

THE IMPORTANCE OF AGRICULTURE TO TASMANIA

PRESENTATION TO FARMX CONFERENCE & EXPO

WOOLMERS' ESTATE, LONGFPORD
21ST AUGUST 2025

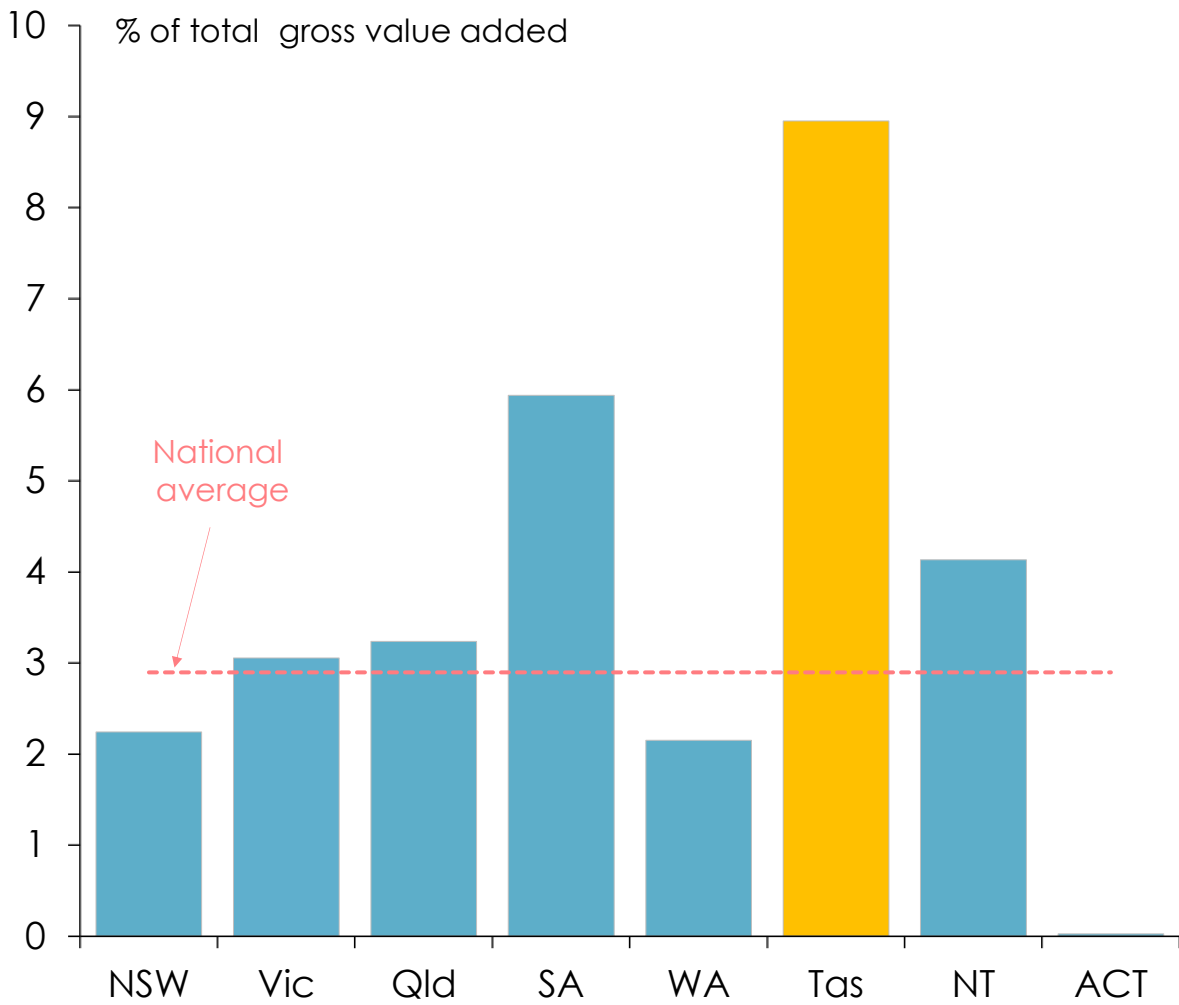
SAUL ESLAKE

CORINNA ECONOMIC ADVISORY
INDEPENDENT ECONOMICS

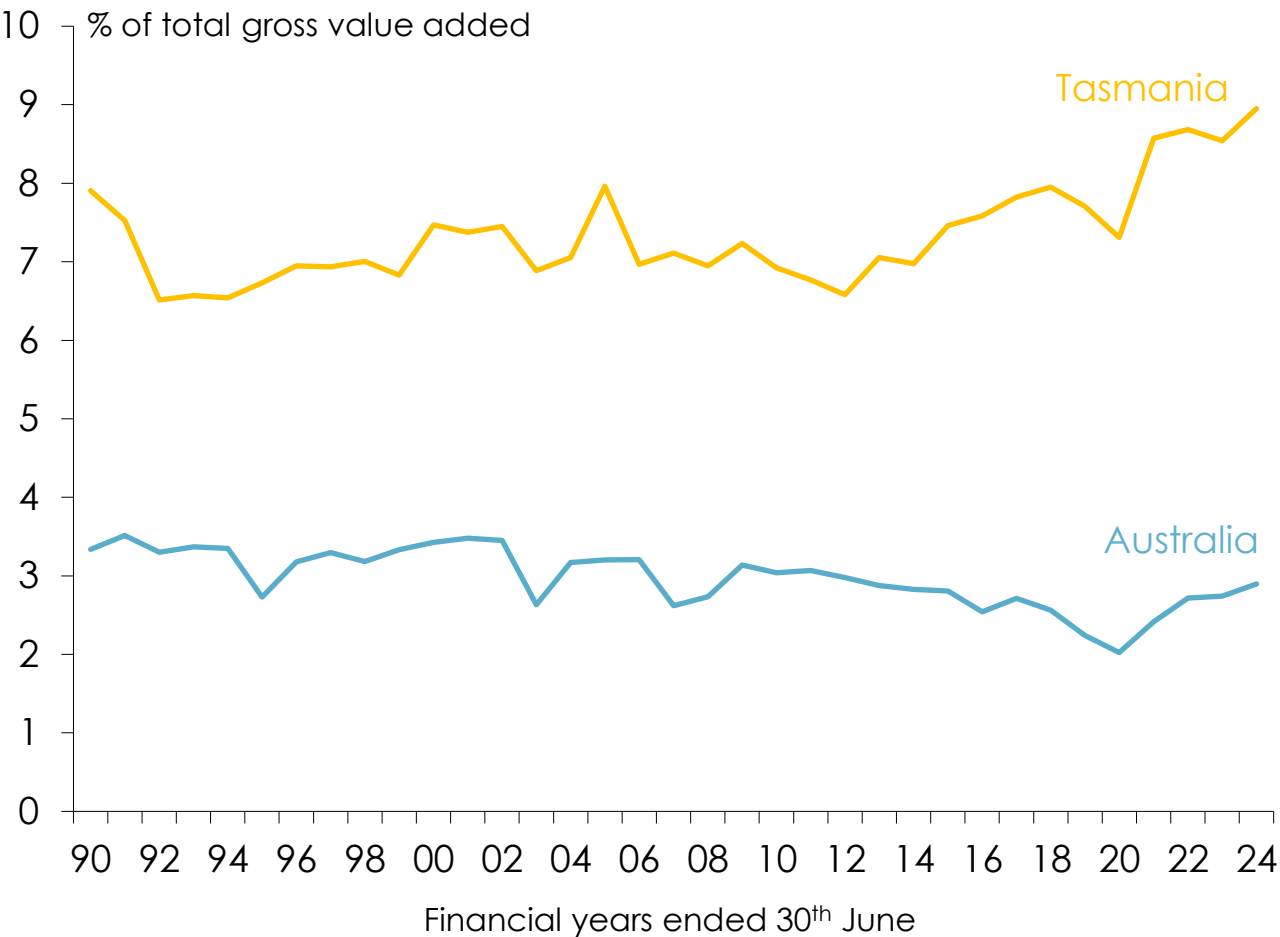
Tasmanian agriculture

