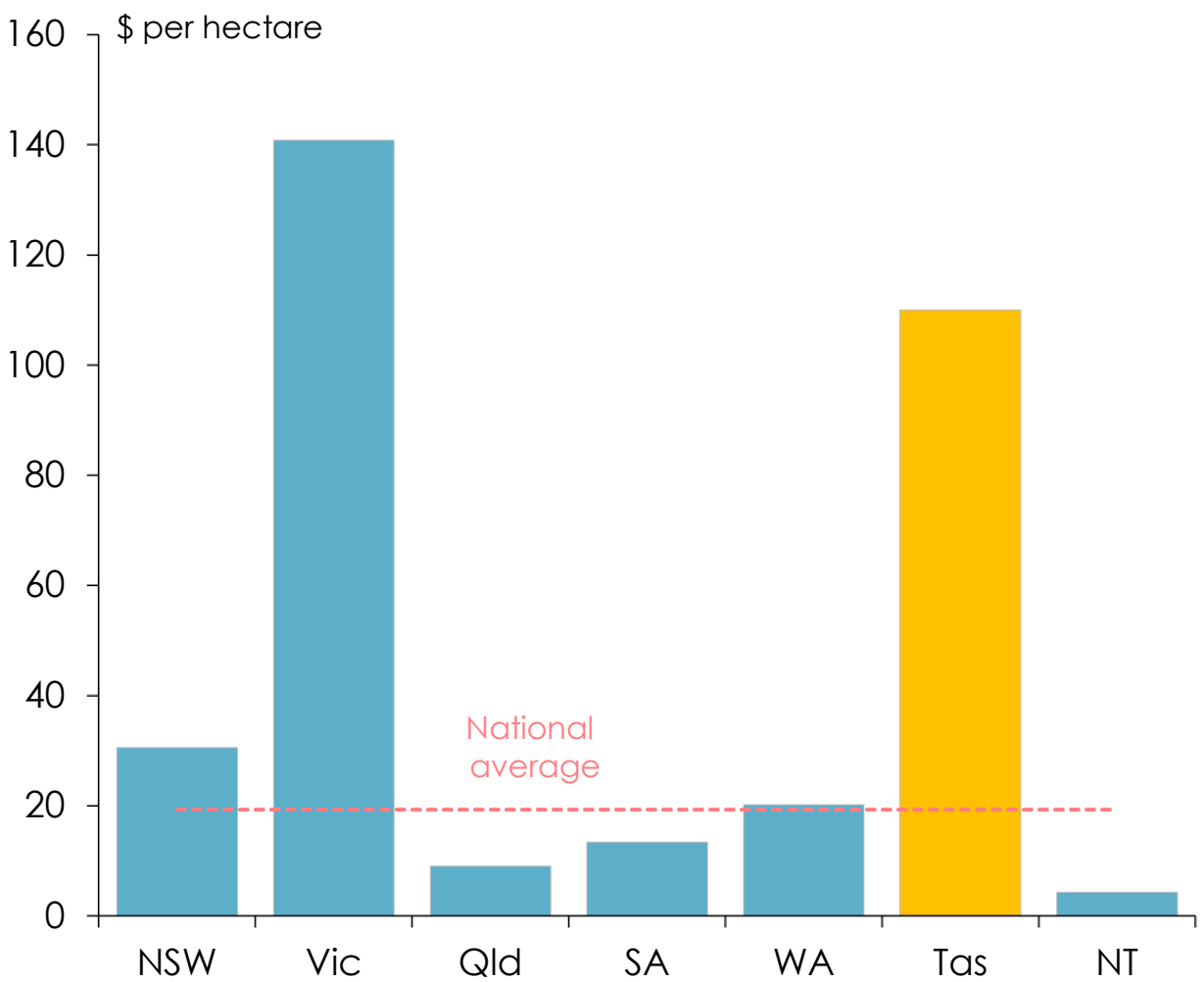
5 Sources: Australian Bureau of Statistics, [Australian National Accounts: State Accounts](#), 2023-24 financial year and [Modelled state and territory jobs and hours worked estimates by industry](#), June 2025; Corinna Economic Advisory.

# Tasmania's farmers are among the most efficient and profitable in Australia ...

Average farm cash receipts per hectare of land used, five years to 2023-24

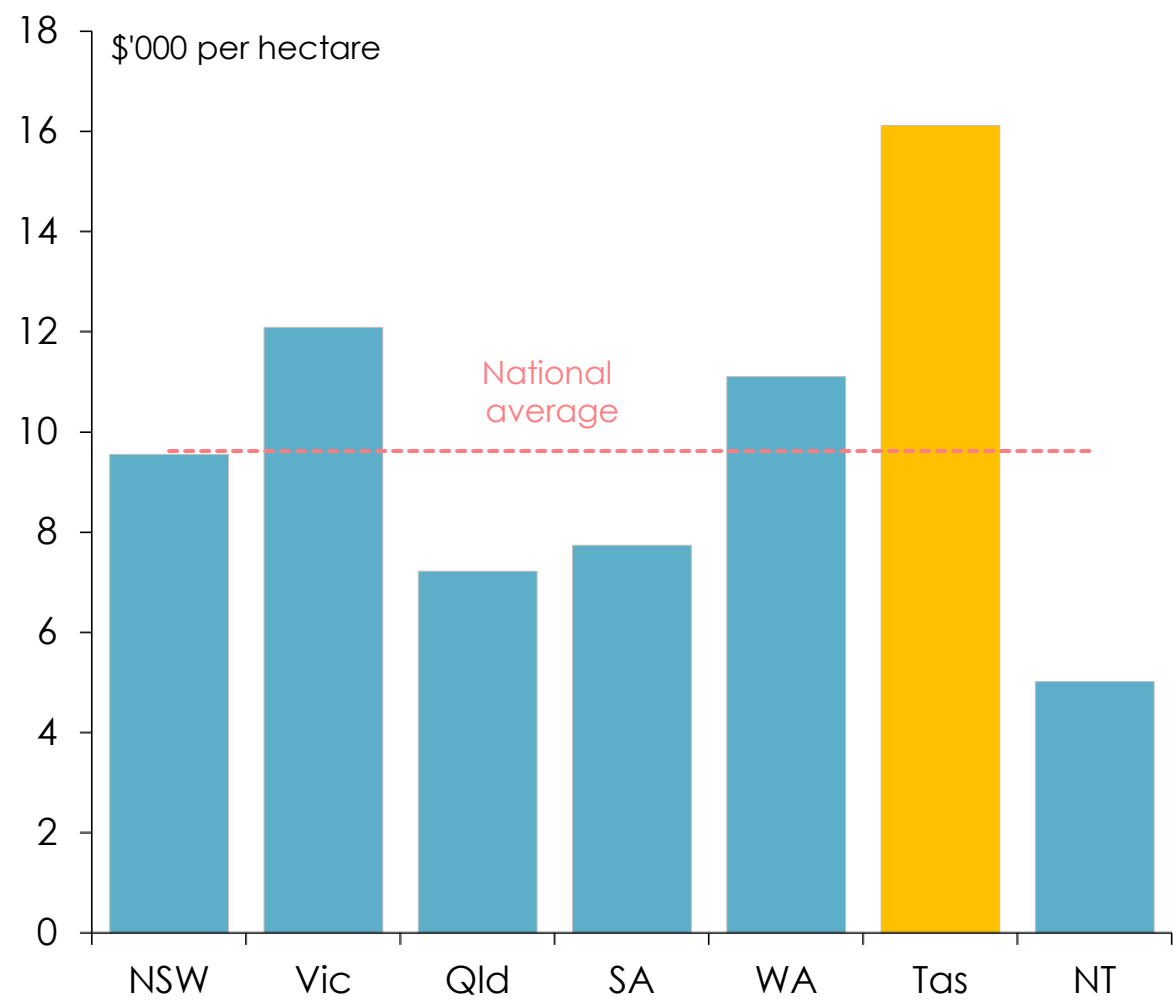


Average farm business profit per hectare of land used, five years to 2023-24

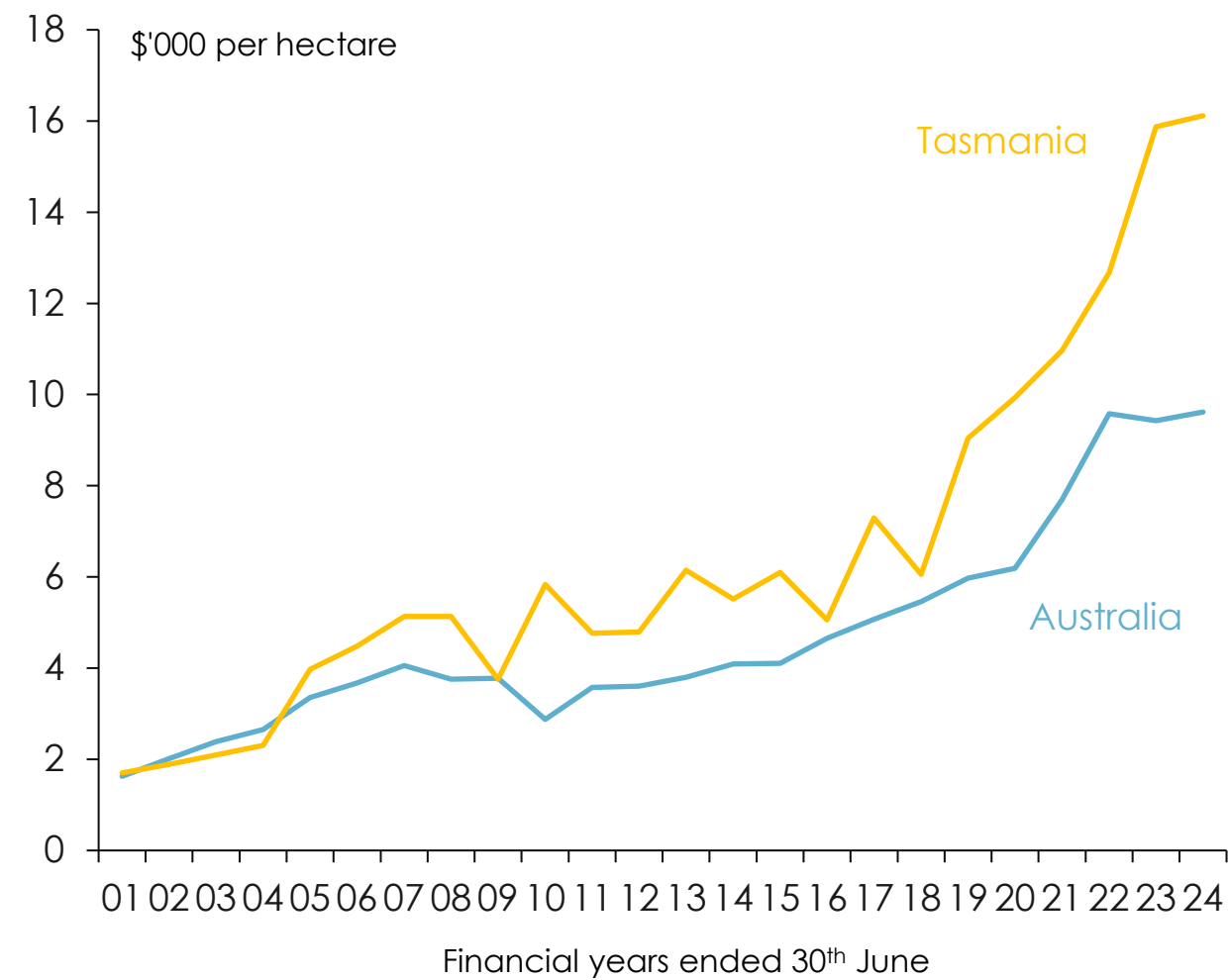


# ... which is reflected in Tasmanian agricultural land values relative to other parts of Australia

Average farmland prices per hectare, 2023-24

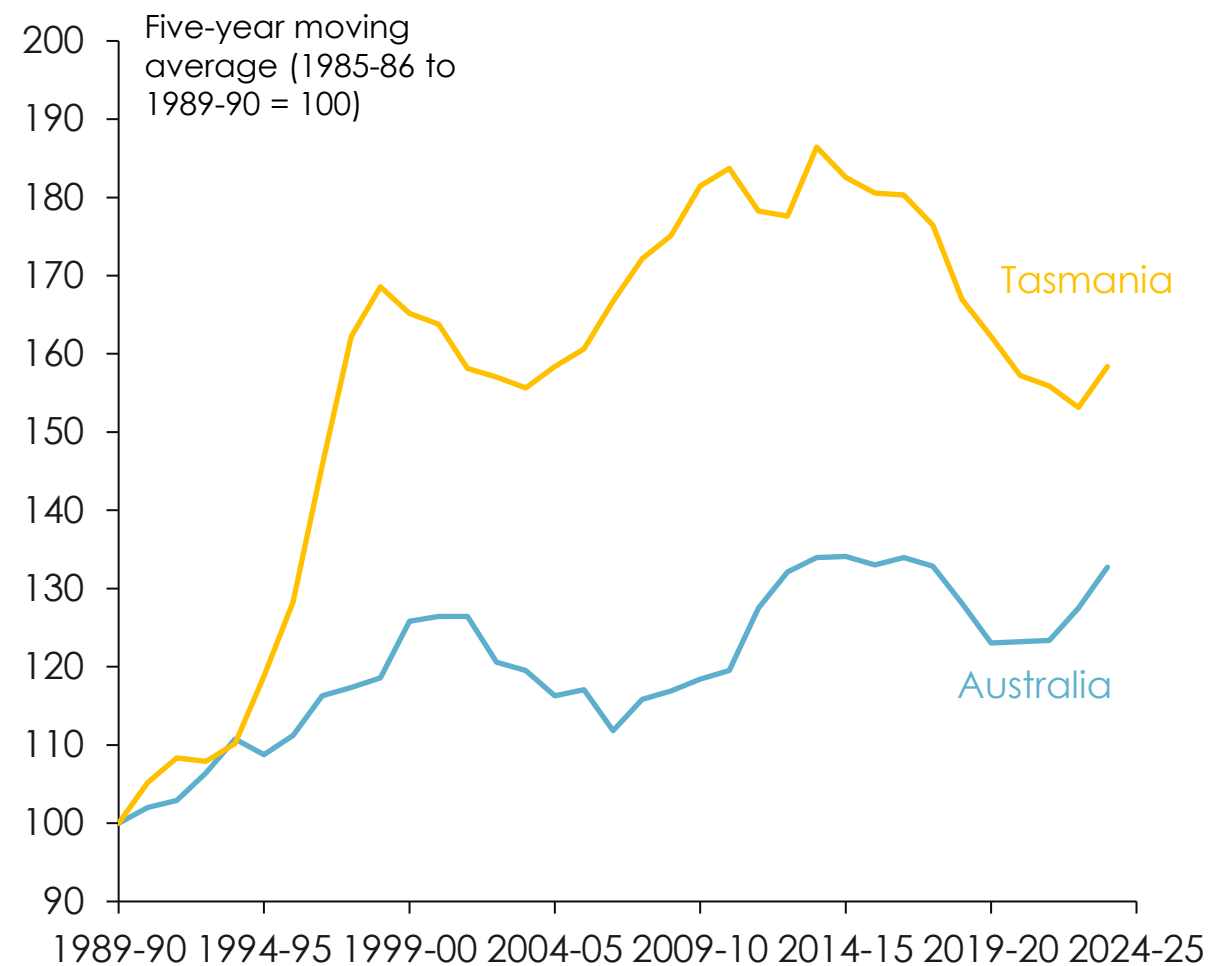


Tasmanian and Australian average farmland prices, 2000-01 through 2023-24

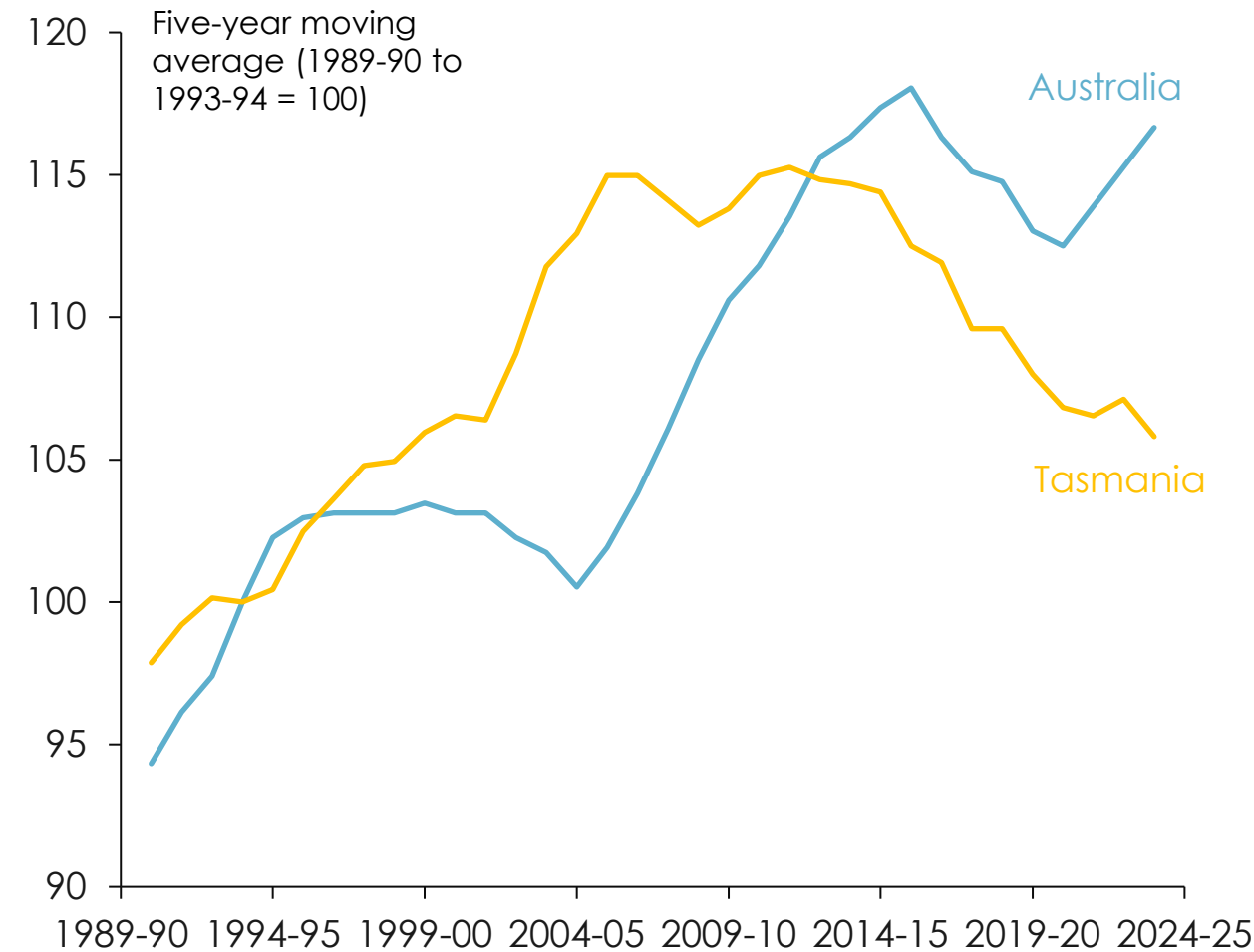


# Productivity growth in Tasmanian broadacre agriculture has been faster than the national average – largely because of smaller climate effects

‘Total factor productivity’ in Tasmanian and Australian broadacre agriculture



Climate-adjusted ‘total factor productivity’ in Tasmanian and Australian broadacre agriculture



Note: ‘Total factor productivity’ measures outputs per unit of inputs of labour, capital, land, materials and services. Data shown here are indexes (set to base periods = 100) rather than absolute values and converted to 5-year moving averages. ‘Broadacre farms’ include crops, beef, sheep meat and wool farms, but not dairy or horticulture farms).  
Sources: ABARES, [Australian Farm Productivity - Broadacre and Dairy Estimates](#), July 2025; Corinna Economic Advisory.