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

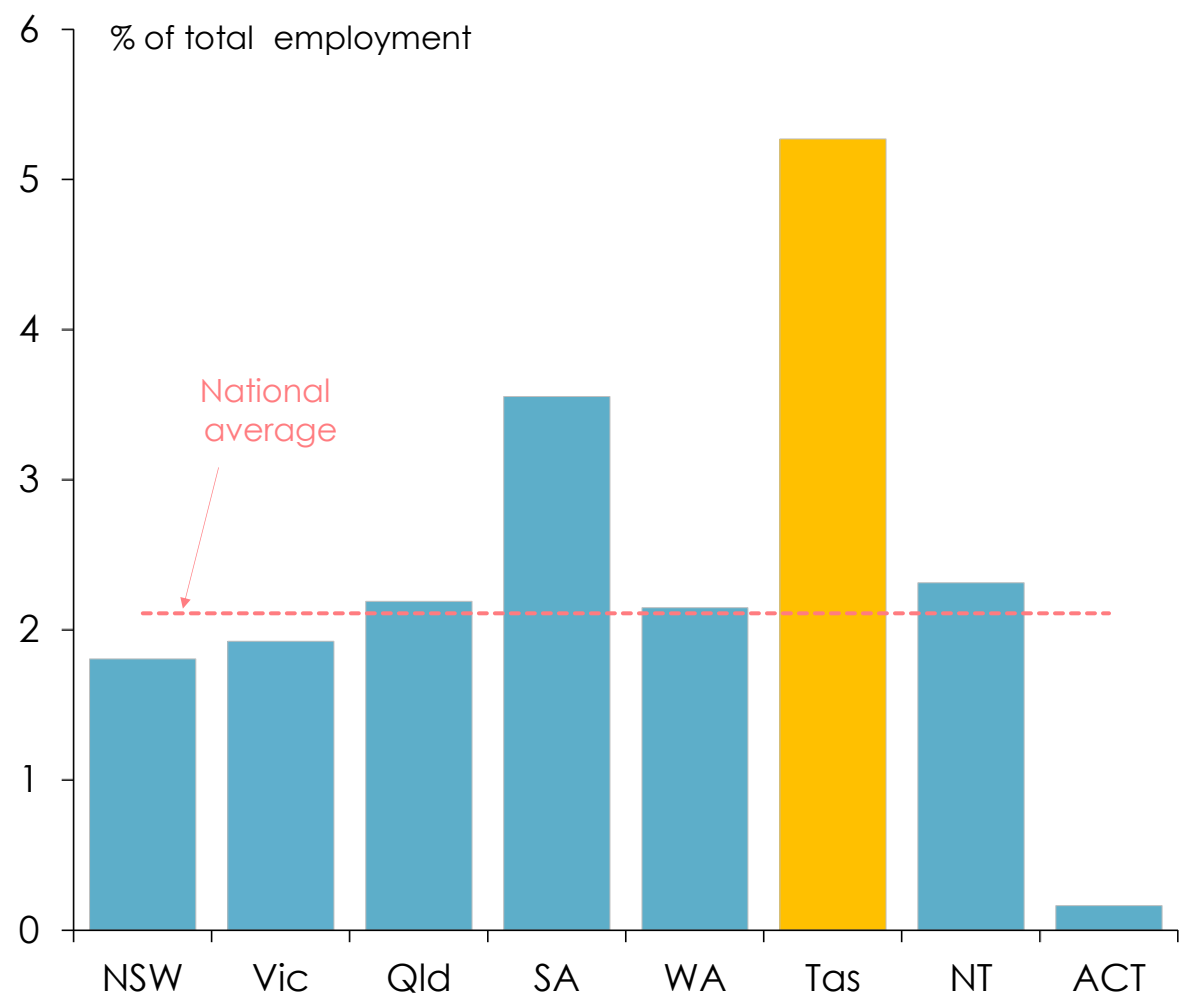


Agriculture, forestry & fishing as a share of total 'gross value added', 1989-90 to 2023-24

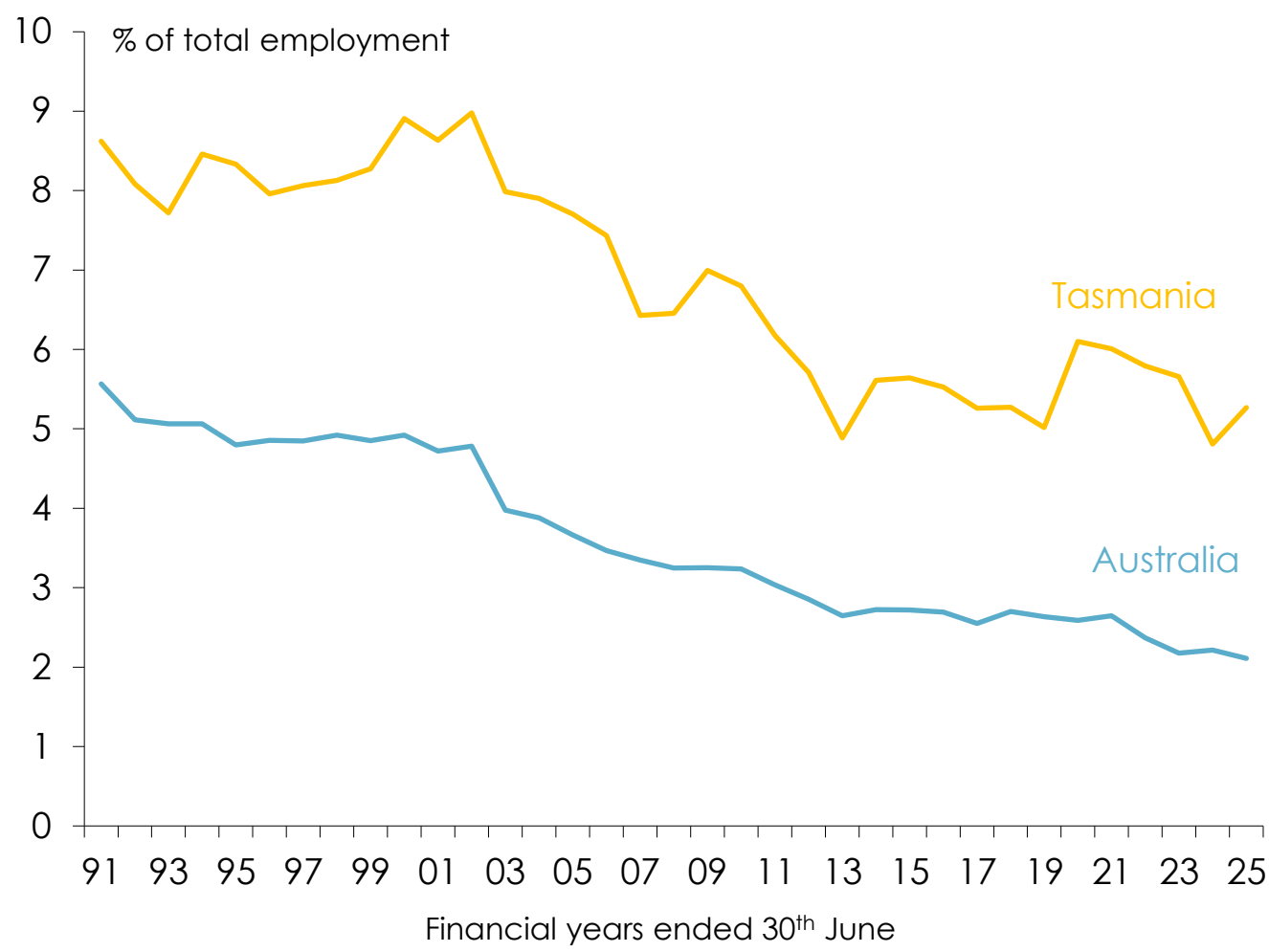


Agriculture is a larger contributor to employment in Tasmania than in any other state