# Why is productivity important? And how can productivity improvements in agriculture be achieved?

“Productivity growth is essential for maintaining and improving international competitiveness and has been a means of offsetting declining real prices received for farm commodities on global markets. This is particularly important for Australian farmers, because an average of 70% of the value of Australian agricultural products are exported. Productivity growth in agriculture can also mitigate the adverse effect of other long-term challenges such as population ageing, increased competition for resources such as land and water and climate change”

– ABARES, [Productivity introduction](#), 24th May 2024

## How to generate productivity growth -

### ☐ Innovation and technology adaptation

- to reduce labour inputs, minimize input waste and maximize output

### ☐ Management skill and capacity

- a comprehensive understanding of risk and reward
- an array of strategies to cope with different events
- making full use of all information available to ‘fine-tune’ farm operations continuously

### ☐ Farm size

- generating ‘economies of scale’ by spreading fixed costs such as management skill & machinery ownership

### ☐ Government policy

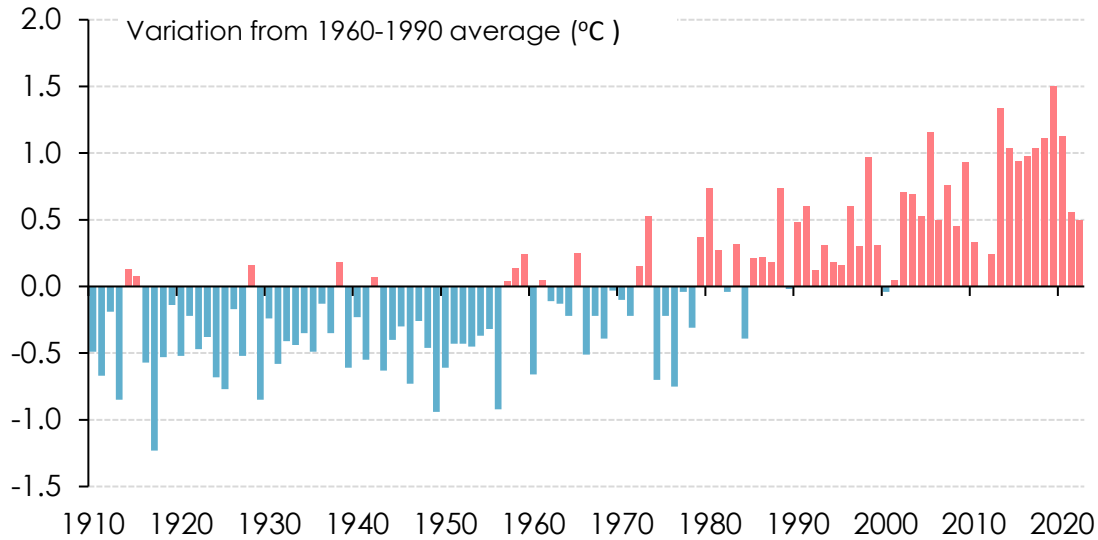
- international advocacy to open foreign markets and remove distorting subsidies
- domestic reforms to encourage the reallocation of resources from less efficient farms to more efficient ones

### ☐ Research and development

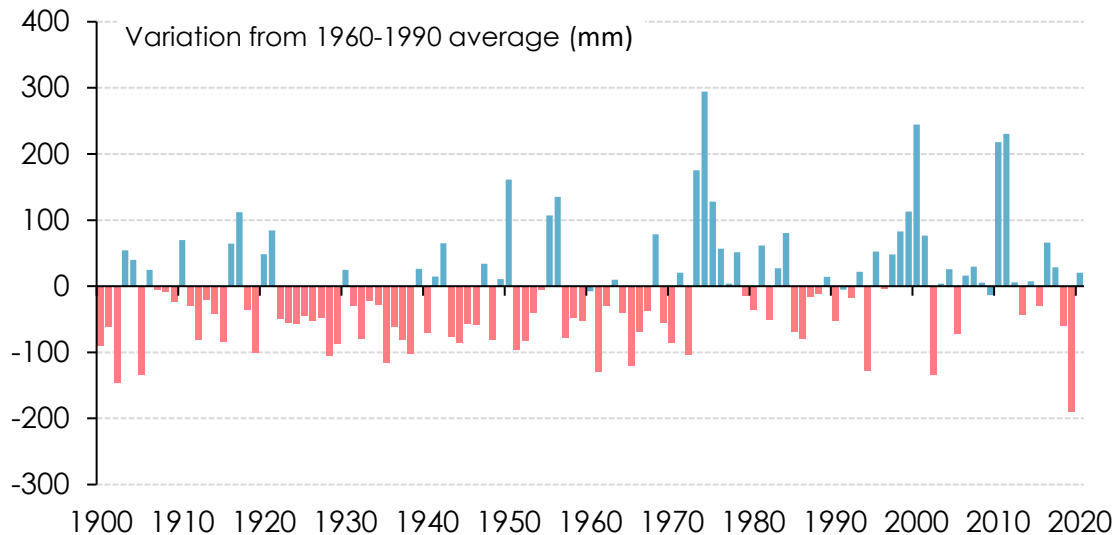
- ideally a blend of both private and public investment

# Climate change is a significant threat to agricultural producers, in Australia and around the world

## Australian surface temperature anomaly



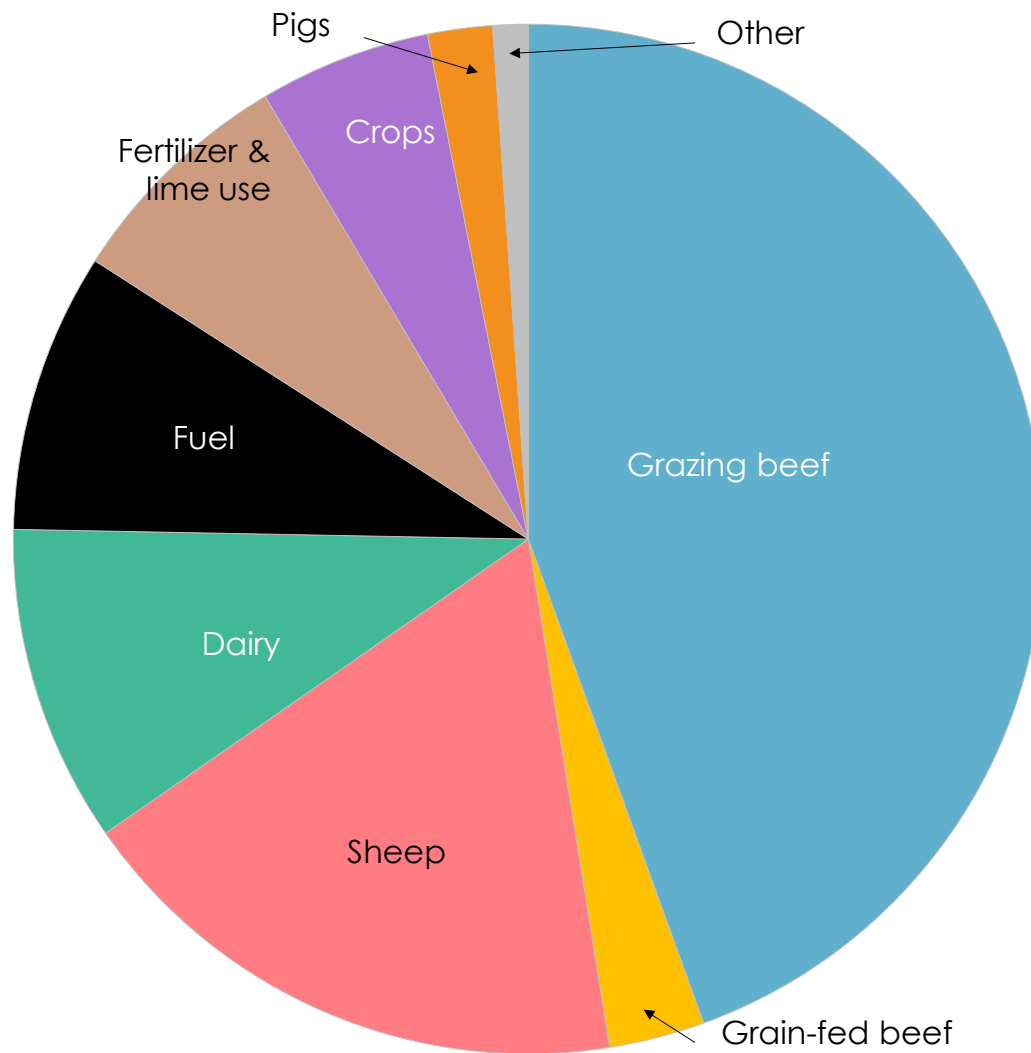
## Australian rainfall anomaly



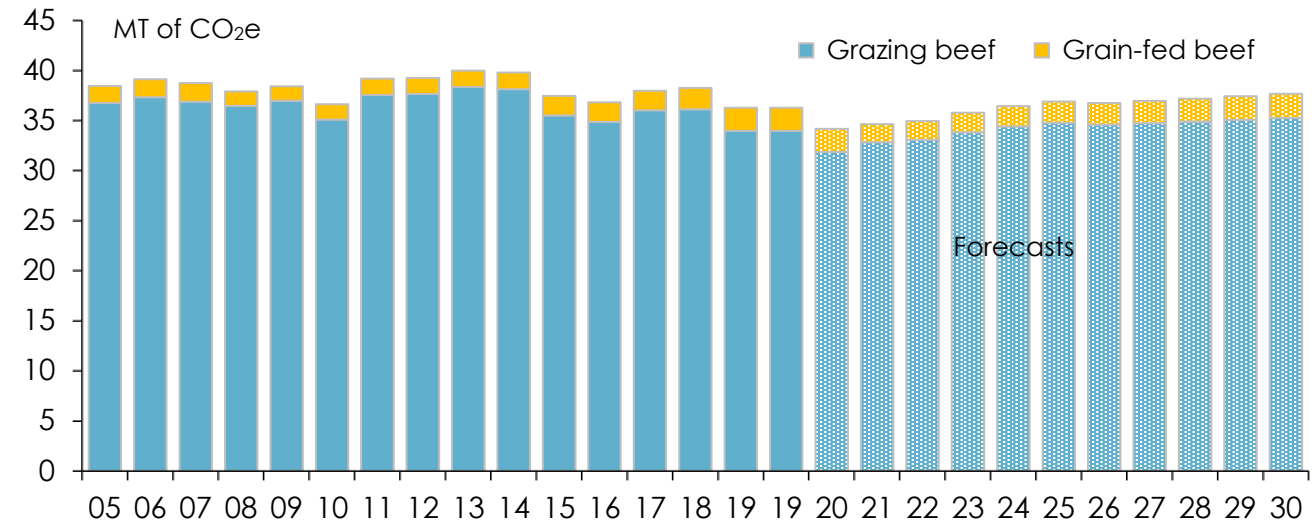
- ❑ **Climate change means, among other things,**
  - more severe, and possibly more frequent droughts
  - more severe, and more frequent flood events
  - more frequent and damaging storms and cyclones
  - greater bushfire risks
  - higher insurance costs
- ❑ **The first three of these imply greater volatility in, and greater uncertainty about, crop and livestock production**
  - and hence greater volatility in prices and farm incomes
- ❑ **Climate change also of course implies more frequent natural disasters in other countries, including Australia's principal export markets**
- ❑ **It's possible that concerns over climate change and agricultural emissions could prompt more people to give up eating meat**
  - a potentially significant risk for Australia as a major meat exporter
  - although to date there's not much hard evidence of that happening
- ❑ **Meat producers will come under growing pressure (from governments and consumers) to reduce their own emissions**
  - which may entail significant changes to production processes and increased costs

# Agriculture accounts for just under 16% of Australia's carbon emissions, and 75% of those emissions come from cattle and sheep

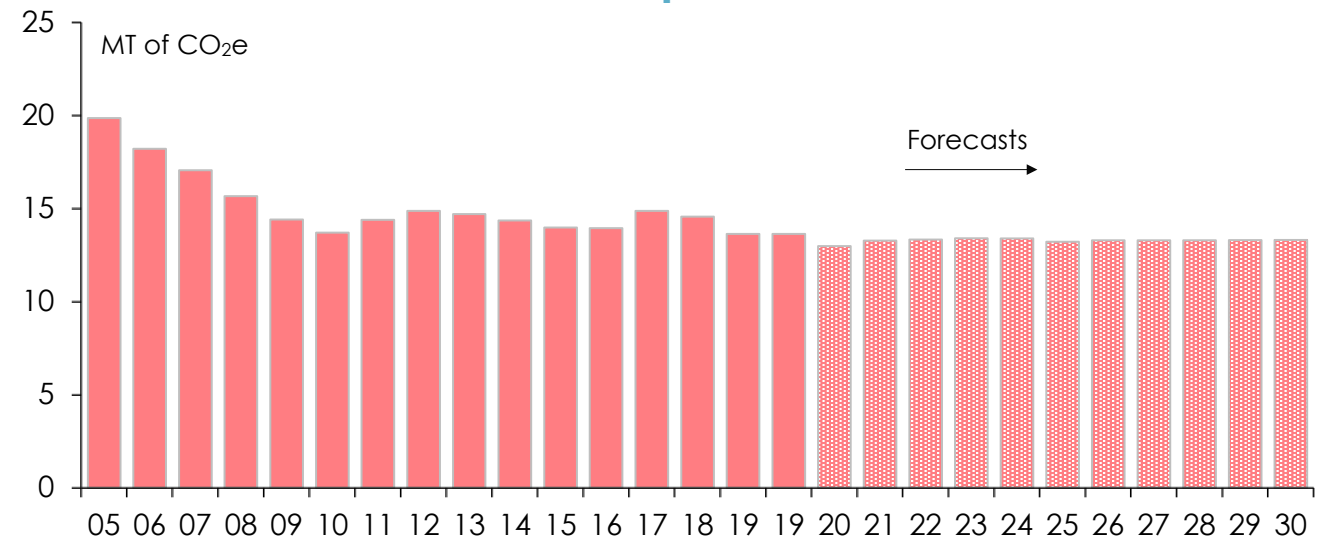
## Agricultural carbon emissions



## Carbon emissions from beef cattle

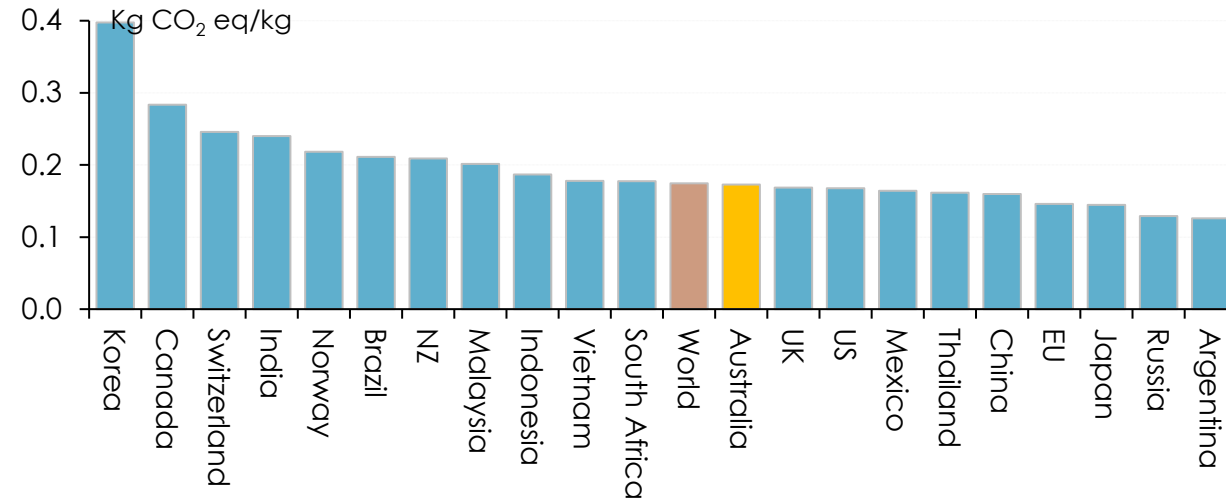


## Carbon emissions from sheep

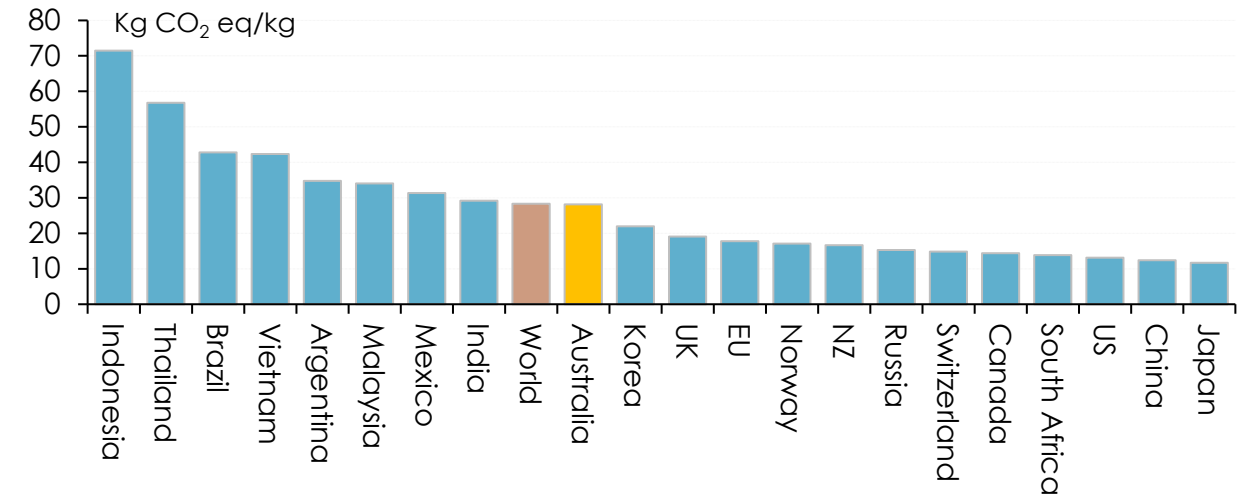


# There's a clear opportunity for Australian industry to enhance its global 'image' by reducing its emissions intensity

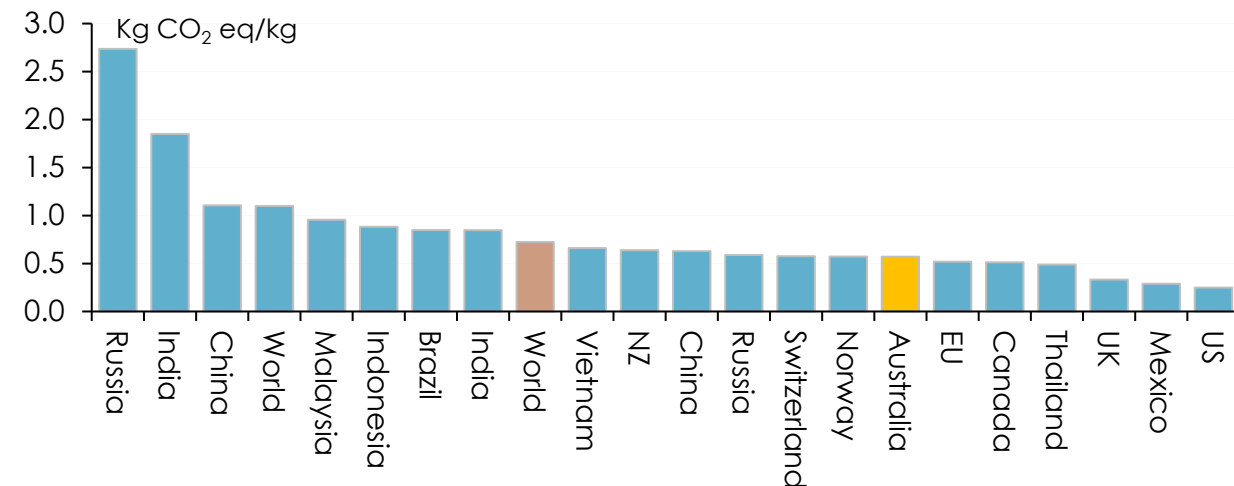
## CO<sub>2</sub> emissions from cereals production, 2021



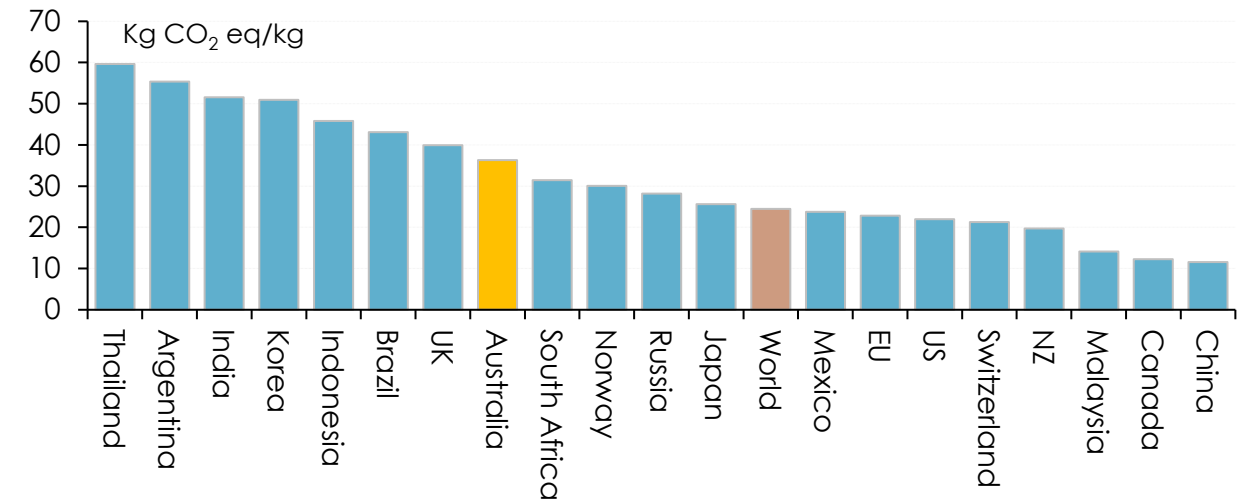
## CO<sub>2</sub> emissions from beef production, 2021



## CO<sub>2</sub> emissions from milk production, 2021

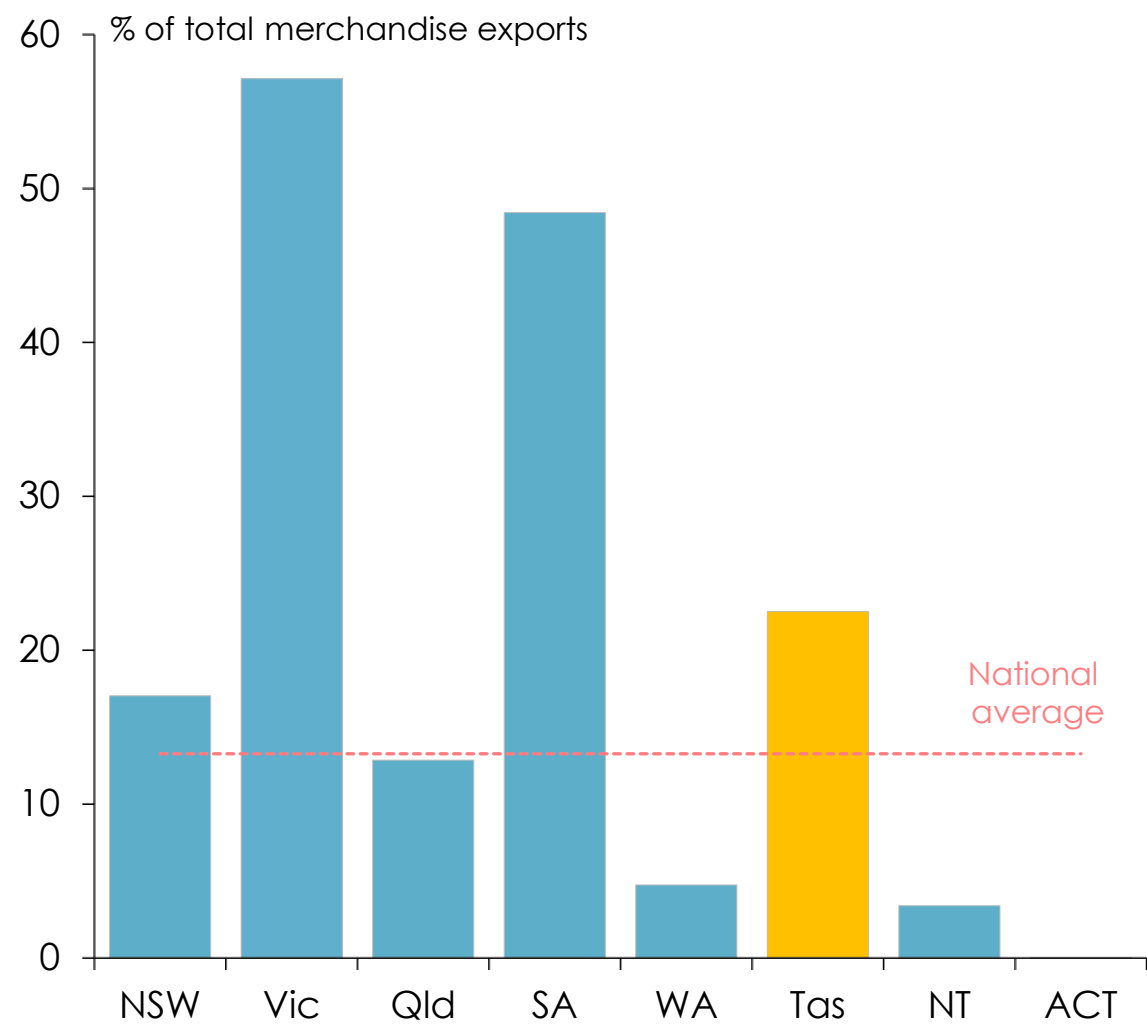


## CO<sub>2</sub> emissions from sheep meat production, 2021

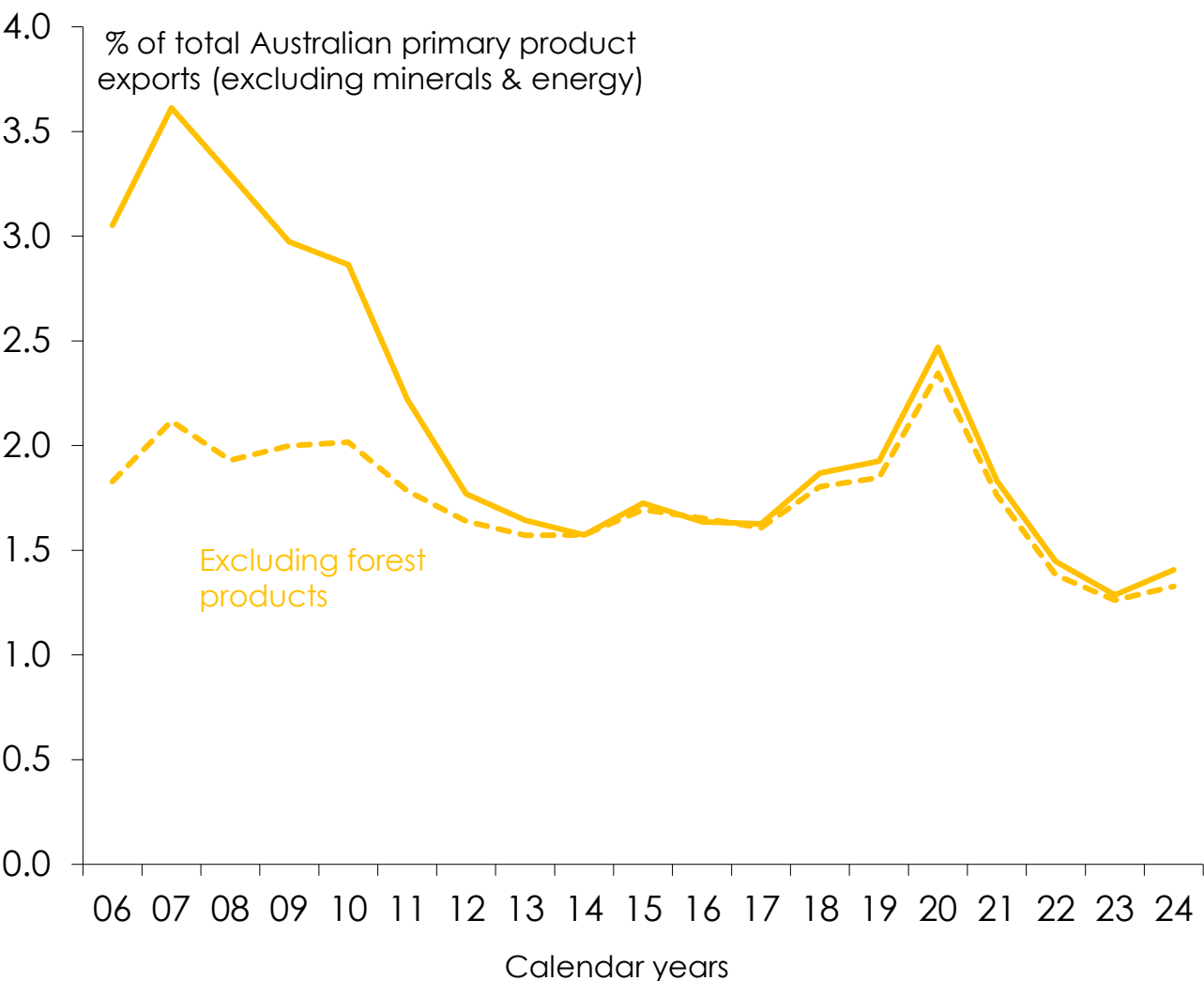


# Agriculture makes a bigger contribution to Tasmania's total exports than the national average

Agriculture, forestry & fishing as a share of total merchandise exports, 2024

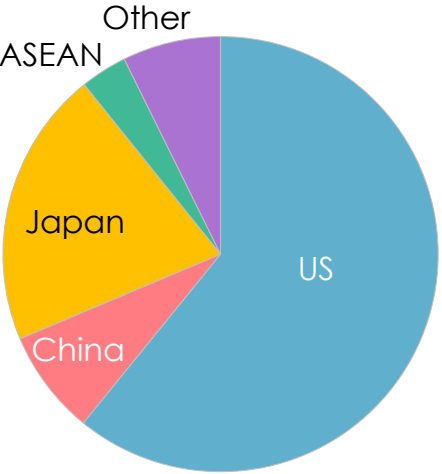


Tasmanian agriculture, forestry & fishing exports as a pc of Australian total

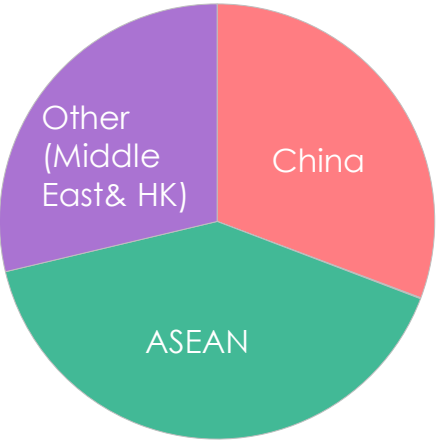


# Tasmania's beef, wine and vegetable exports to the US are potentially vulnerable to Trump's tariffs – but should be able to find other markets