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

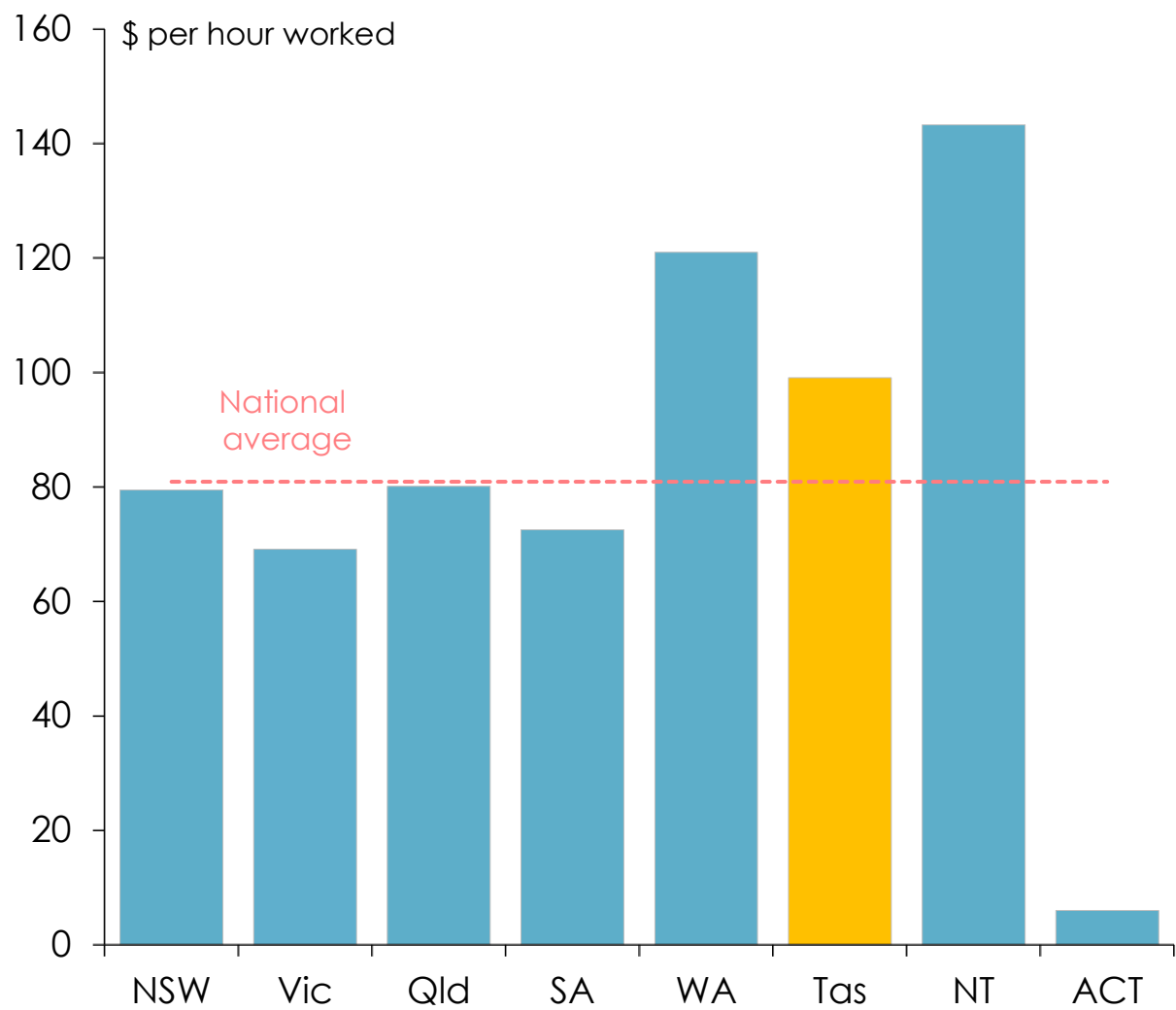


Agriculture, forestry & fishing as a share of total 'gross value added', 1990-91 to 2024-25

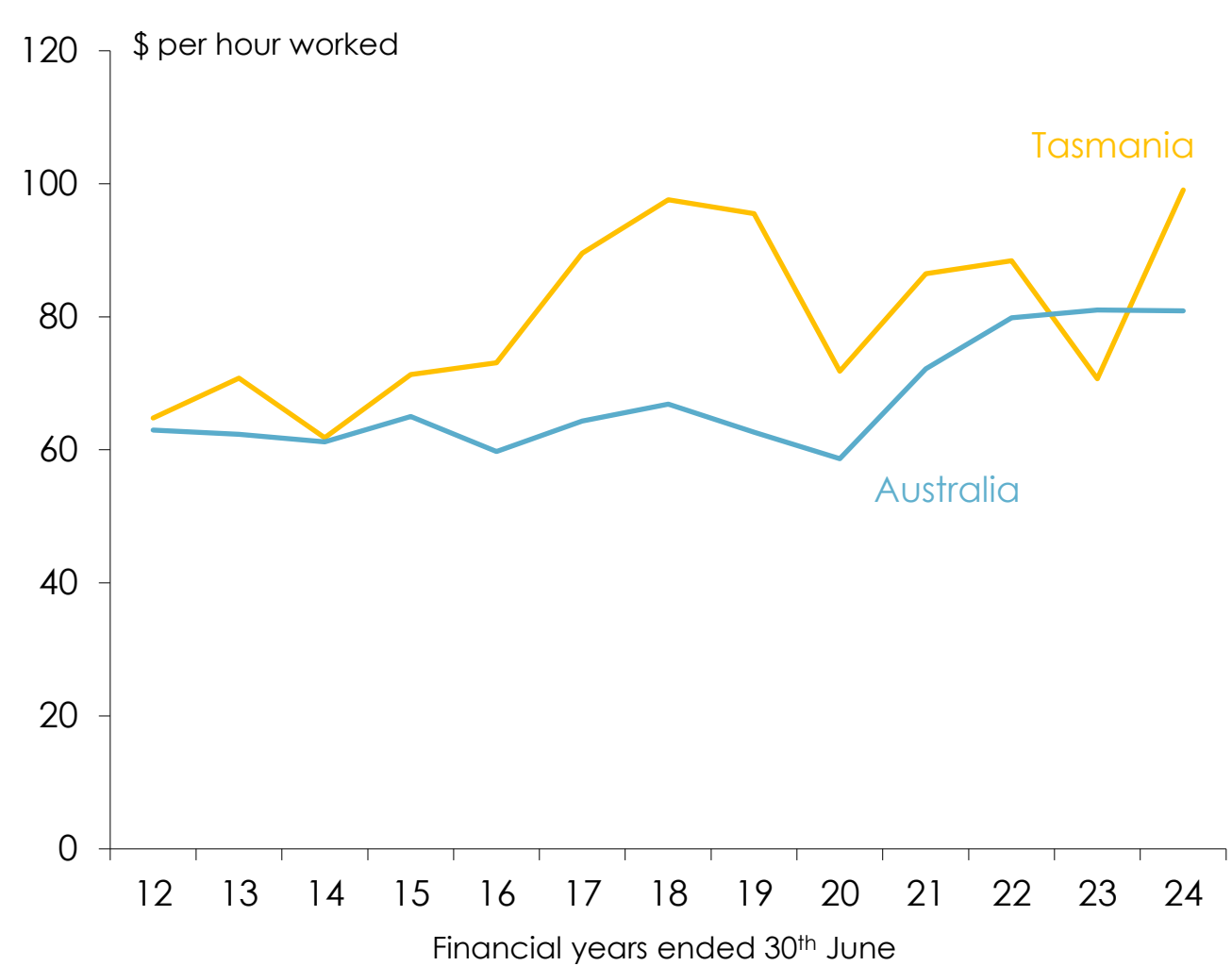


Agriculture is one of only five industries in which labour productivity in Tasmania is higher than the corresponding national average