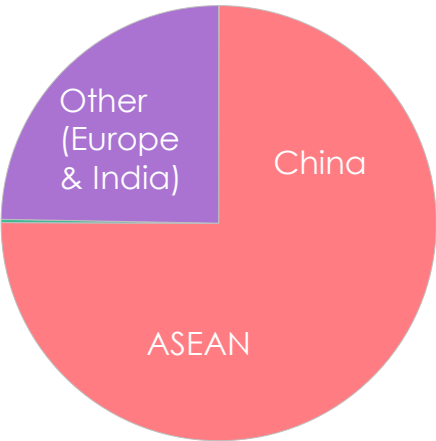
Beef



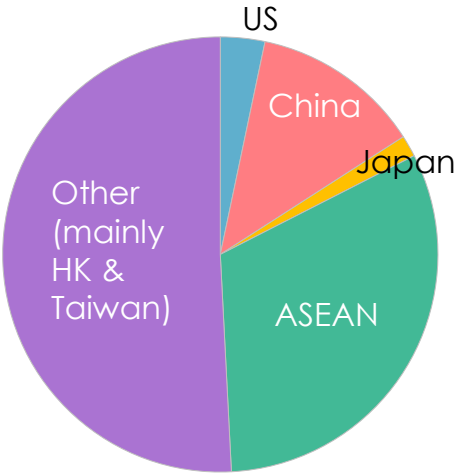
Milk



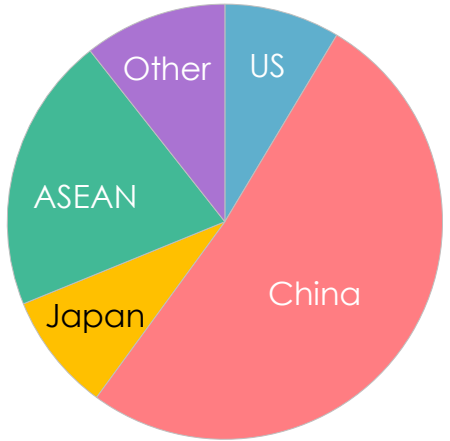
Wool



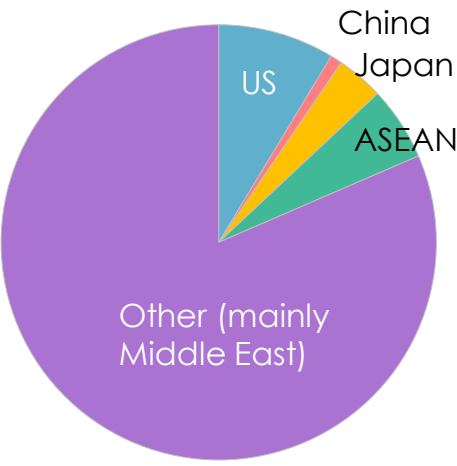
Fruit and nuts



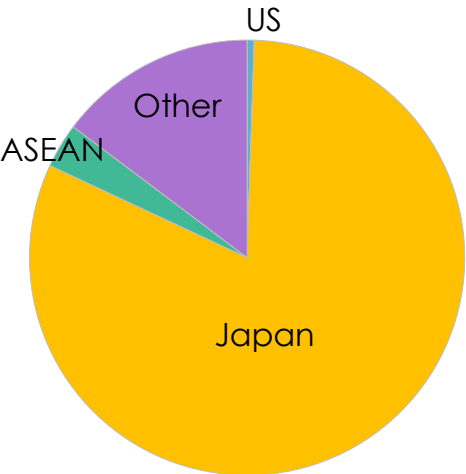
Fish



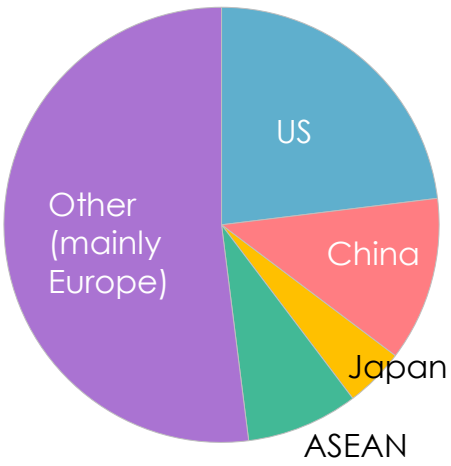
Other meat



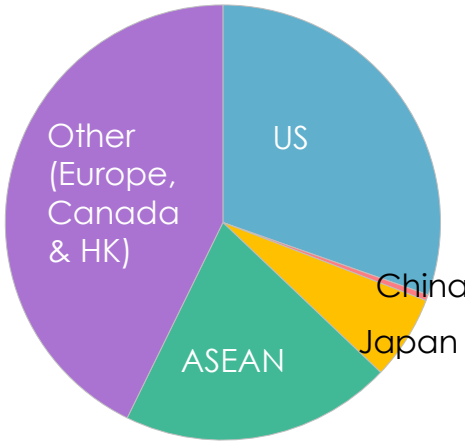
Cheese



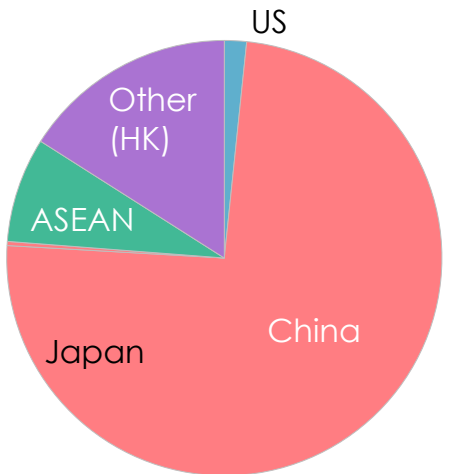
Alcoholic beverages



Vegetables



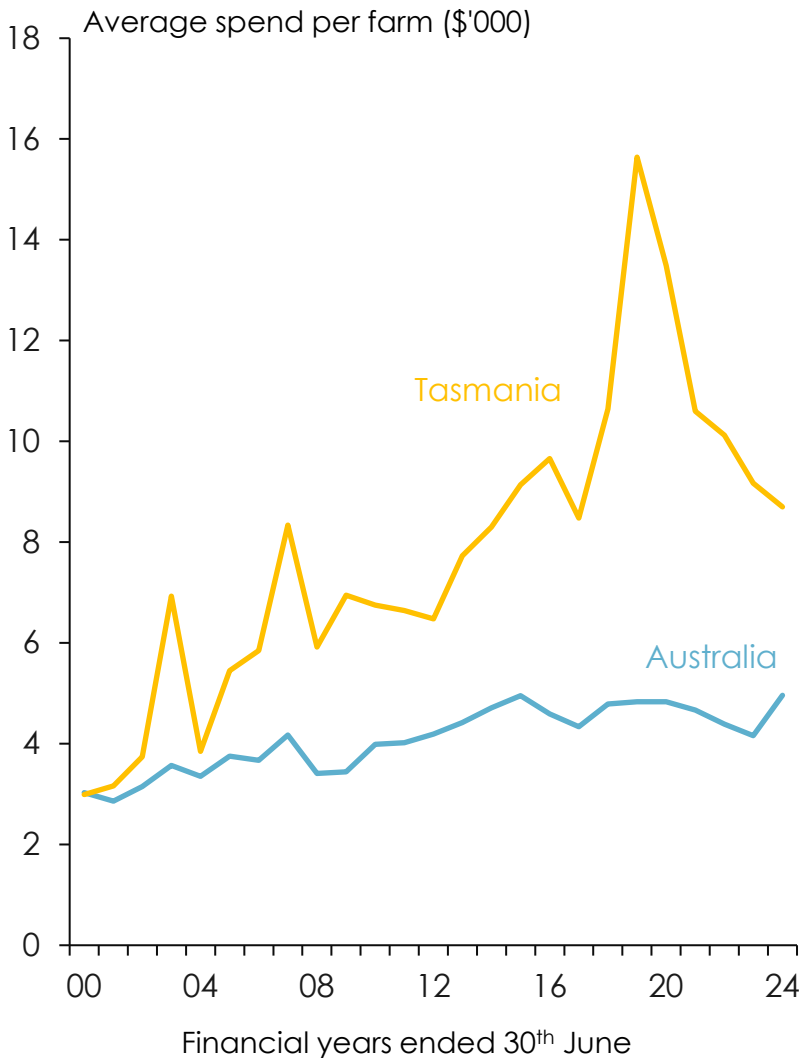
Crustaceans



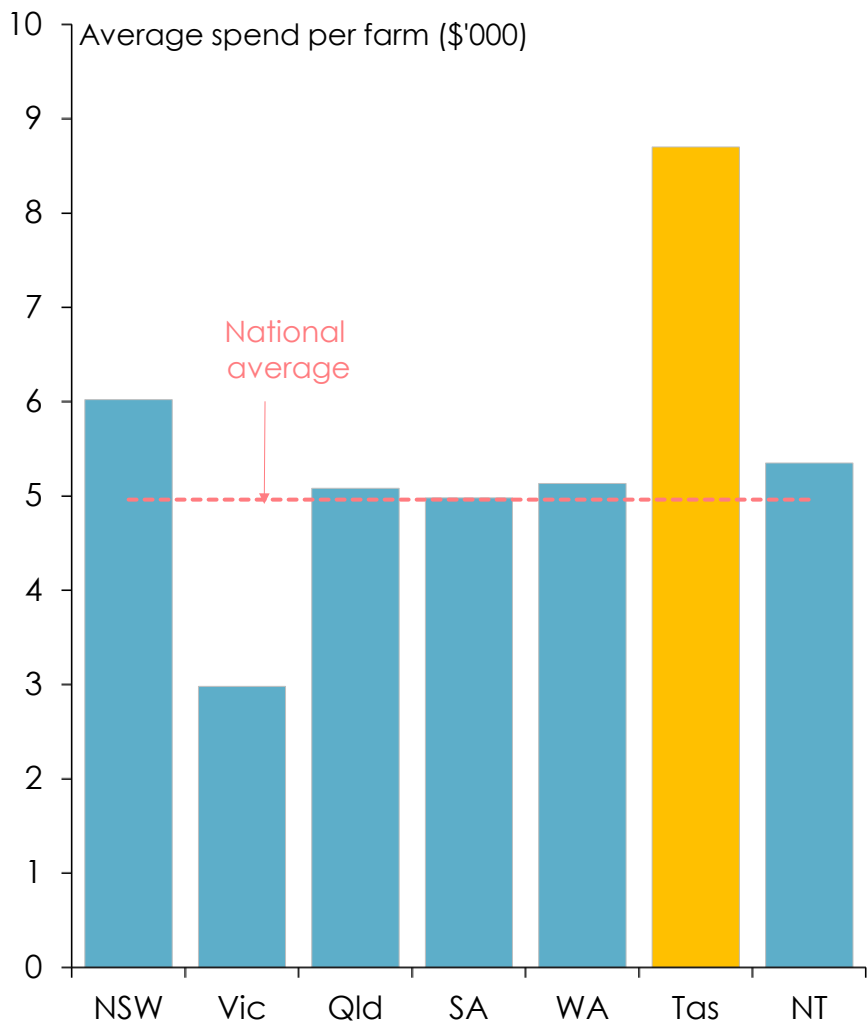
Note: Data are averages for the calendar years 2020 through 2025. Source: Department of Foreign Affairs and Trade, [Trade statistical pivot tables](#), March 2025; Corinna Economic Advisory.

# Electricity costs have become a significant issue for Tasmanian farmers

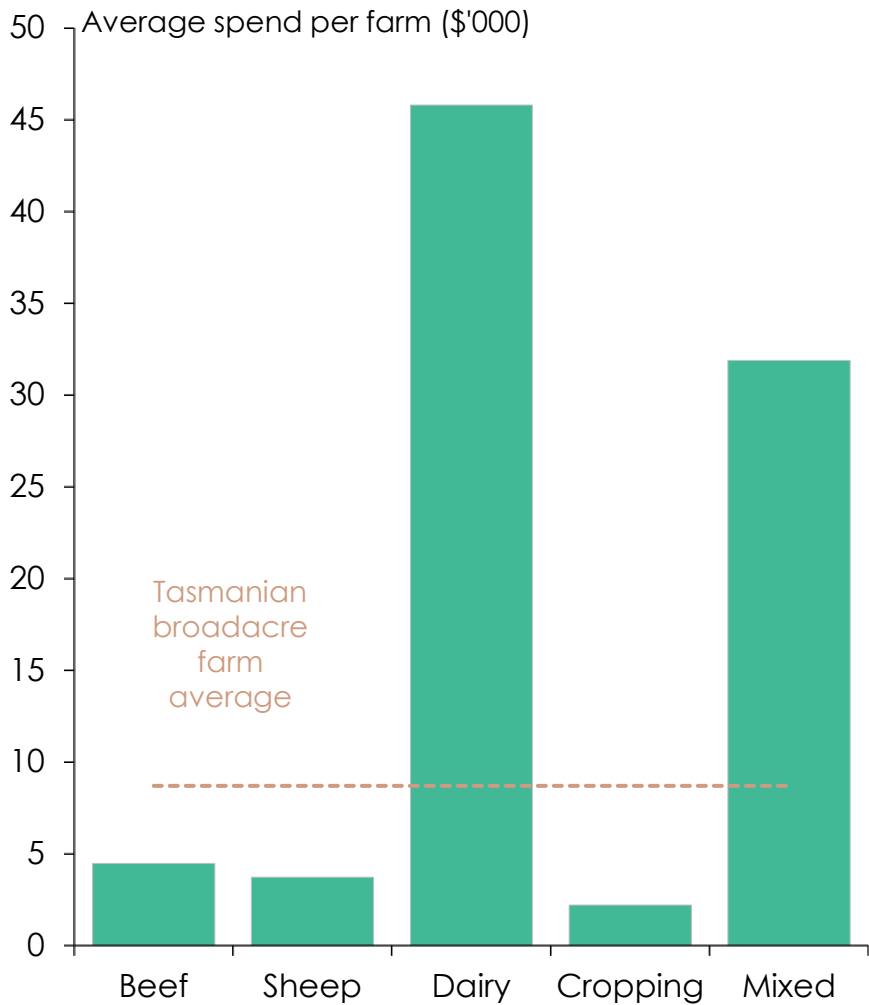
Average farm spend on electricity, Tasmania and Australia



Average farm spend on electricity by state, 2023-24



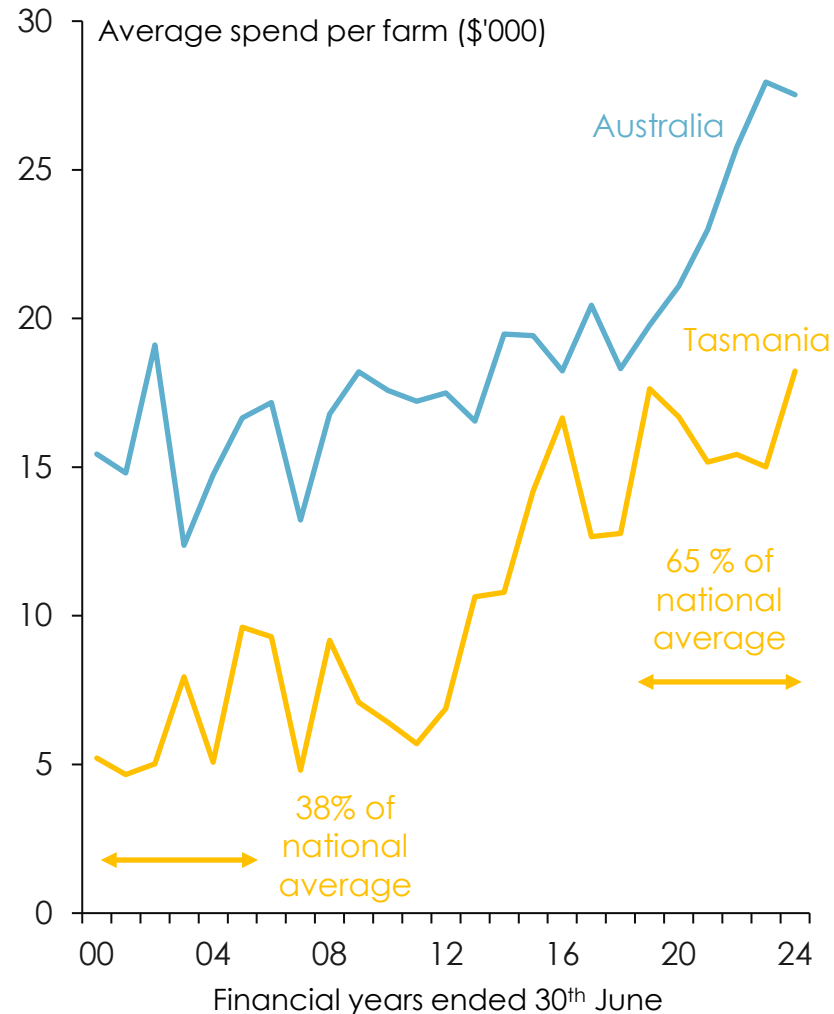
Average Tasmanian farm spend on electricity by type of farm, 2023-24



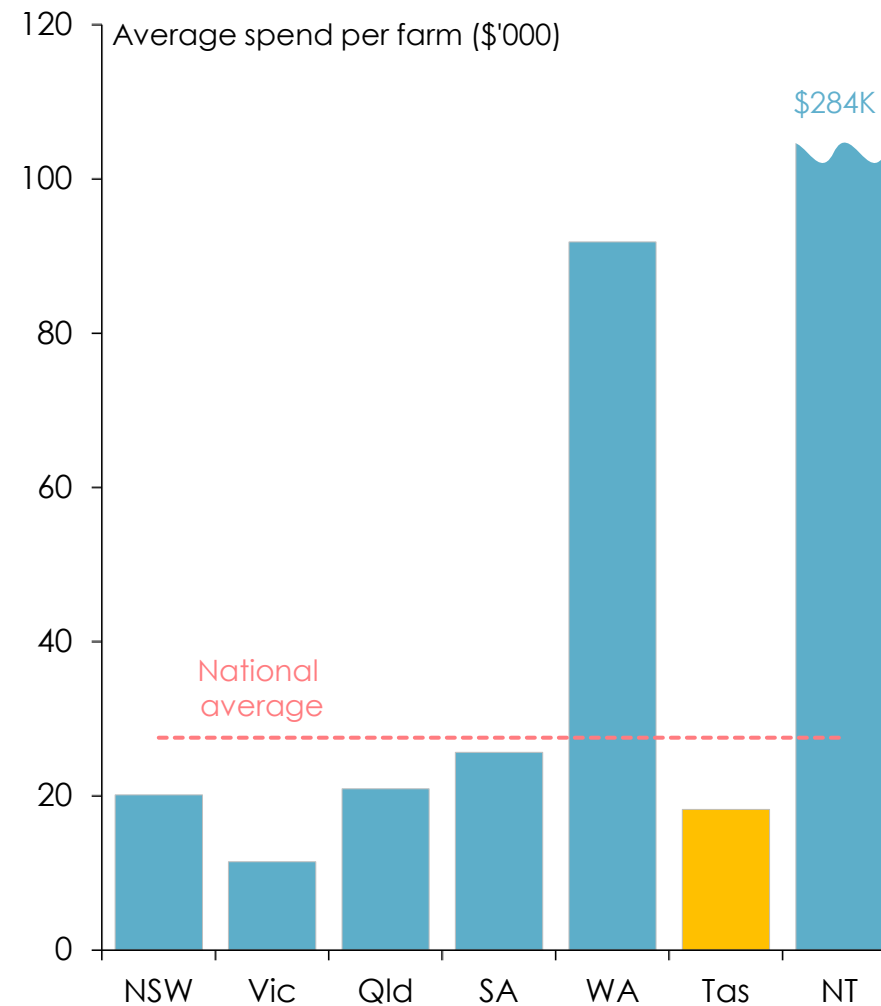
Sources: Australian Bureau of Agricultural and Resources Economics (ABARES), [Farm Data Portal](#), July 2025; Corinna Economic Advisory.

# Freight costs are also emerging as a significant issue for Tasmanian farmers (in part because the TFES is no longer working as it should)

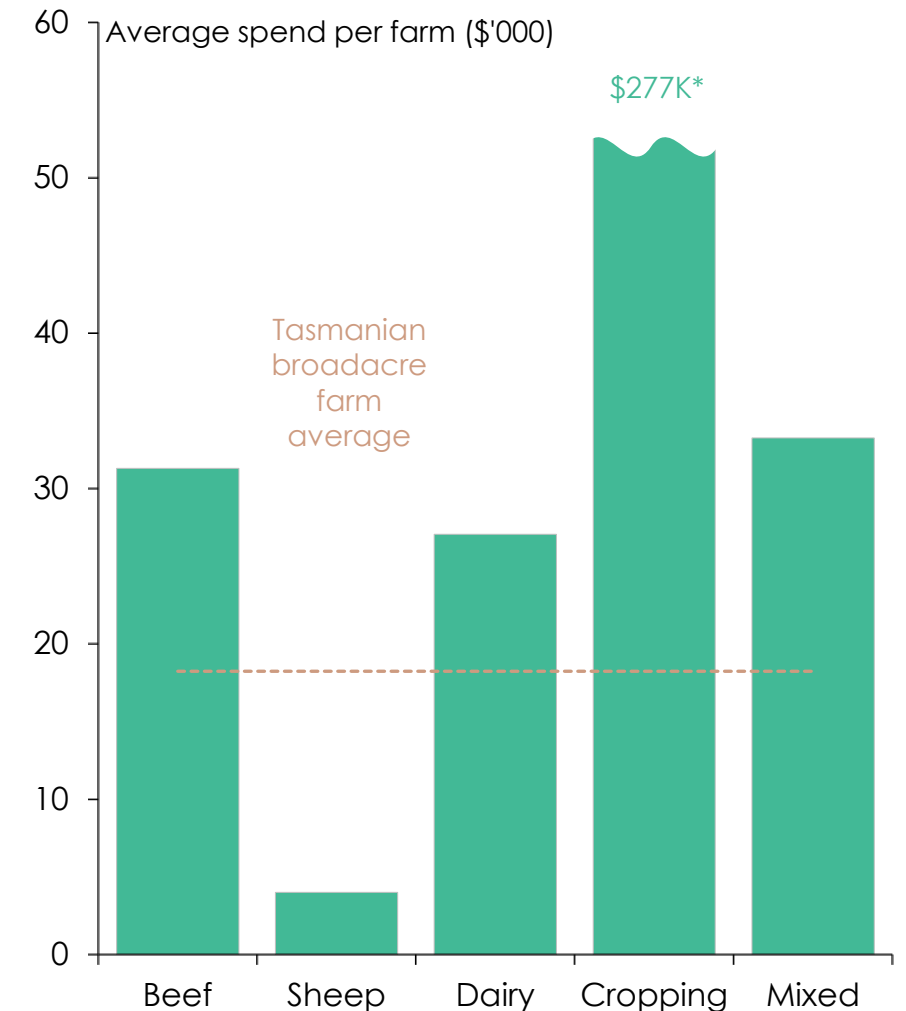
## Average farm spend on freight, Tasmania and Australia



## Average farm spend on freight by state, 2023-24



## Average Tasmanian farm spend on freight by type of farm, 2023-24



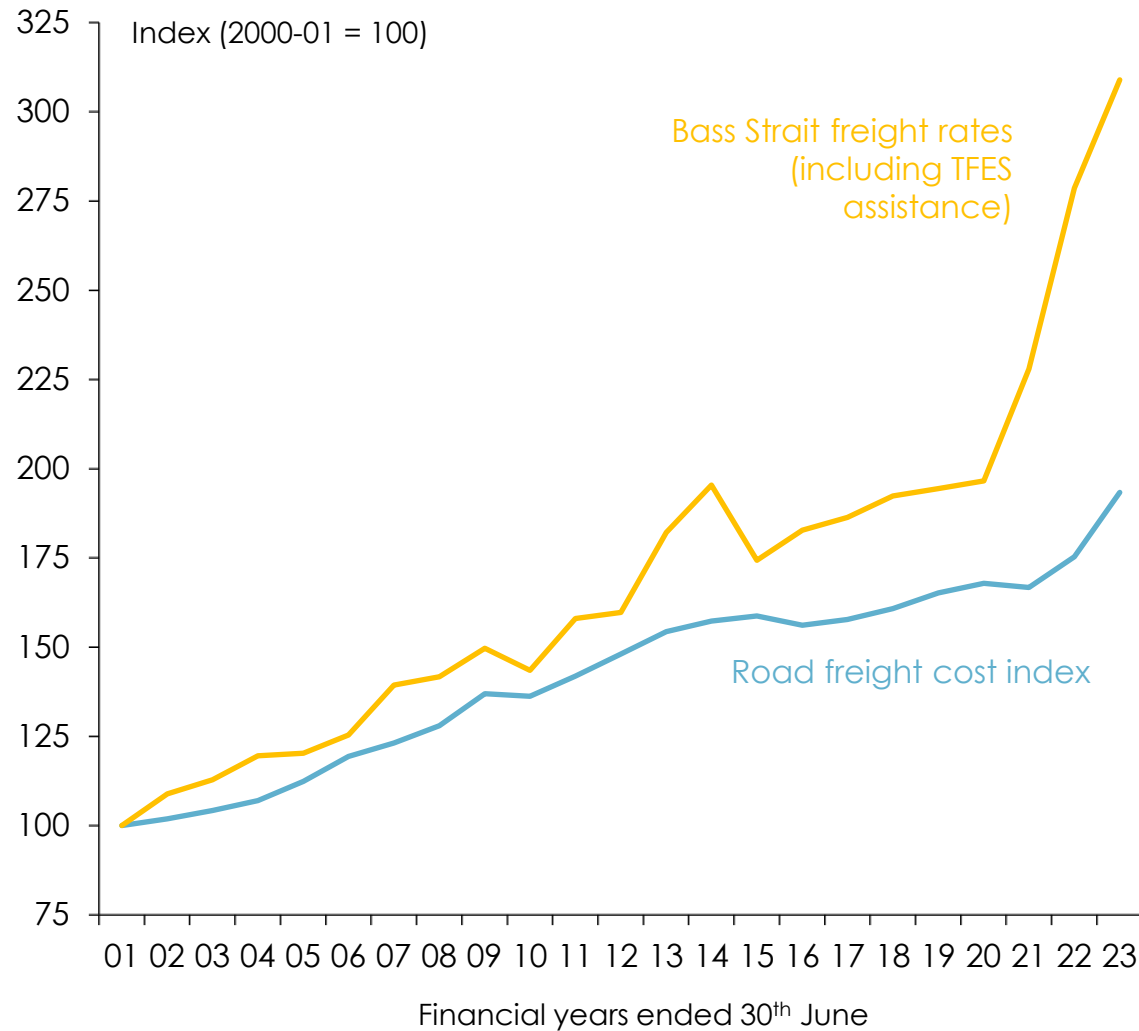
\* Only two farms listed as 'cropping' operations in Tasmania in 2023-24.