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



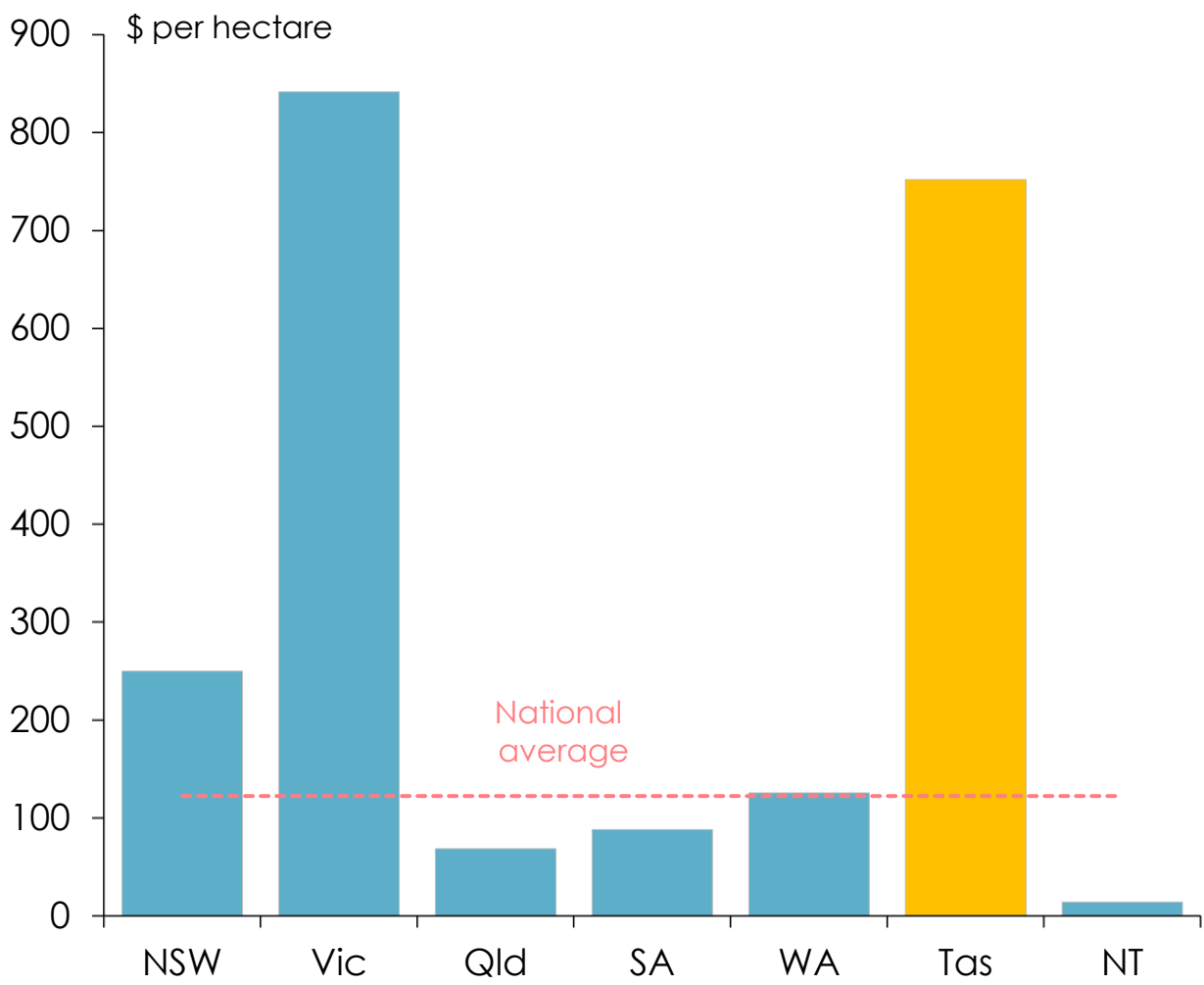
Labour productivity (output per hour worked) in agriculture, forestry & fishing, 2011-12 to 2023-24



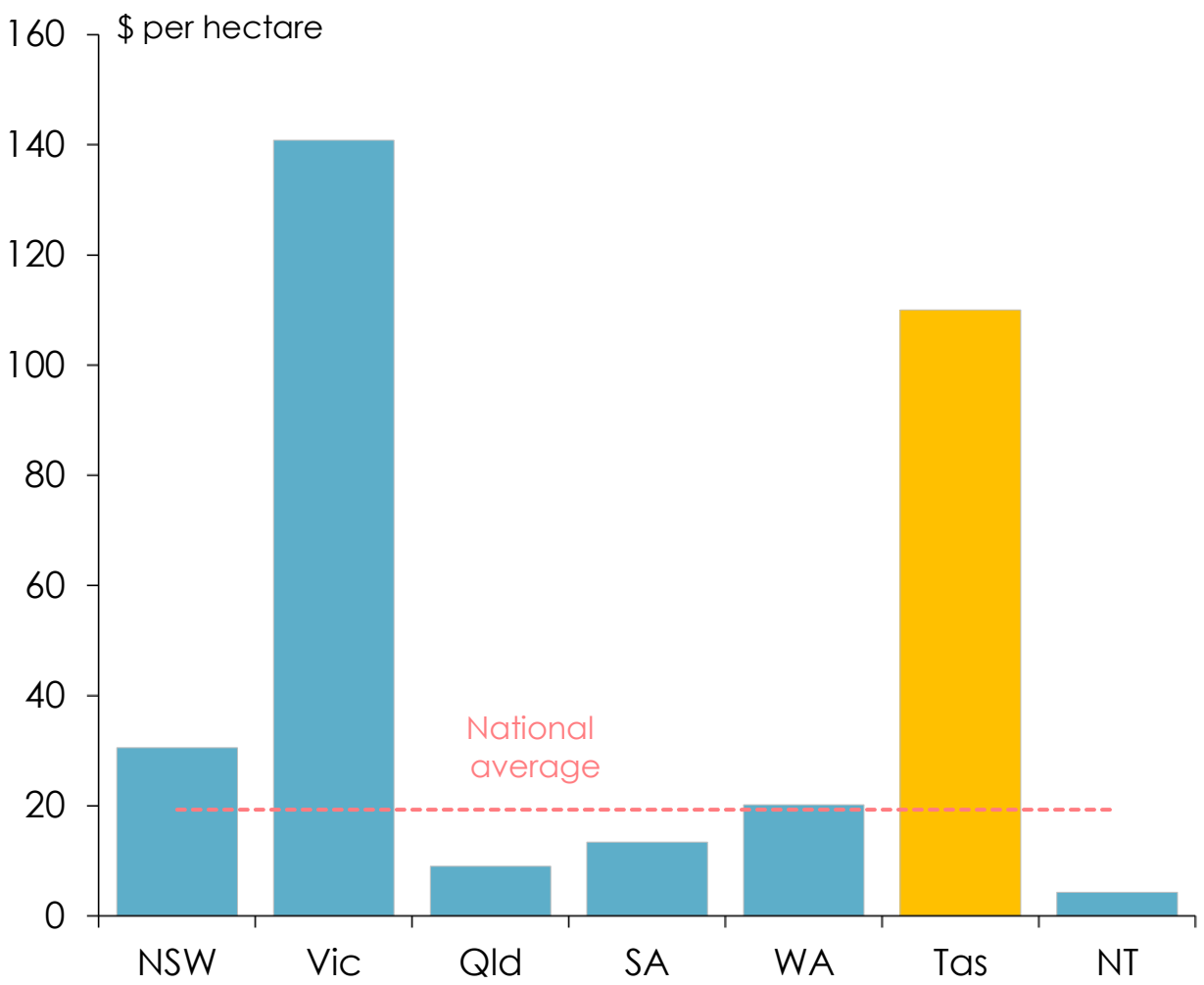
5 Sources: Australian Bureau of Statistics, [Australian National Accounts: State Accounts](#), 2023-24 financial year and [Modelled state and territory jobs and hours worked estimates by industry](#), June 2025; Corinna Economic Advisory.

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

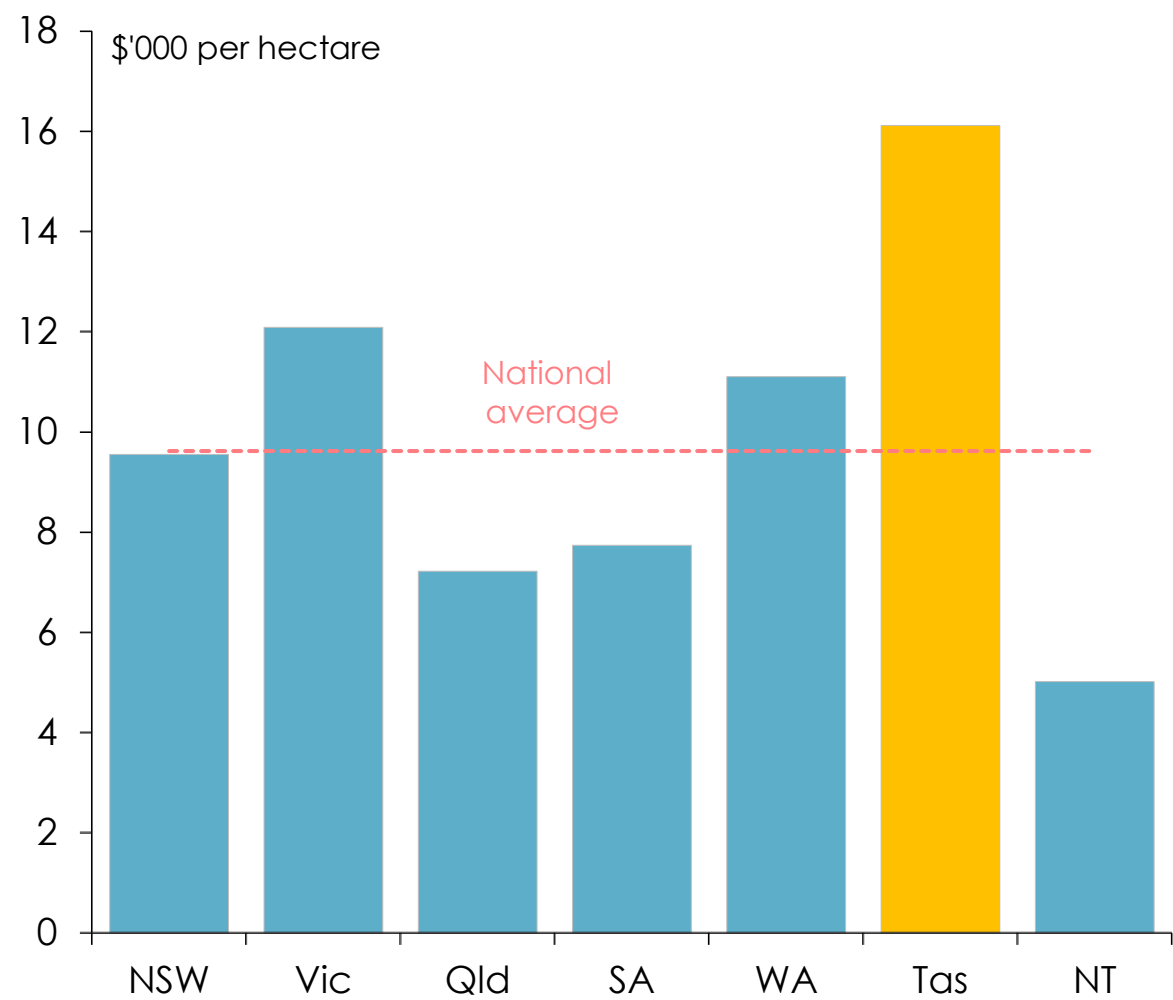


Average farm business profit per hectare of land used, five years to 2023-24

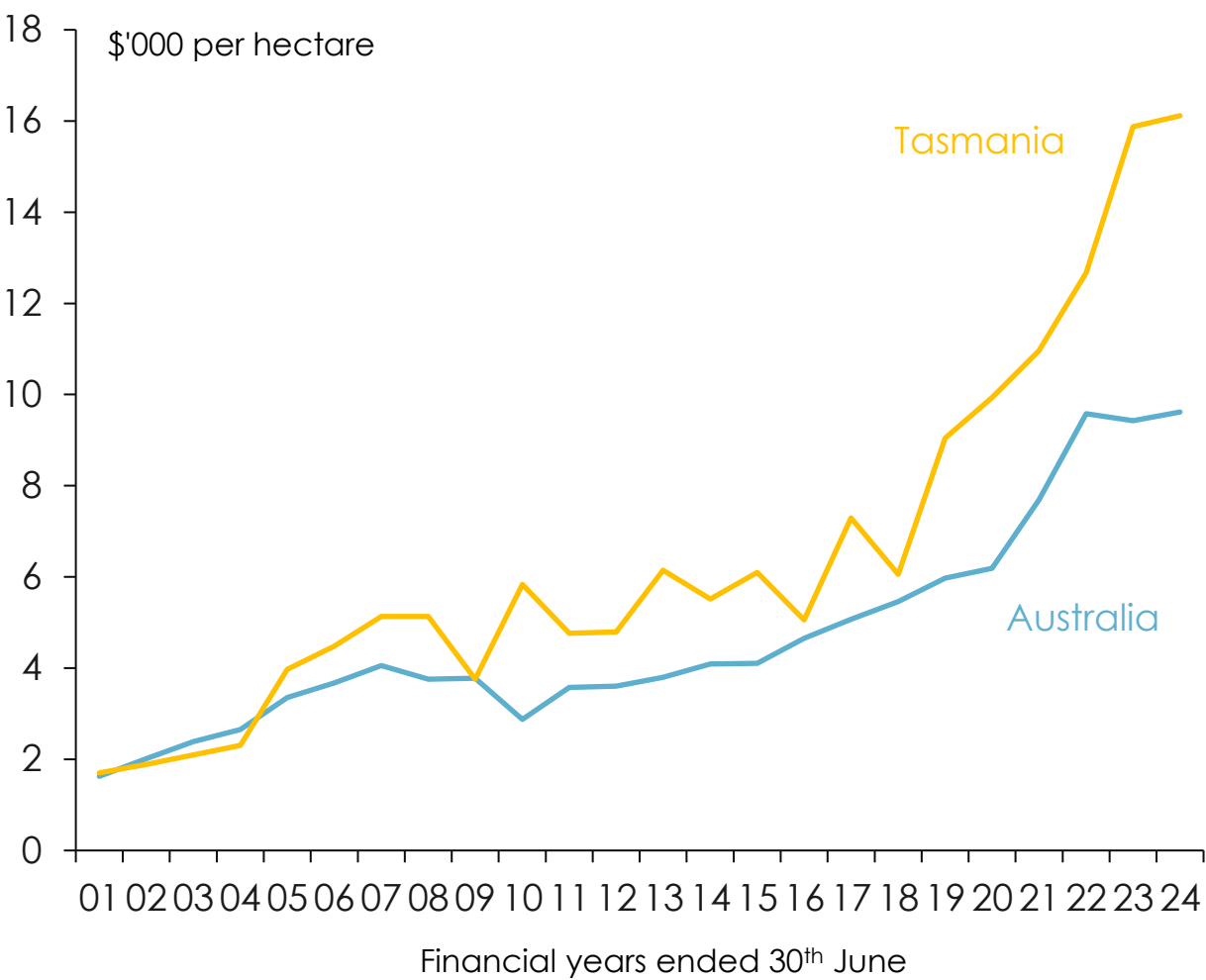


... which is reflected in Tasmanian agricultural land values relative to other parts of Australia