Sources: Australian Bureau of Agricultural and Resources Economics (ABARES), [Farm Data Portal](#), July 2025; Corinna Economic Advisory.



# The Tasmanian Freight Equalization Scheme is no longer meeting its stated objective of equalizing sea and land freight costs

## Bass Strait shipping costs compared with road and rail freight costs



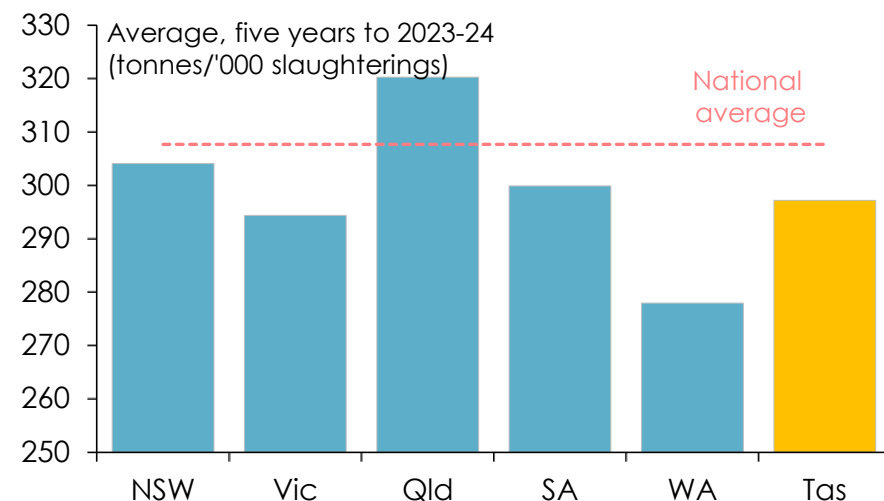
## Proportion of freight carried across Bass Strait receiving maximum TFES assistance rate



Source: Bureau of Infrastructure and Transport Research Economics (BITRE), [Tasmanian Freight Equalisation Scheme Monitoring Reports](#).

# The way to maximize commercial viability in Tasmania is through above-average yields (which some do, and some don't) ....

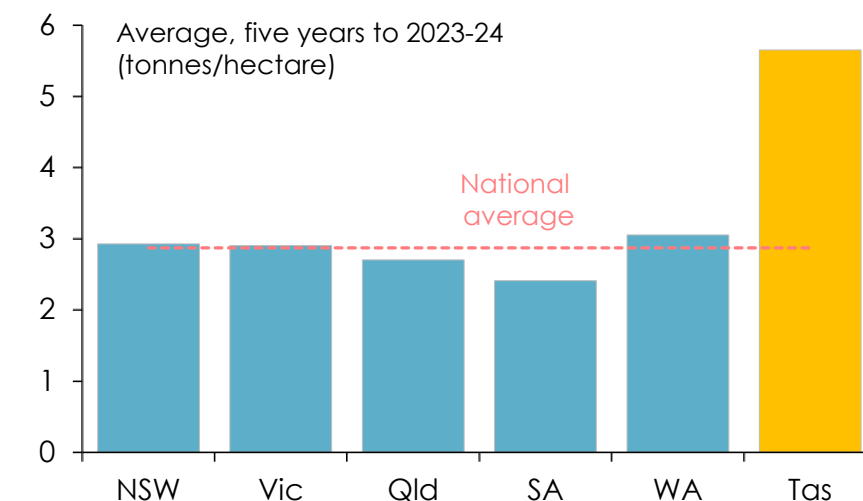
## Beef



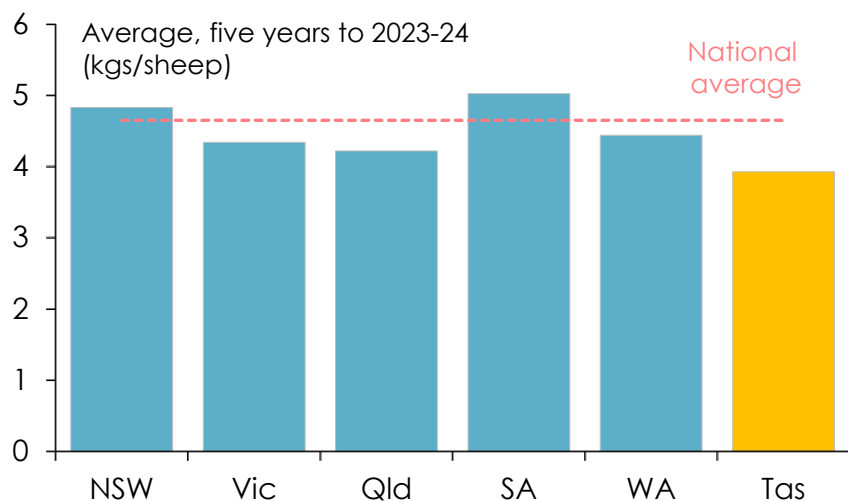
## Milk



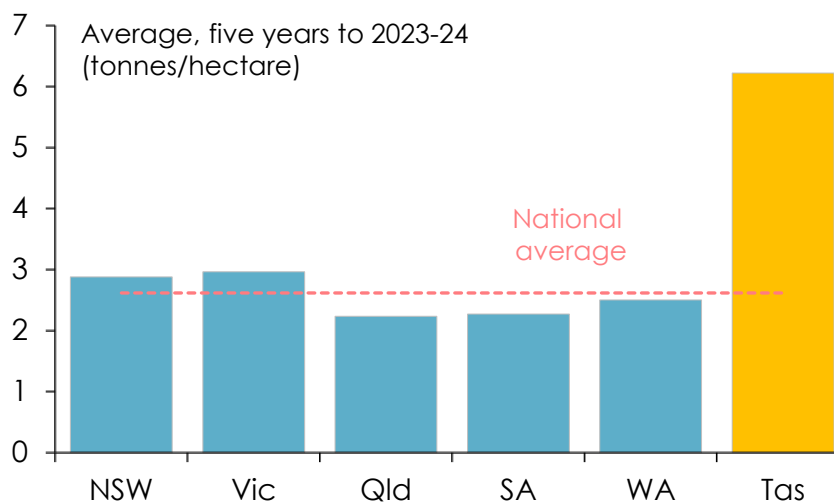
## Barley



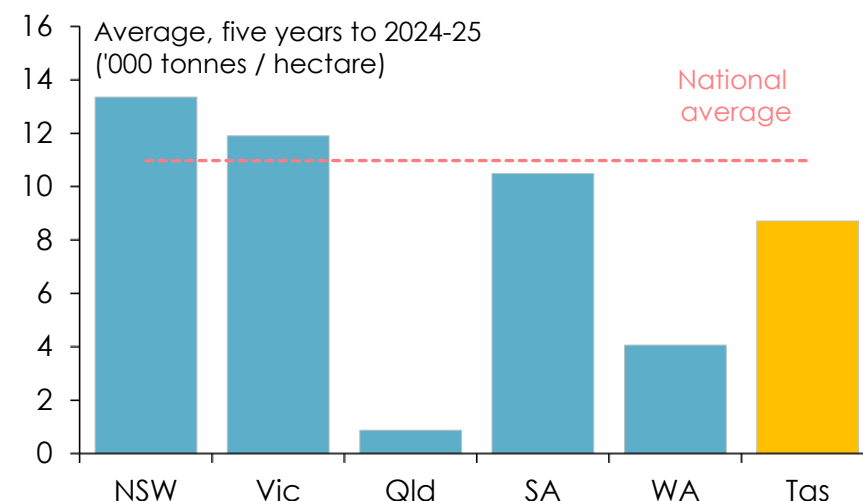
## Wool



## Wheat



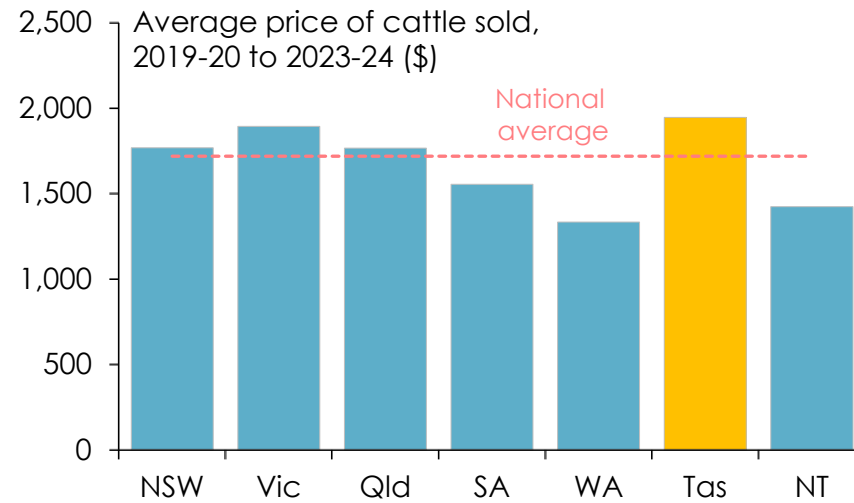
## Wine grapes



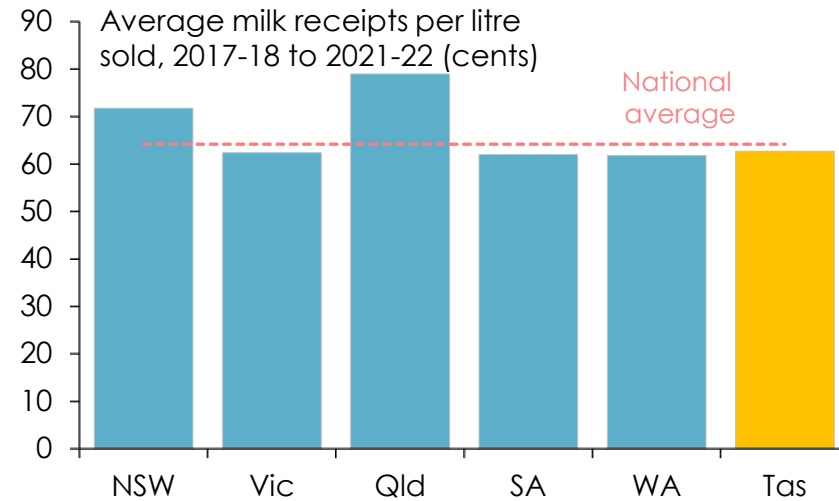
Sources: ABS, [Livestock products](#), March 2025; ABARES, [Agricultural Commodities Report](#), June 2025 and [Australian Crop Report](#), June 2025; Dairy Australia, [Production & Sales Statistics](#), 2023-24; Wine Australia, [Vintage Survey](#), July 2025 and [National Vineyard Scan](#); Corinna Economic Advisory.

# ... or through higher values/prices, which (again) some do, and some don't

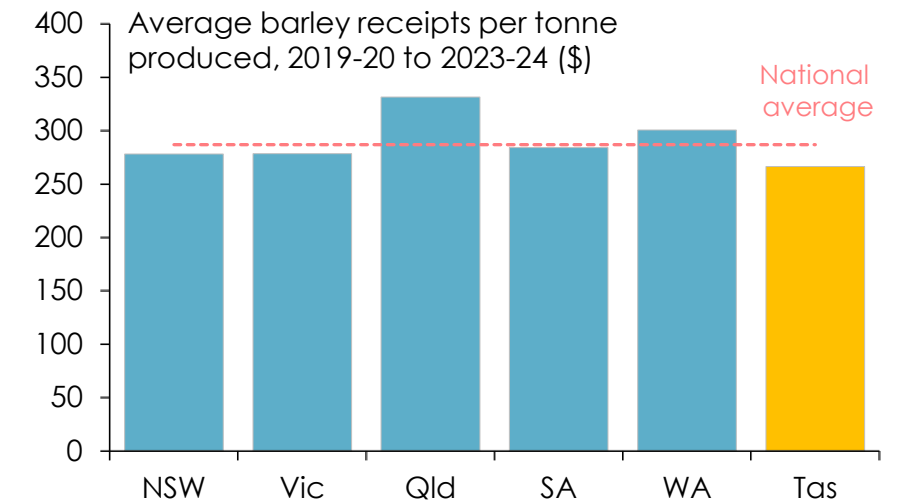
## Beef cattle



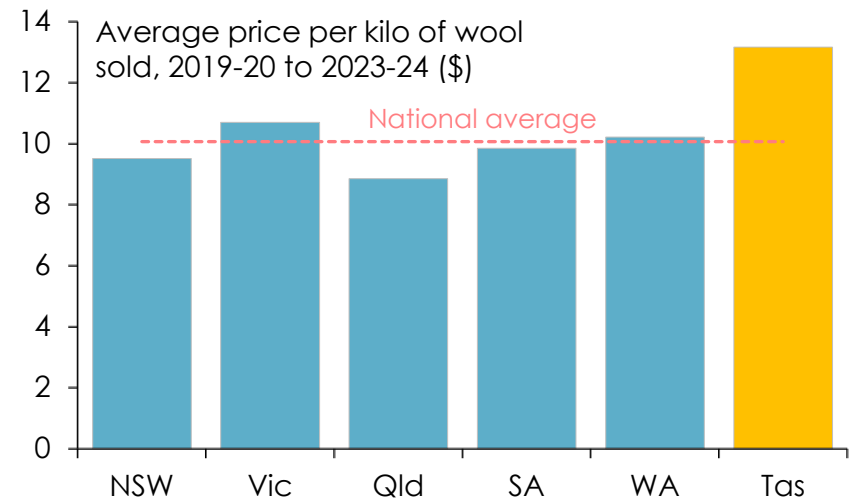
## Milk



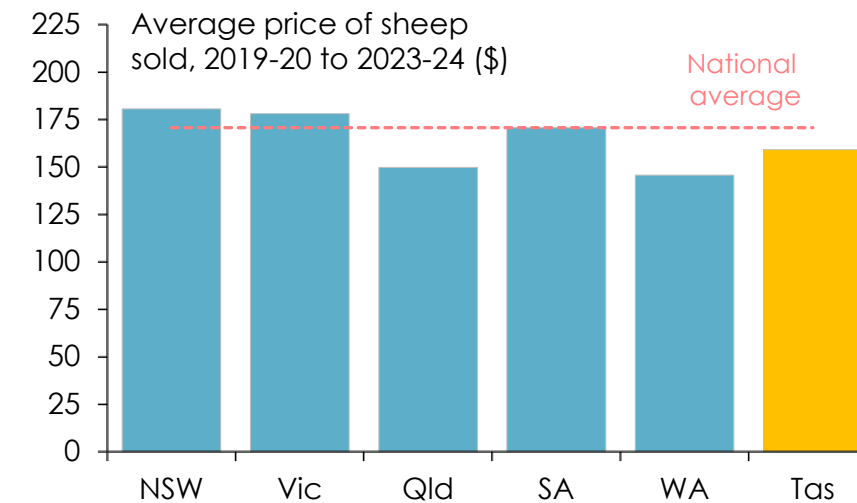
## Barley



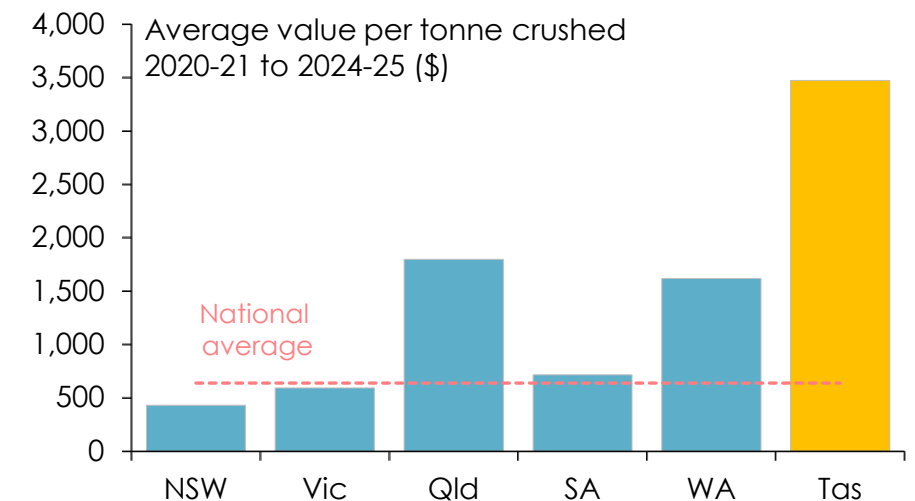
## Wool



## Sheep



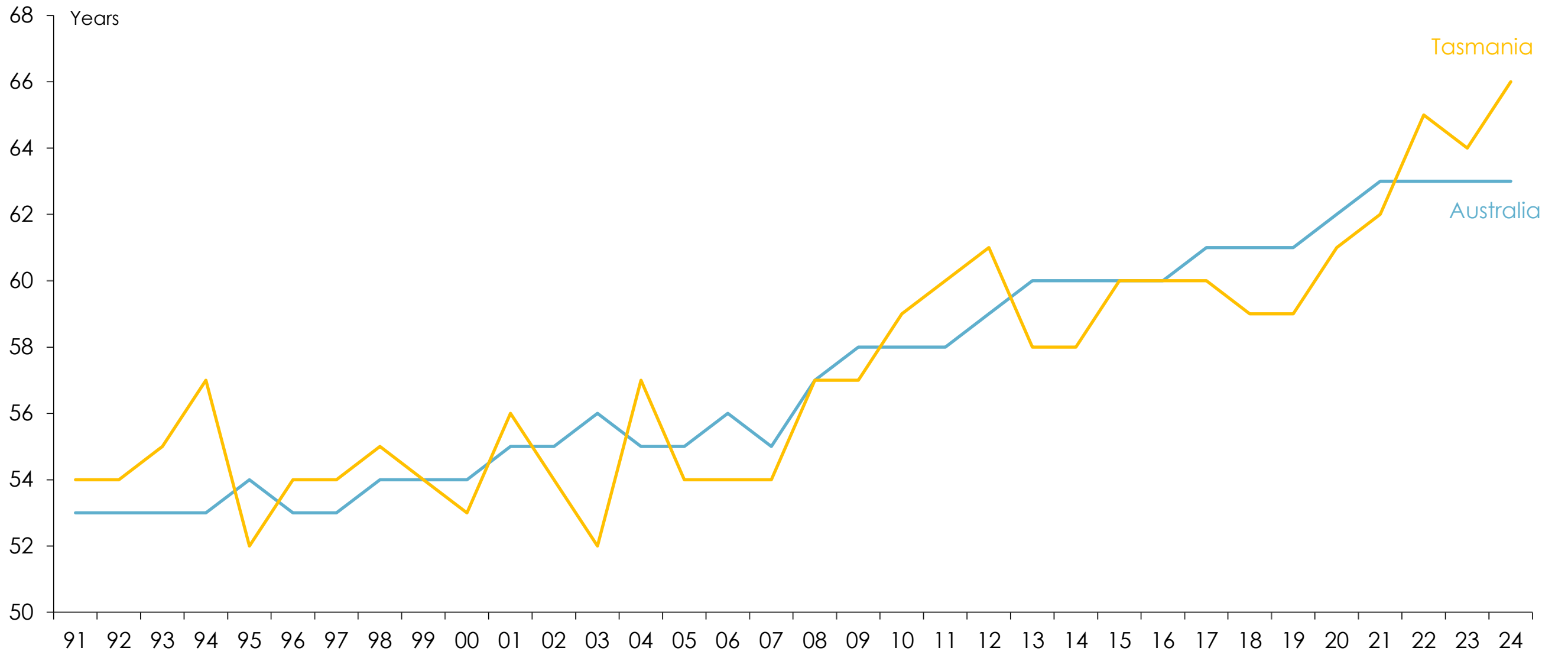
## Wine grapes



Sources: ABARES, [Farm Data Portal](#), July 2025; Wine Australia, [Vintage Survey](#), July 2025; Corinna Economic Advisory.