Average farmland prices per hectare, 2023-24

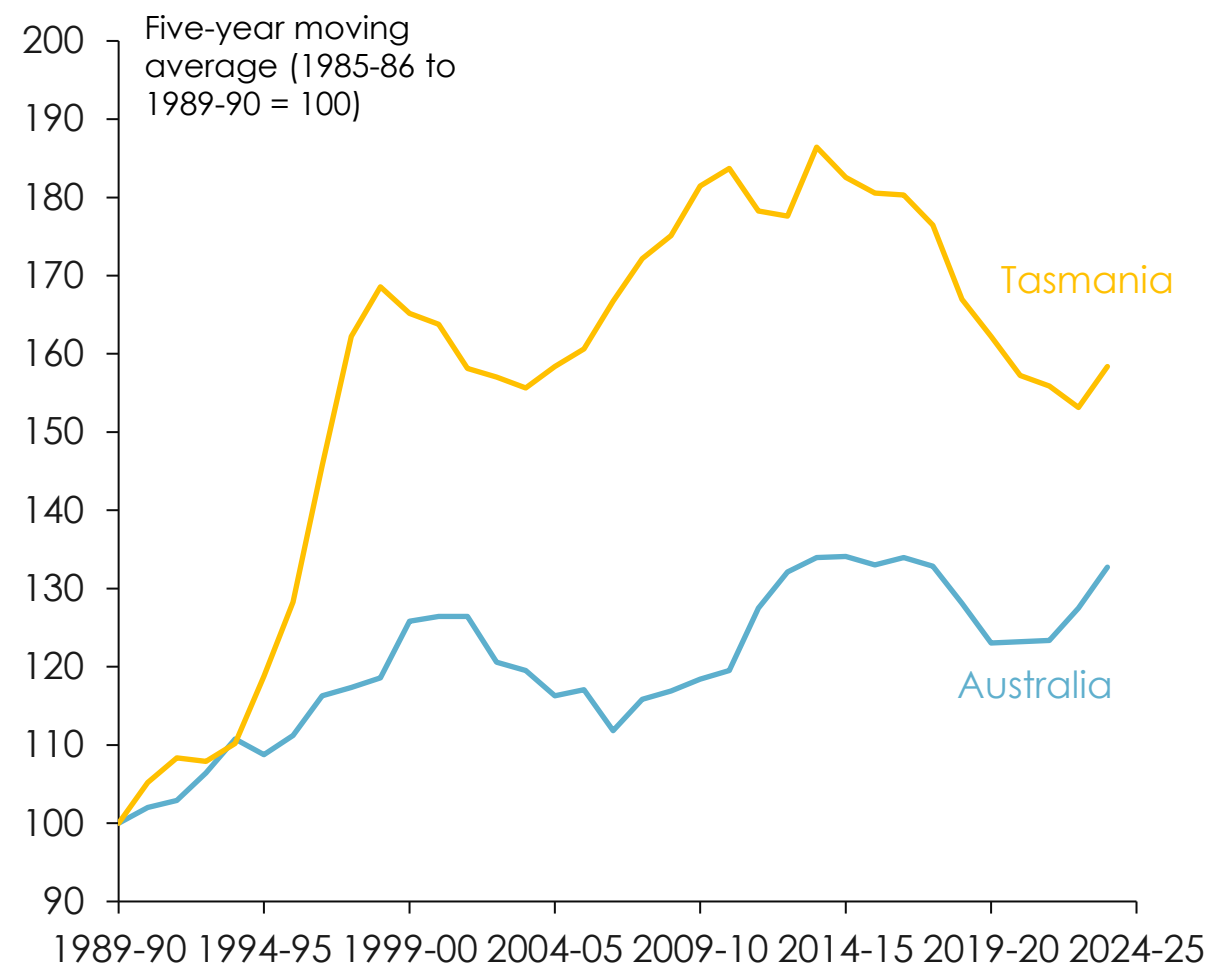


Tasmanian and Australian average farmland prices, 2000-01 through 2023-24

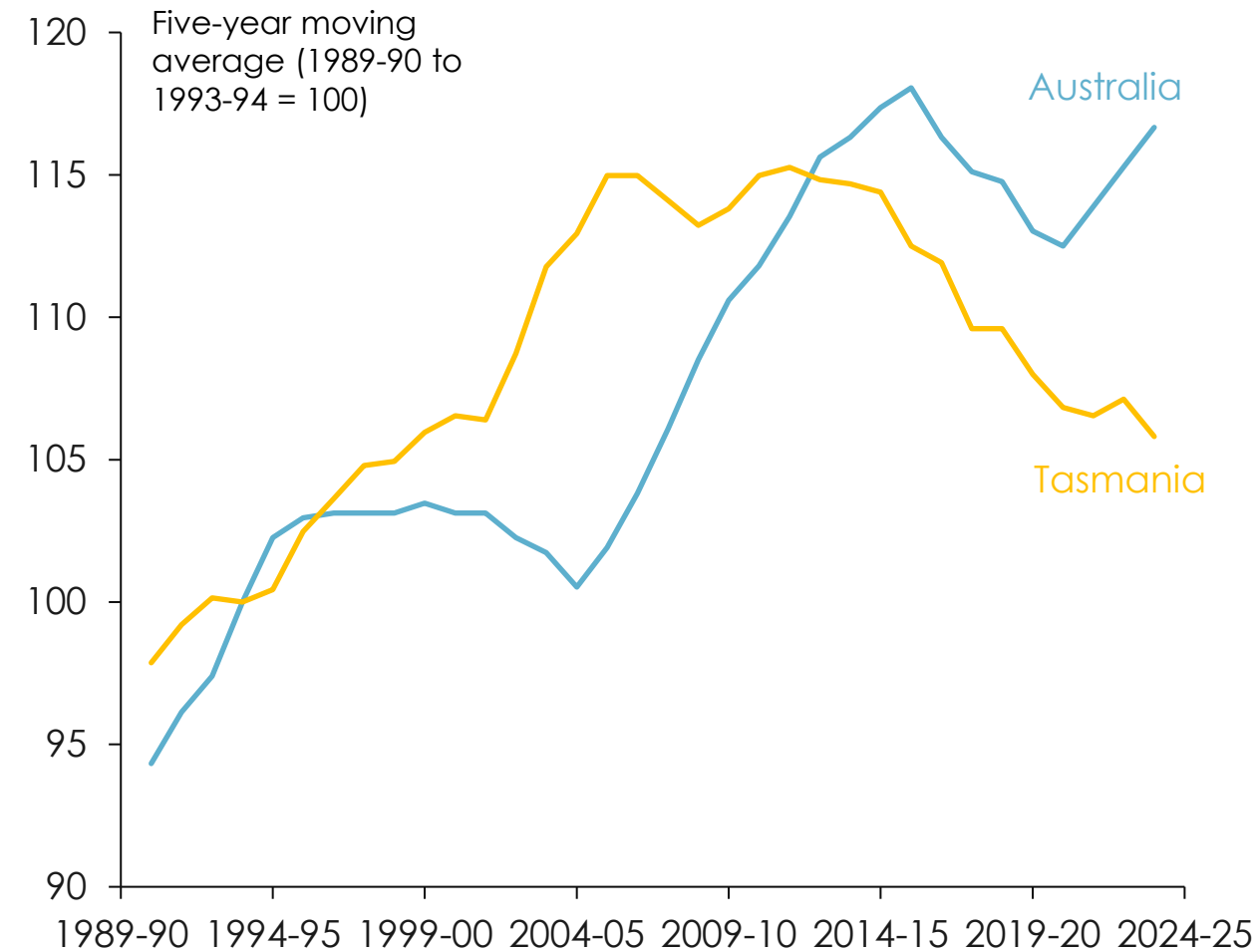


Productivity growth in Tasmanian broadacre agriculture has been faster than the national average – largely because of smaller climate effects

‘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

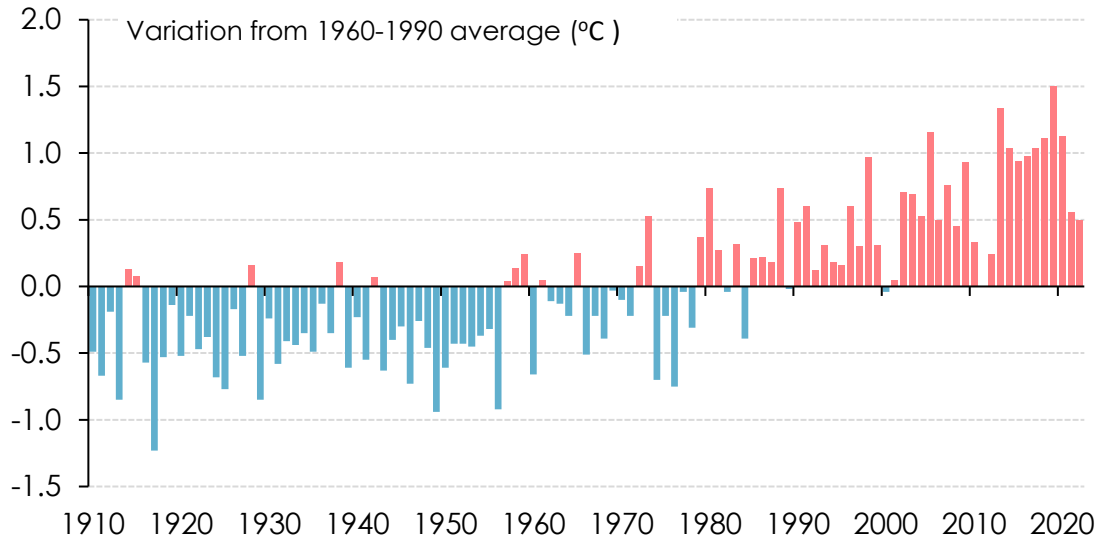
- international advocacy to open foreign markets and remove distorting subsidies
- domestic reforms to encourage the reallocation of resources from less efficient farms to more efficient ones

☐ Research and development

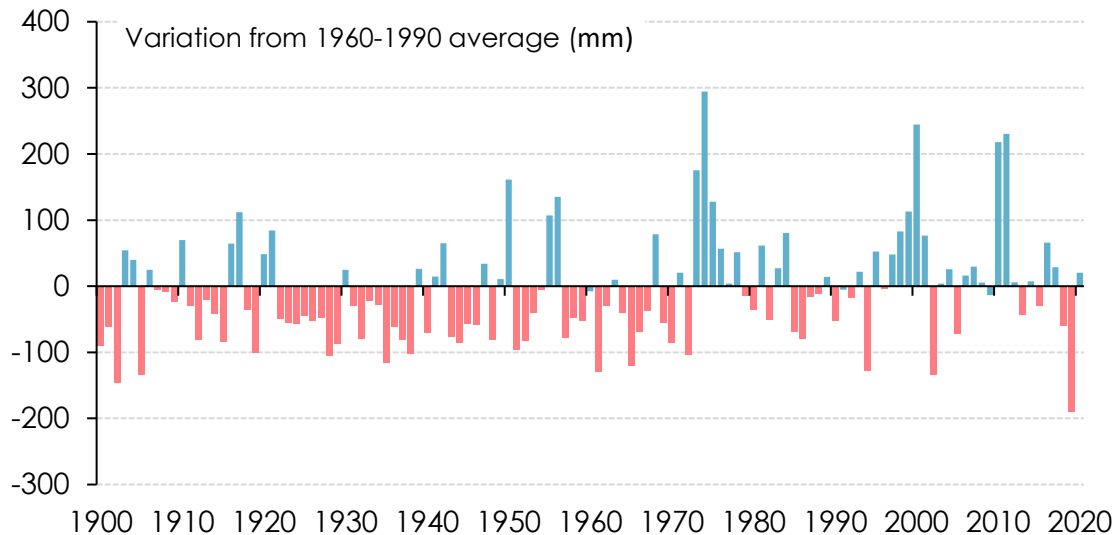
- ideally a blend of both private and public investment

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

Australian surface temperature anomaly



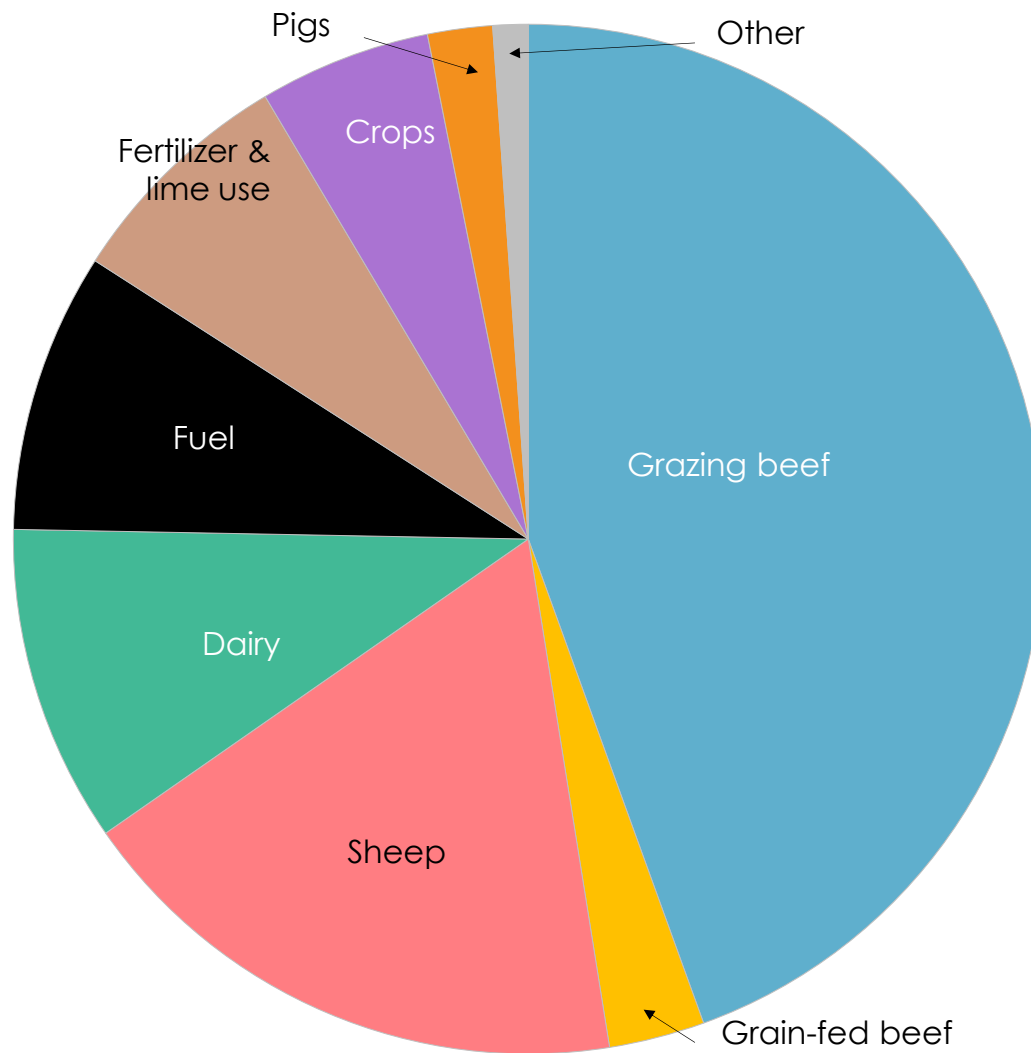
Australian rainfall anomaly



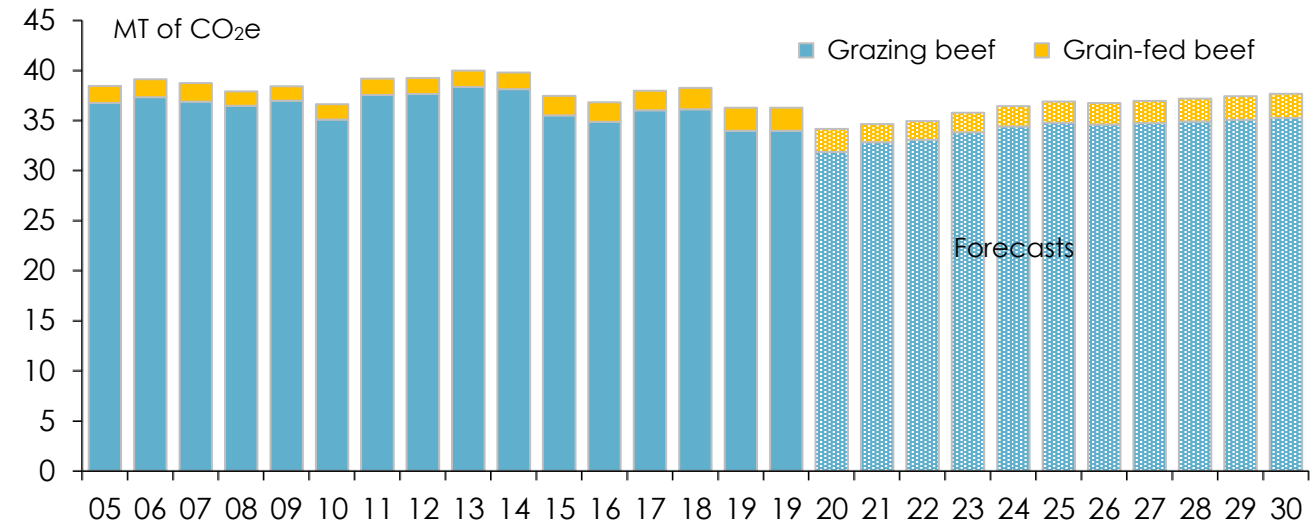
- ❑ **Climate change means, among other things,**
 - more severe, and possibly more frequent droughts
 - more severe, and more frequent flood events
 - more frequent and damaging storms and cyclones
 - greater bushfire risks
 - higher insurance costs
- ❑ **The first three of these imply greater volatility 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