# Farmers are getting older – more so in Tasmania than in other states – at a faster rate than the population as a whole

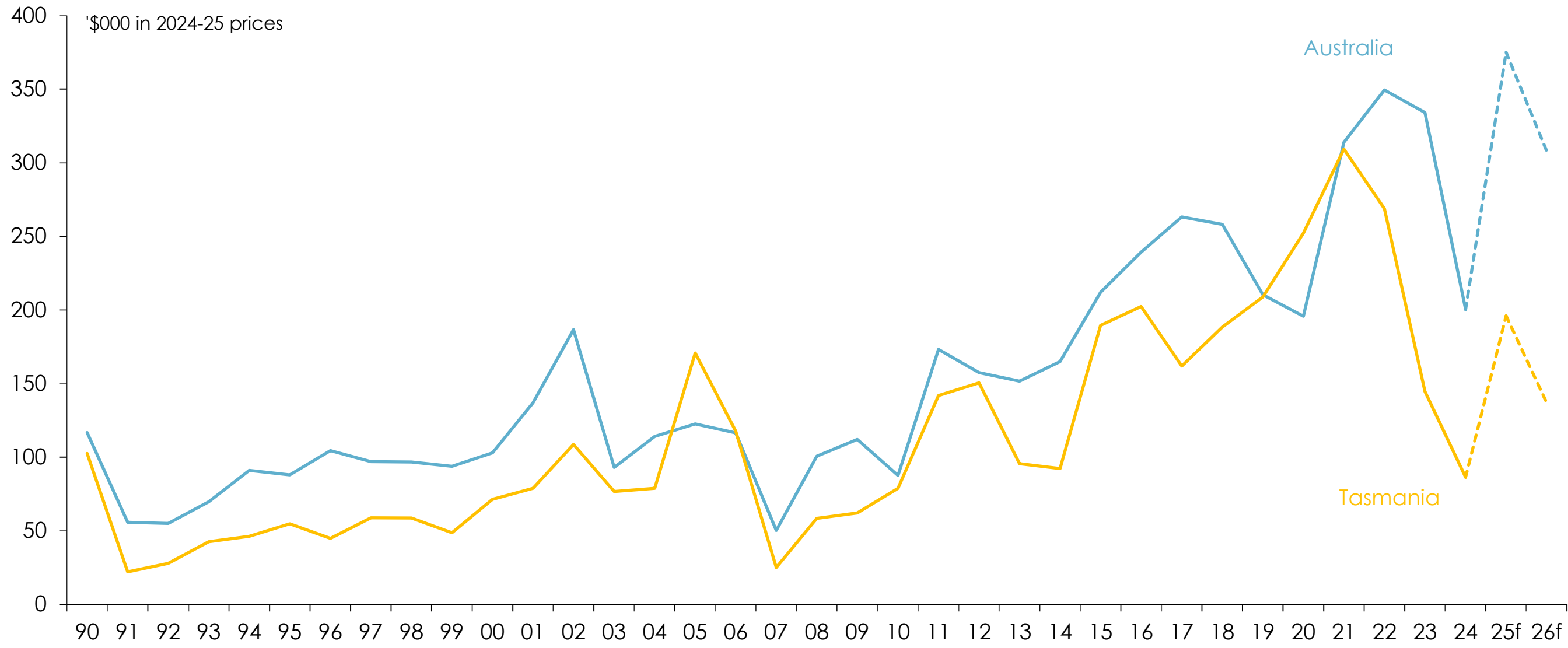
Average age of Australian and Tasmanian farm owner-operators



Source: Australian Bureau of Agricultural and Resources Economics and Sciences (ABARES), [Farm Data Portal](#).

# Tasmanian farmers earn good – albeit volatile – incomes, allowing for the relatively smaller size of Tasmanian compared with mainland farms

Average farm cash incomes (in real terms), Tasmania and Australia

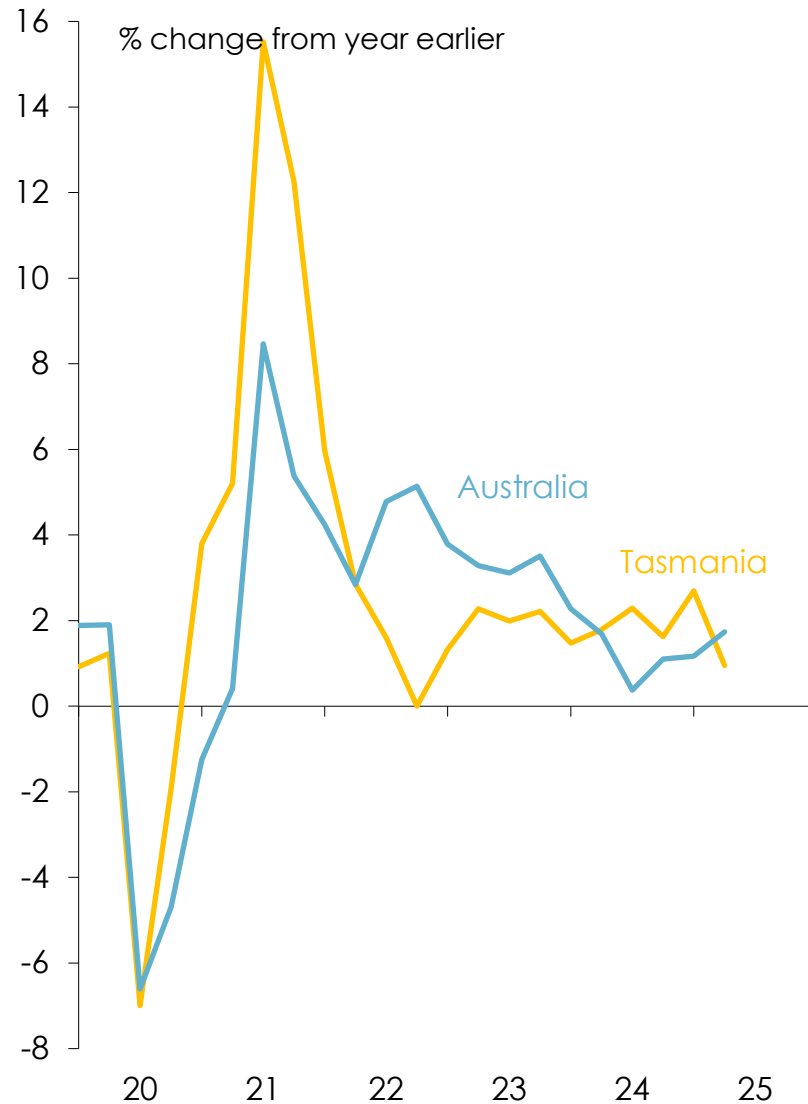


f = ABARES forecasts. Source: Australian Bureau of Agricultural and Resources Economics and Sciences (ABARES), [Farm Data Portal](#).

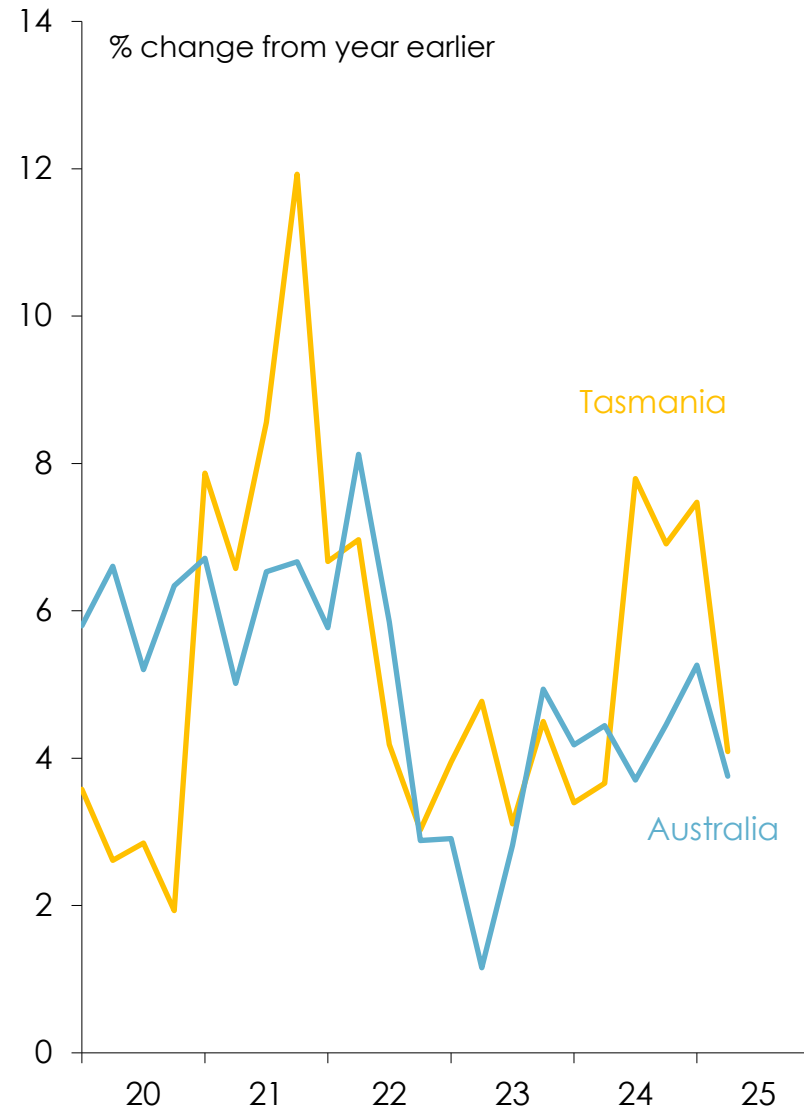
# The Tasmanian economy

# Tasmania is only 'outperforming the nation' (as the Government claims) because of debt-funded public spending

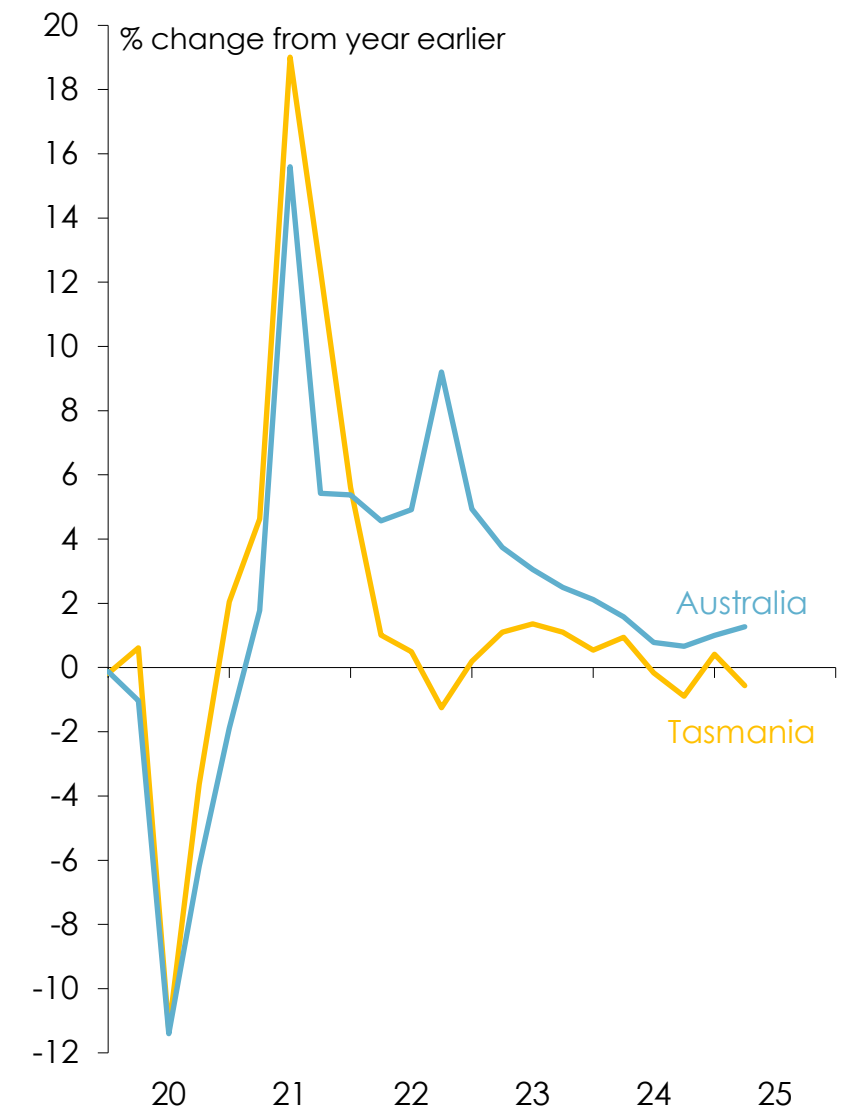
## 'State final demand'



## Public sector final demand



## Private sector final demand

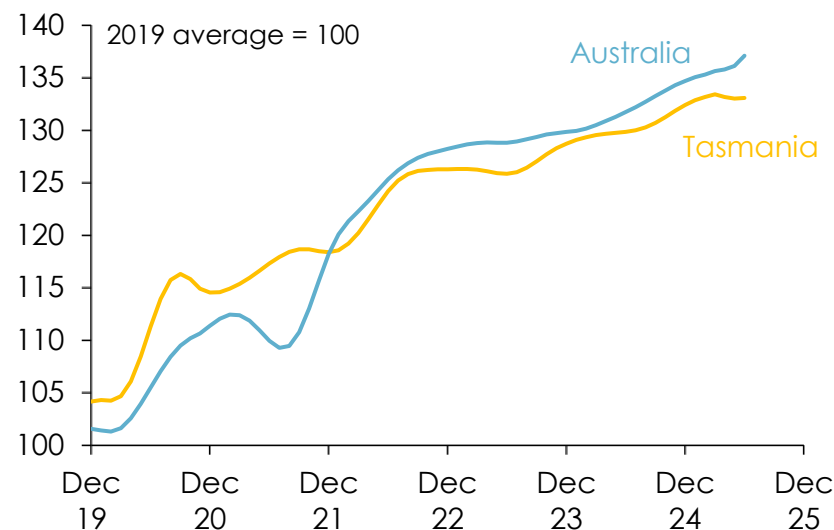


Note: 'Final demand' is the sum of consumption and investment expenditure (it excludes inter-state and international trade, and changes in inventories).

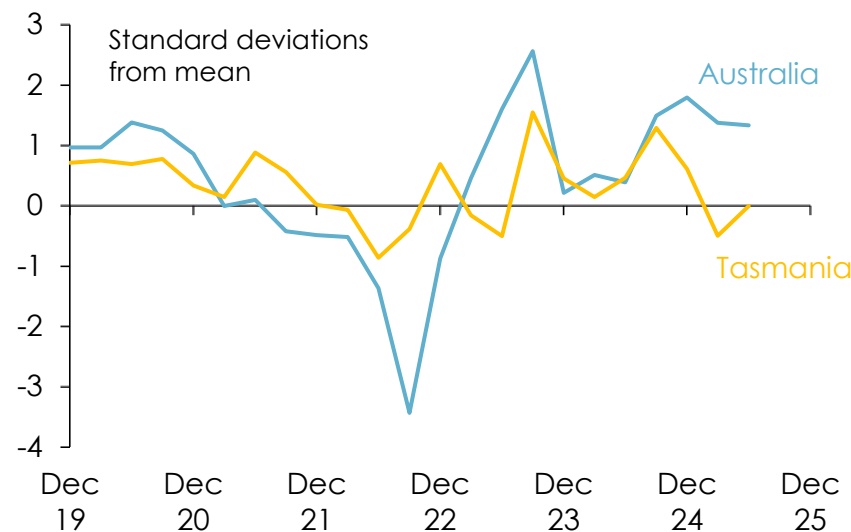
Sources: ABS, [Australian National Accounts: National Income, Expenditure and Product](#), March quarter 2025.

# On most indicators, Tasmania is under-performing national averages

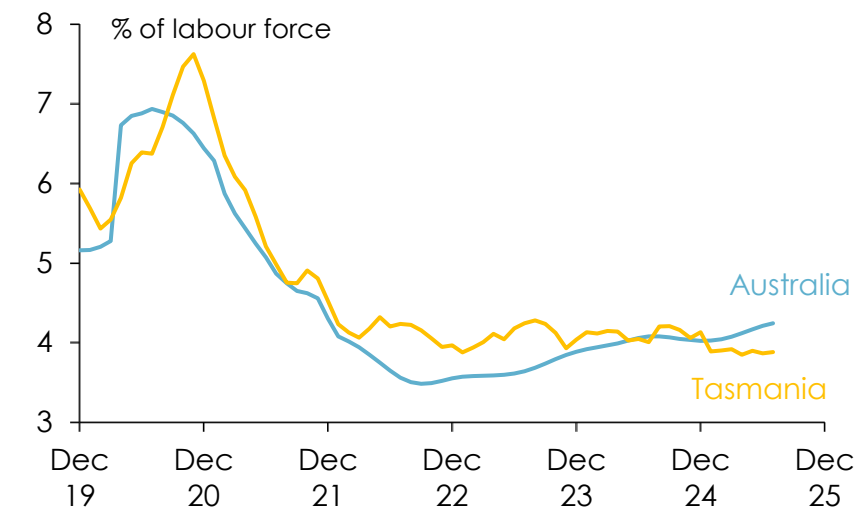
## Retail sales



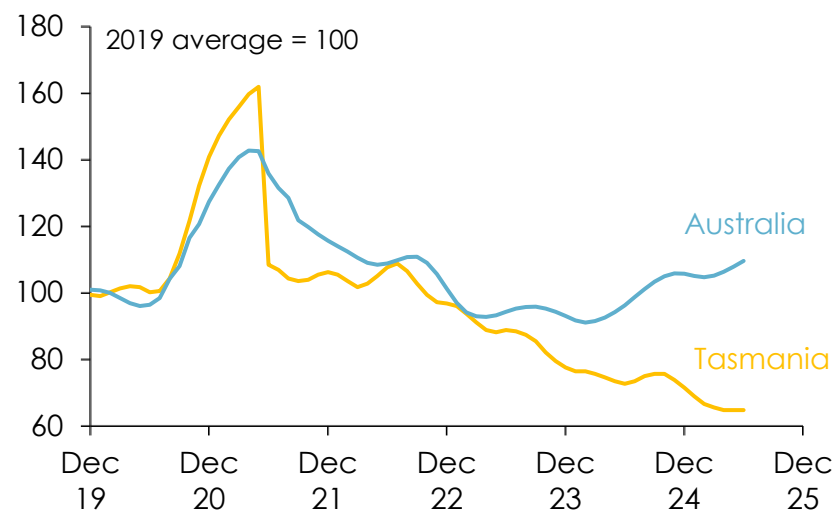
## Business confidence



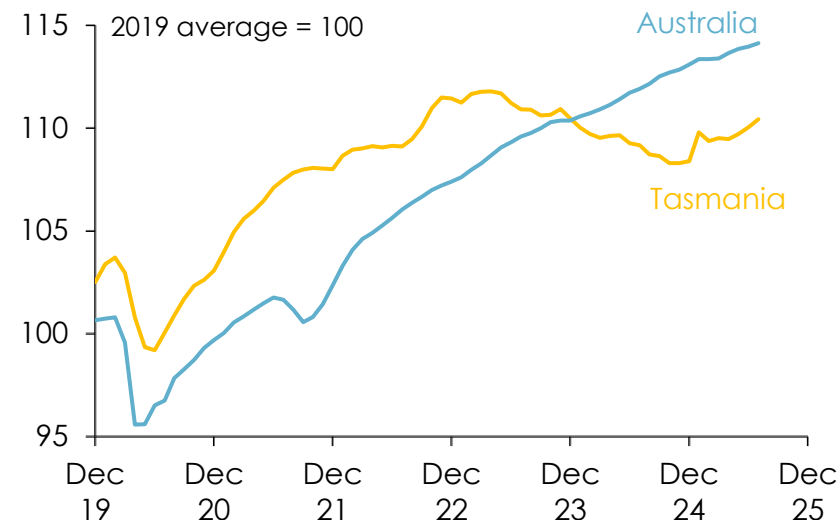
## Unemployment



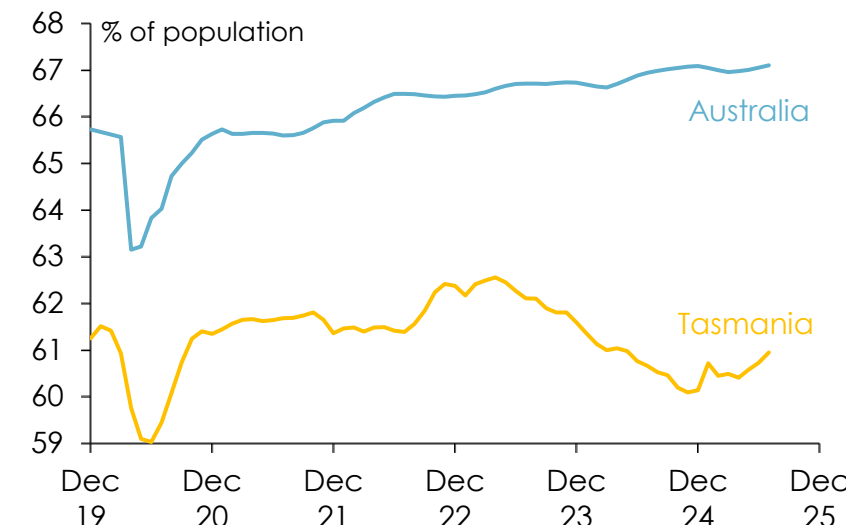
## Residential building approvals



## Employment



## Labour force participation rates

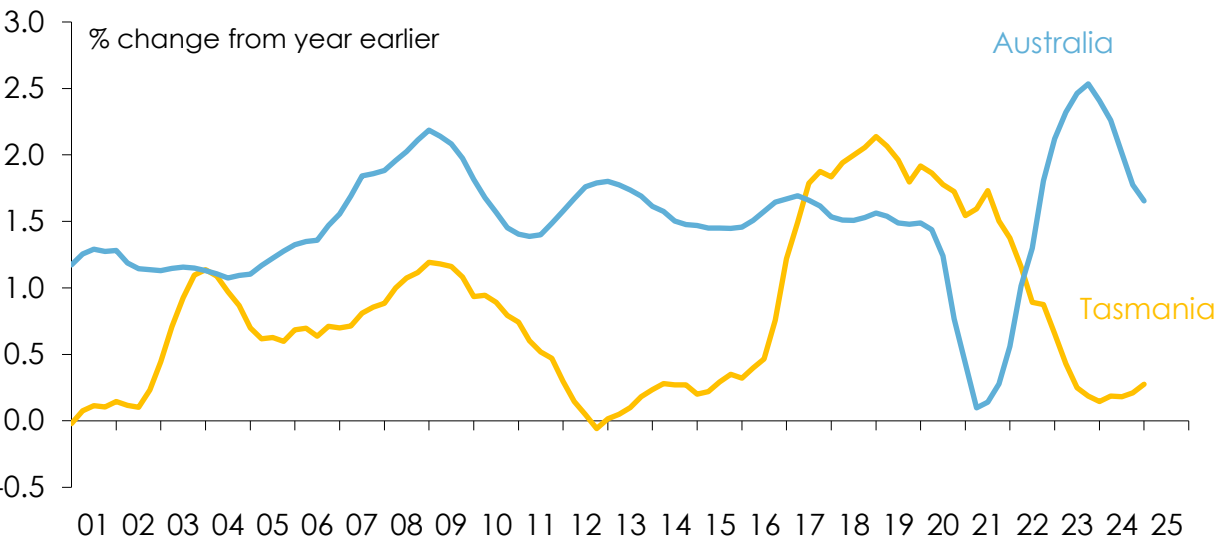


Note: all data except for business confidence are derived from trend estimates. Sources: ABS, [Retail Trade](#) and [Building Approvals](#), June 2025; National Australia Bank, [Quarterly Business Survey](#), June quarter 2025; and ABS, [Labour Force](#), July 2025.

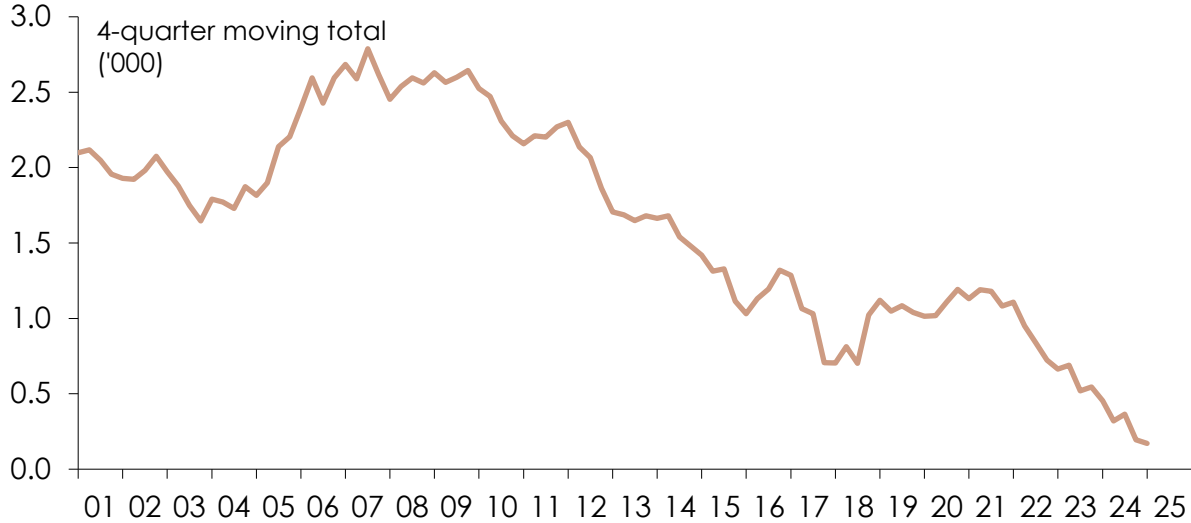


# A major difference between Tasmania and the rest of Australia over the past two years has been population growth

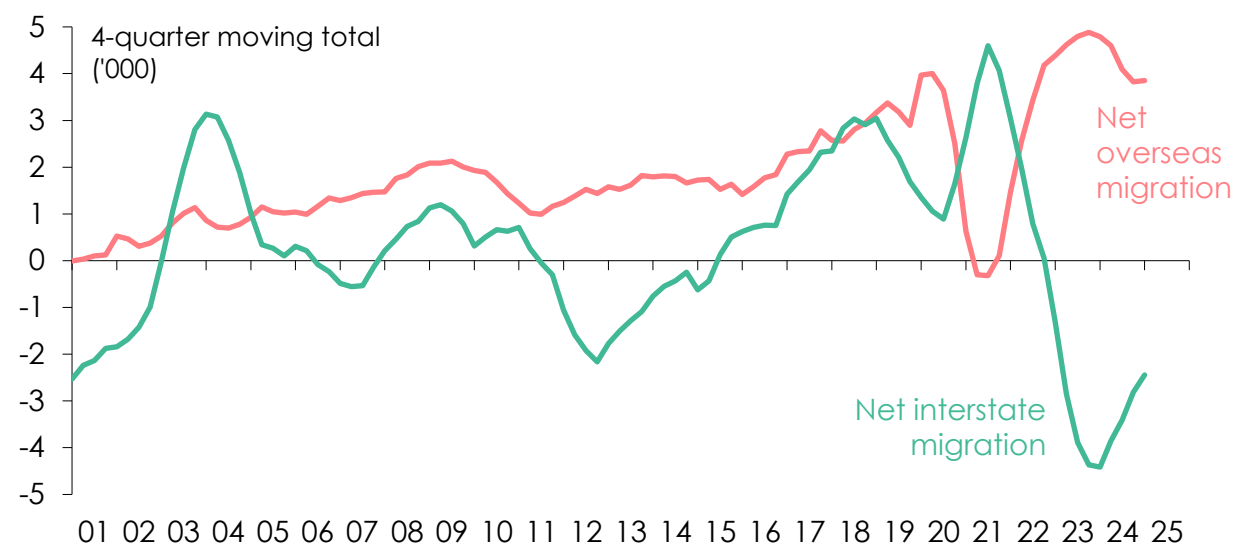
## Population growth



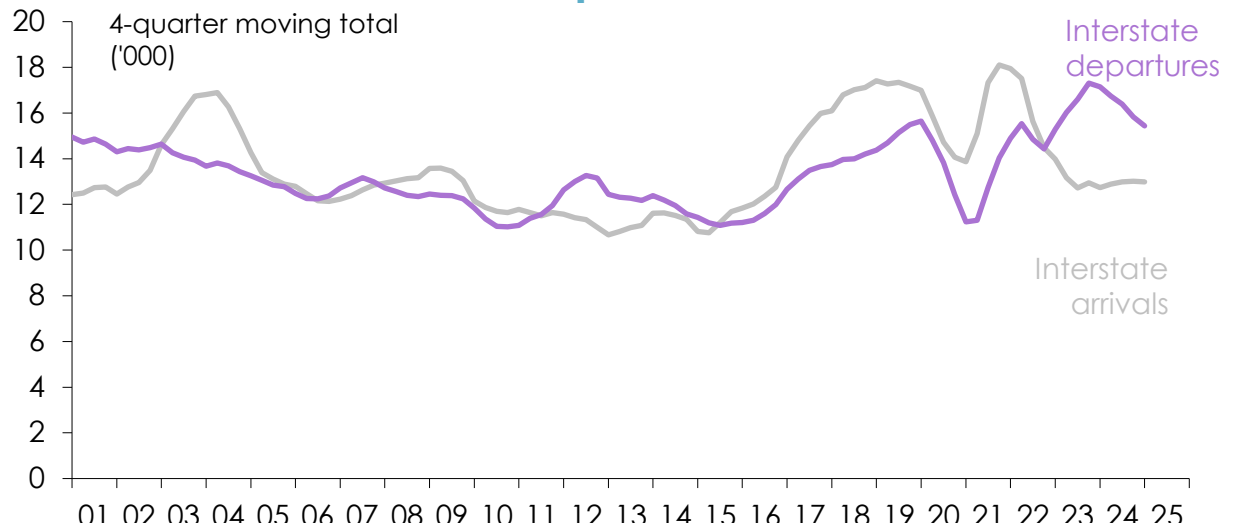
## Natural increase (births minus deaths)



## Net migration to Tasmania



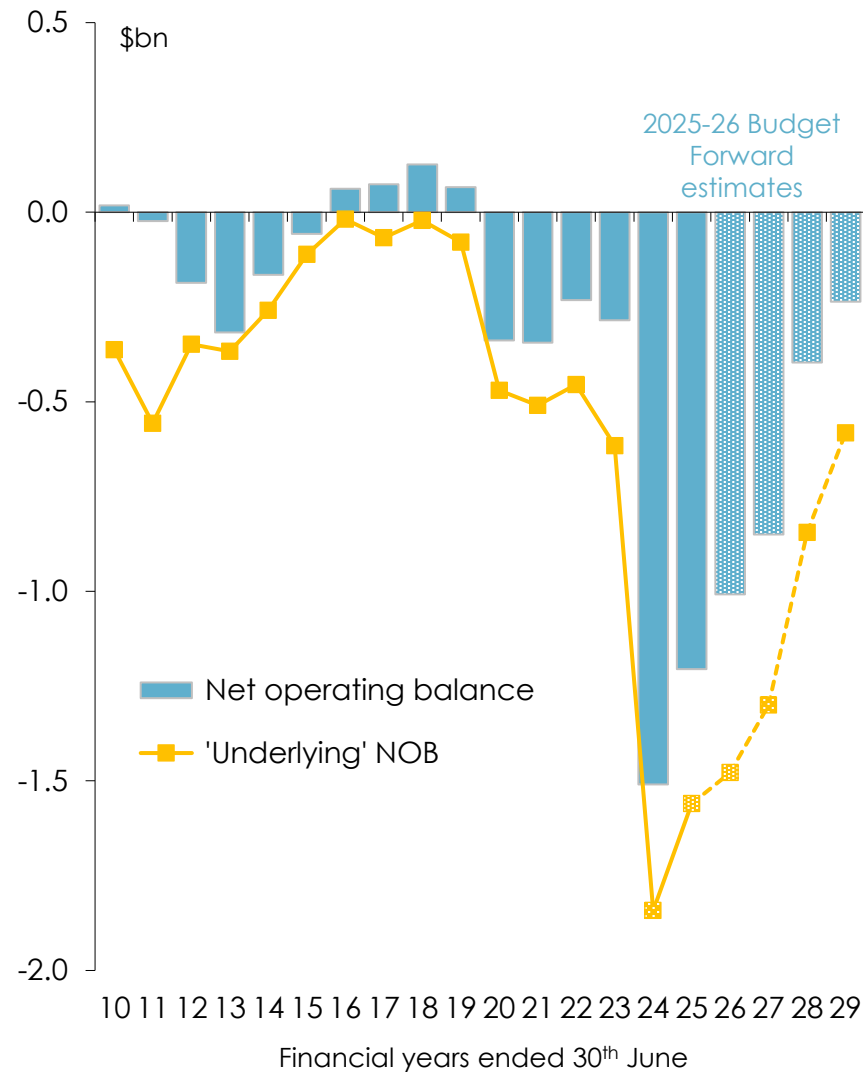
## Interstate arrivals and departures



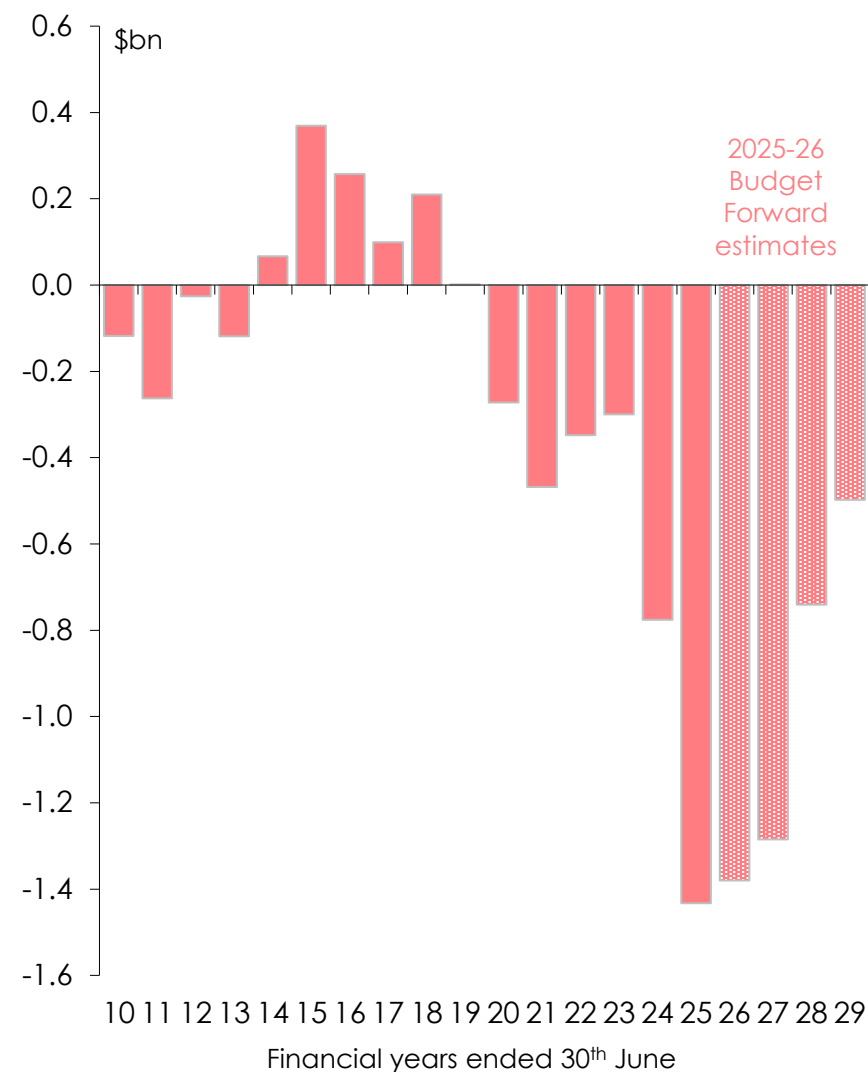
Sources: ABS, [National, state and territory population](#), December 2024.

# There was no credible 'path back to surplus' in the 2025-26 Budget which didn't pass the Parliament before last month's election

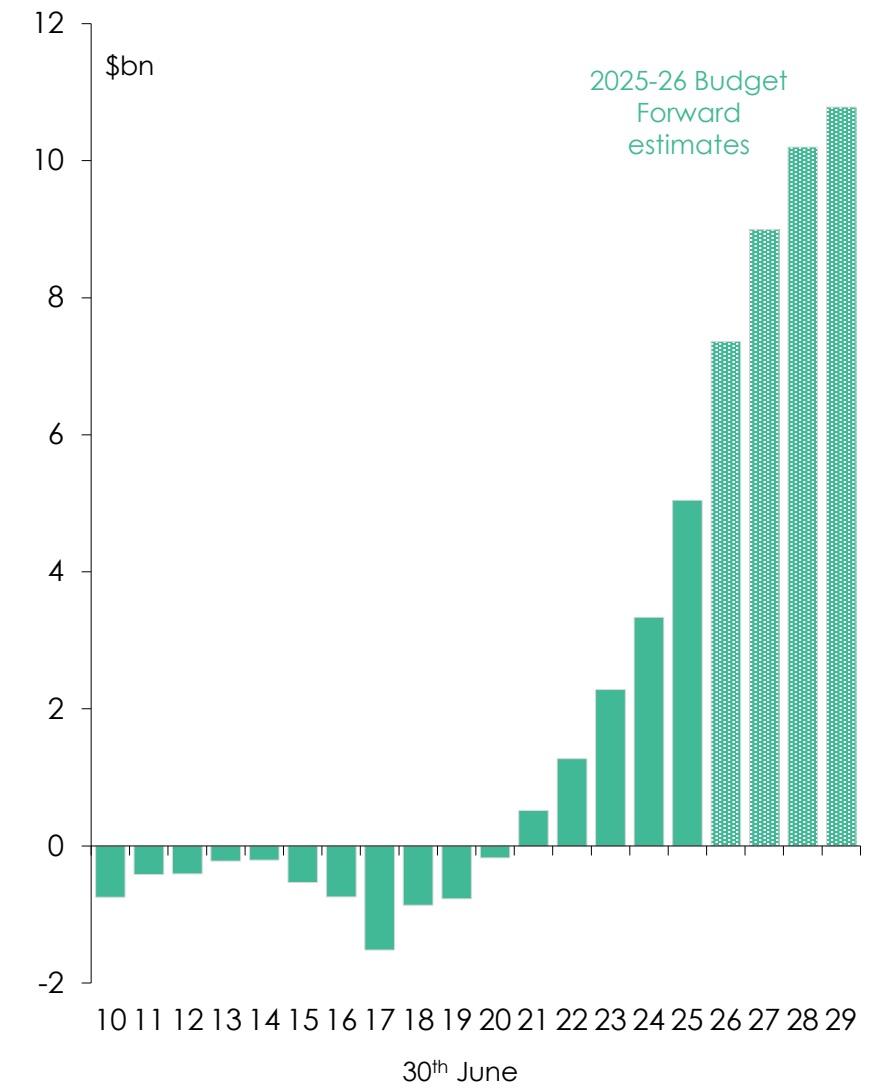
## 'Net operating balance'



## Cash balance



## Net debt

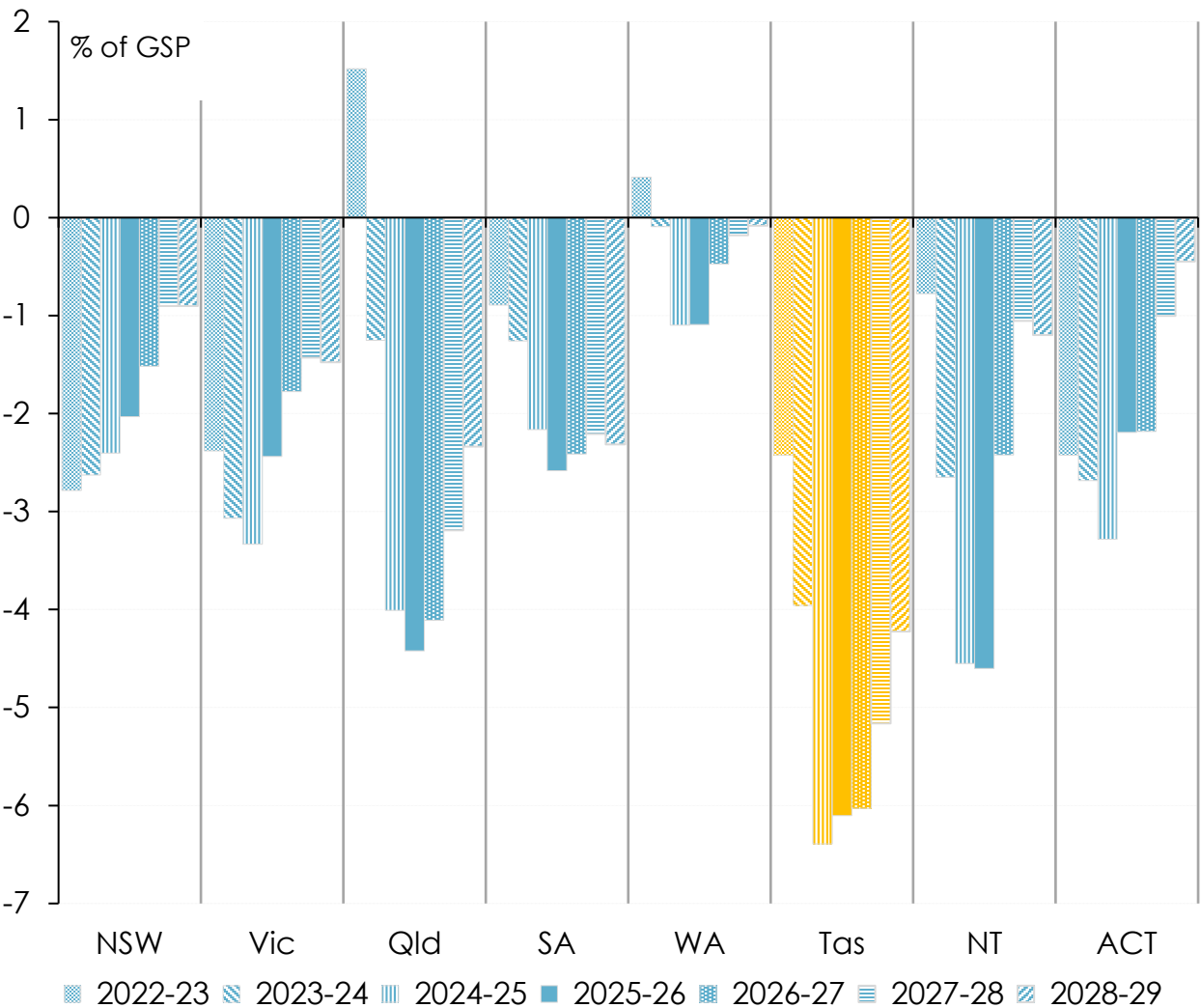


Note: These charts are for the 'general government sector', ie, for departments and agencies funded out of the Public Account, and do not include government business enterprises or state-owned companies. The 'underlying' net operating balance excludes one-off grants from the Federal Government for capital purposes.

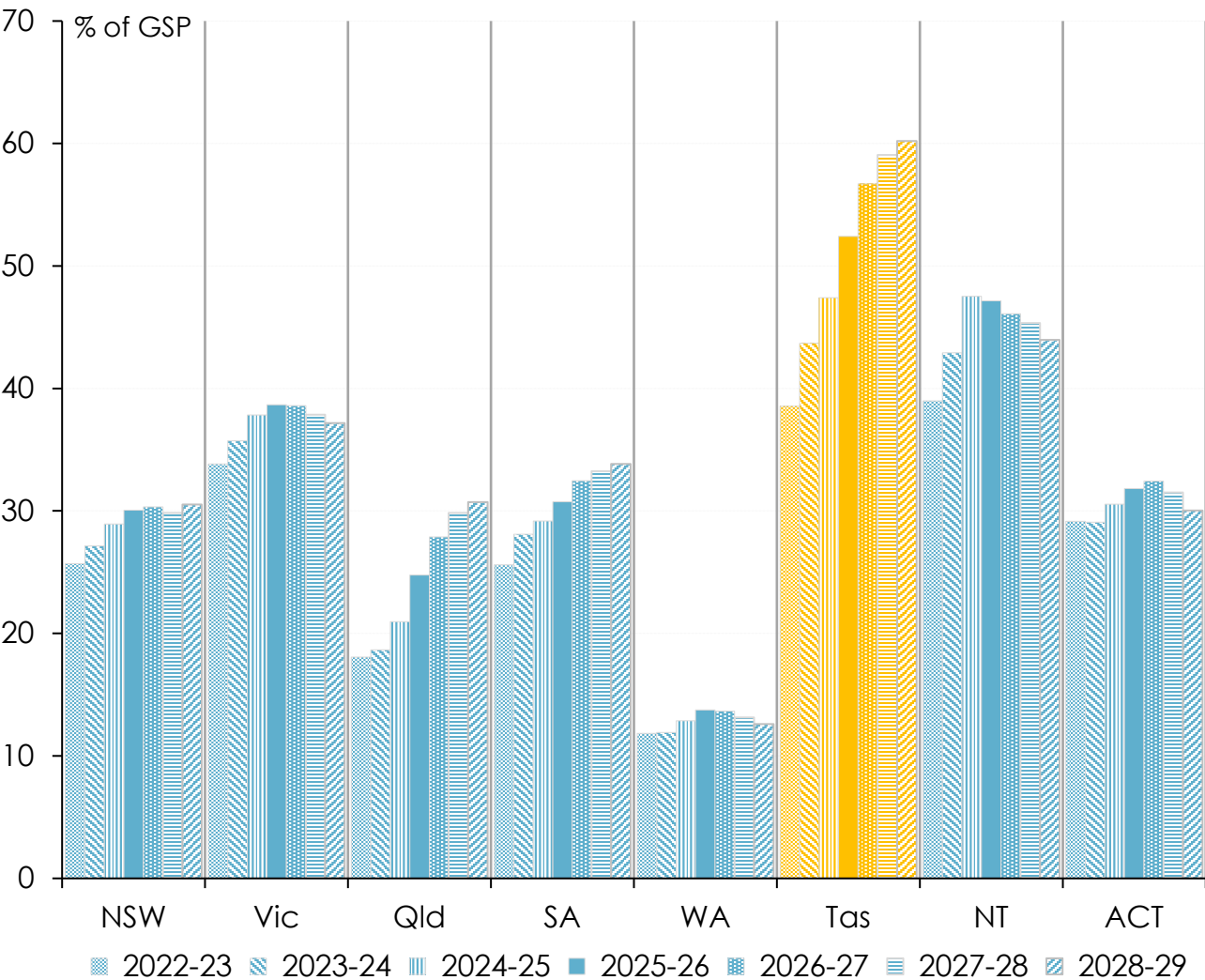
Sources: Tasmanian Treasury, [Treasurer's Annual Financial Report 2023-24](#) and previous issues; [Preliminary Outcomes Report 2024-25](#); and Government, 2025-26 Budget Paper No. 1, 29<sup>th</sup> May 2025 (since removed from the Treasury website).

# When you include GBEs, and unfunded superannuation liabilities (which you should) Tasmania's finances are the worst in the nation

State and territory non-financial public sector cash balances



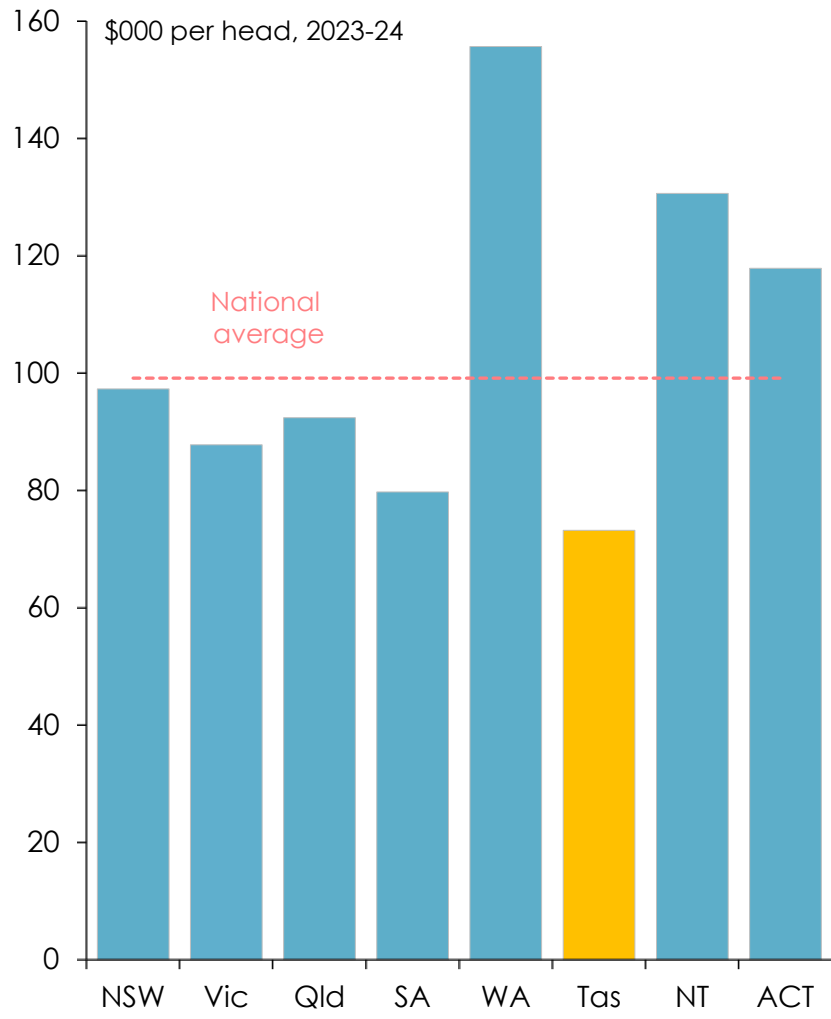
State and territory non-financial public sector net financial liabilities



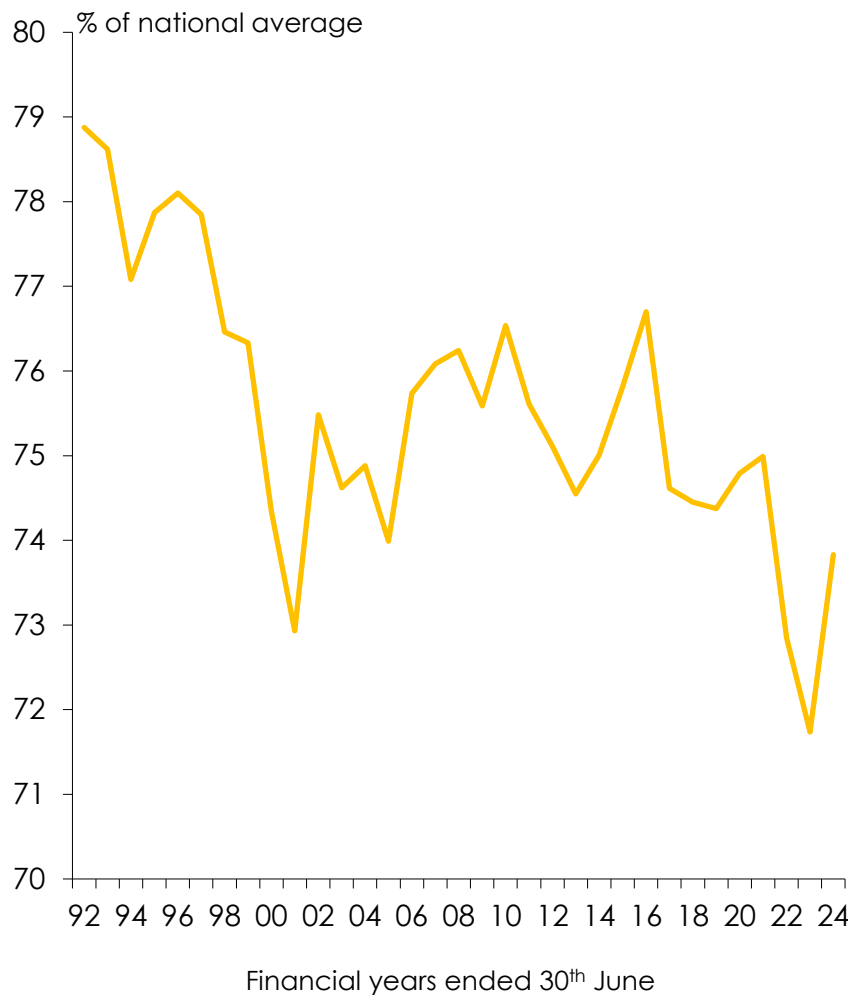
Note: net financial liabilities includes unfunded superannuation liabilities as well as debt. Sources: 2025-26 State Budget Papers for [New South Wales](#), [Victoria](#), [Queensland](#), [South Australia](#), [Western Australia](#), [Tasmania](#), the [Northern Territory](#) and the [Australian Capital Territory](#).

# And we remain the poorest state in the nation, for reasons that haven't changed over more than three decades

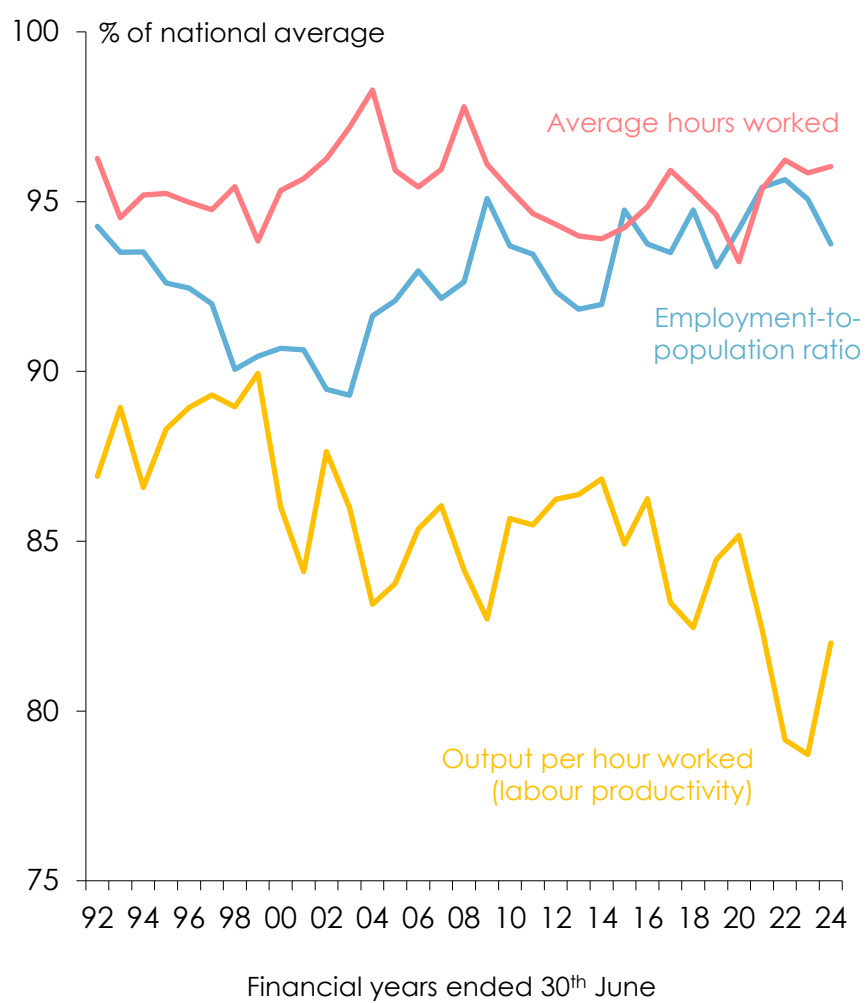
Per capita gross state product, 2023-24



Tasmanian per capita gross product as pc of national average



Contributors to Tasmania's per capita gross product as pc of national average



Sources: ABS, [Australian National Accounts: State Accounts](#), 2023-24 financial year; [Labour Force, Australia](#), June 2025.

## Important information

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