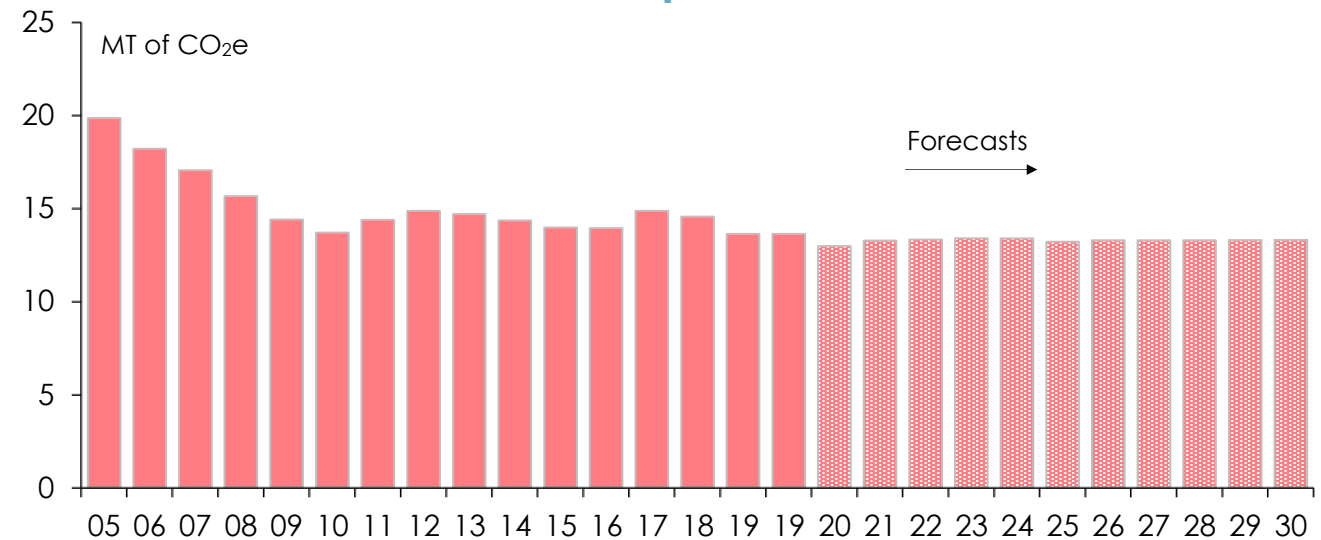
Agricultural carbon emissions



Carbon emissions from beef cattle

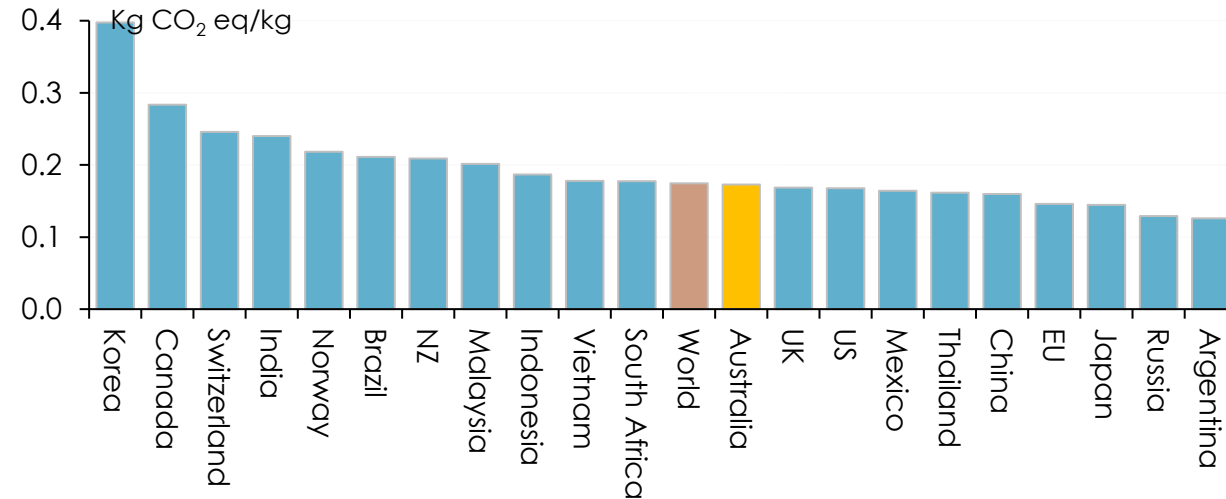


Carbon emissions from sheep

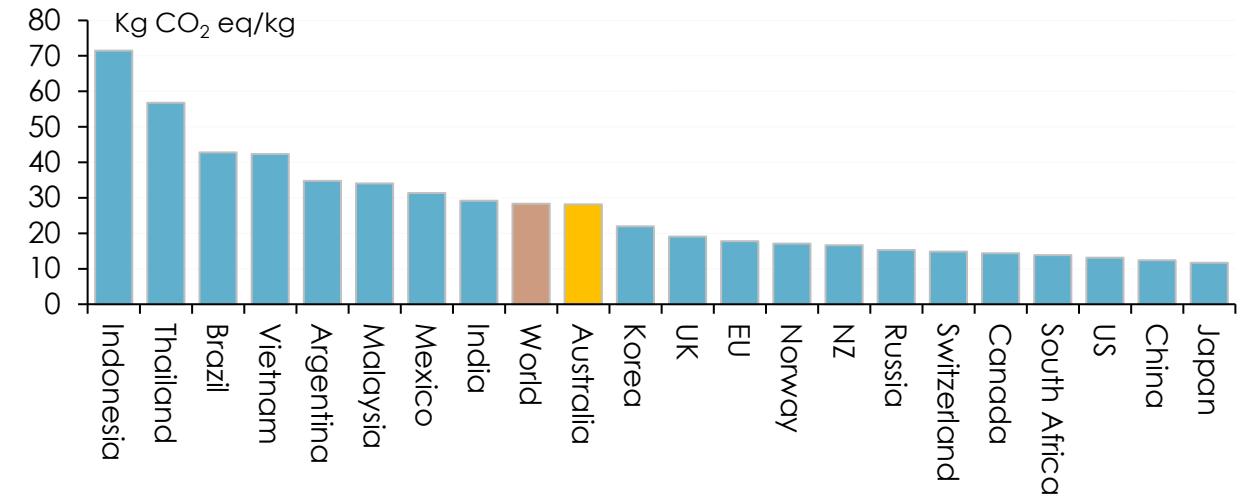


There's a clear opportunity for Australian industry to enhance its global 'image' by reducing its emissions intensity

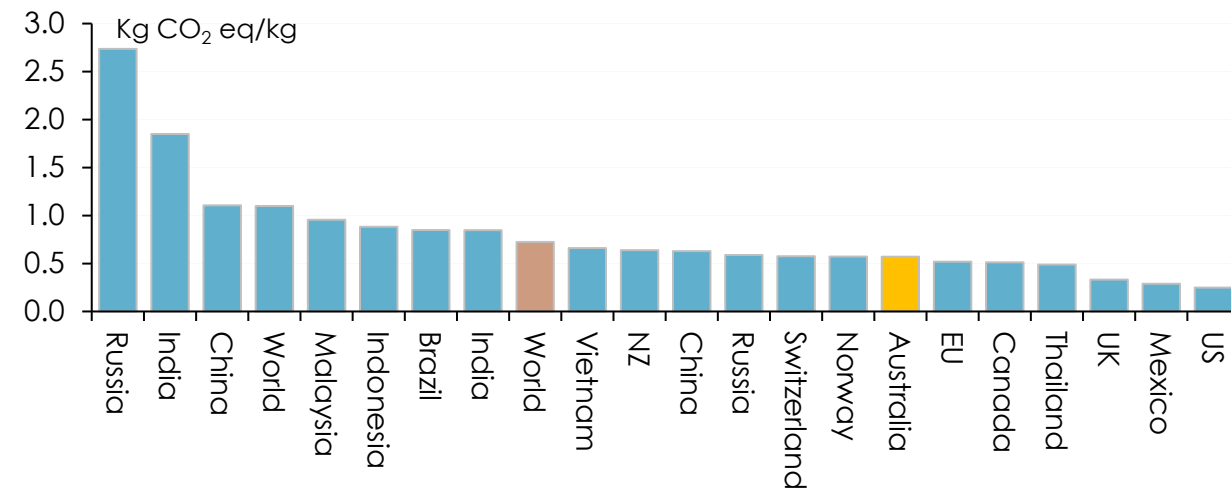
CO₂ emissions from cereals production, 2021



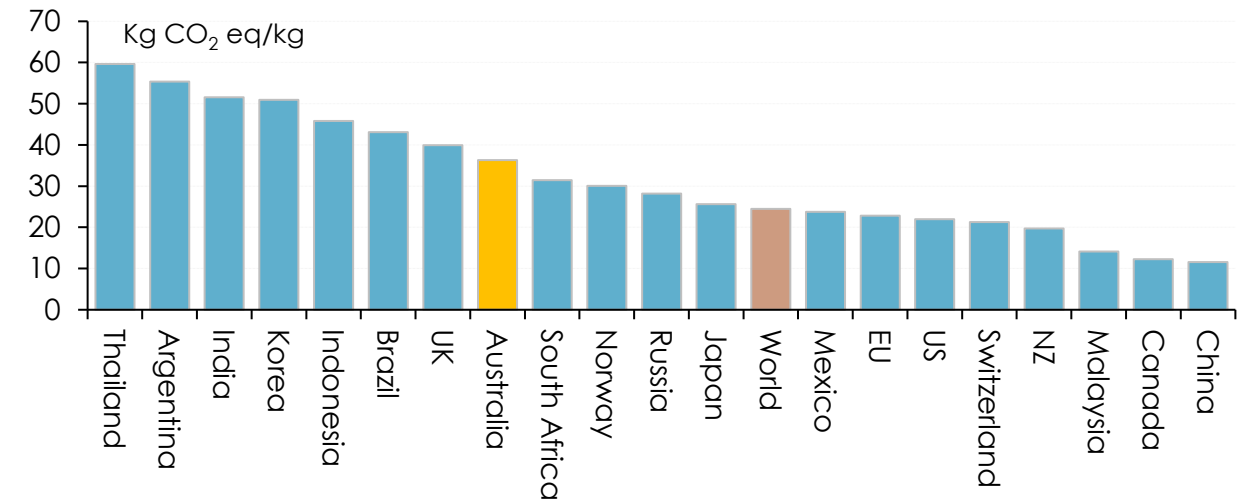
CO₂ emissions from beef production, 2021



CO₂ emissions from milk production, 2021

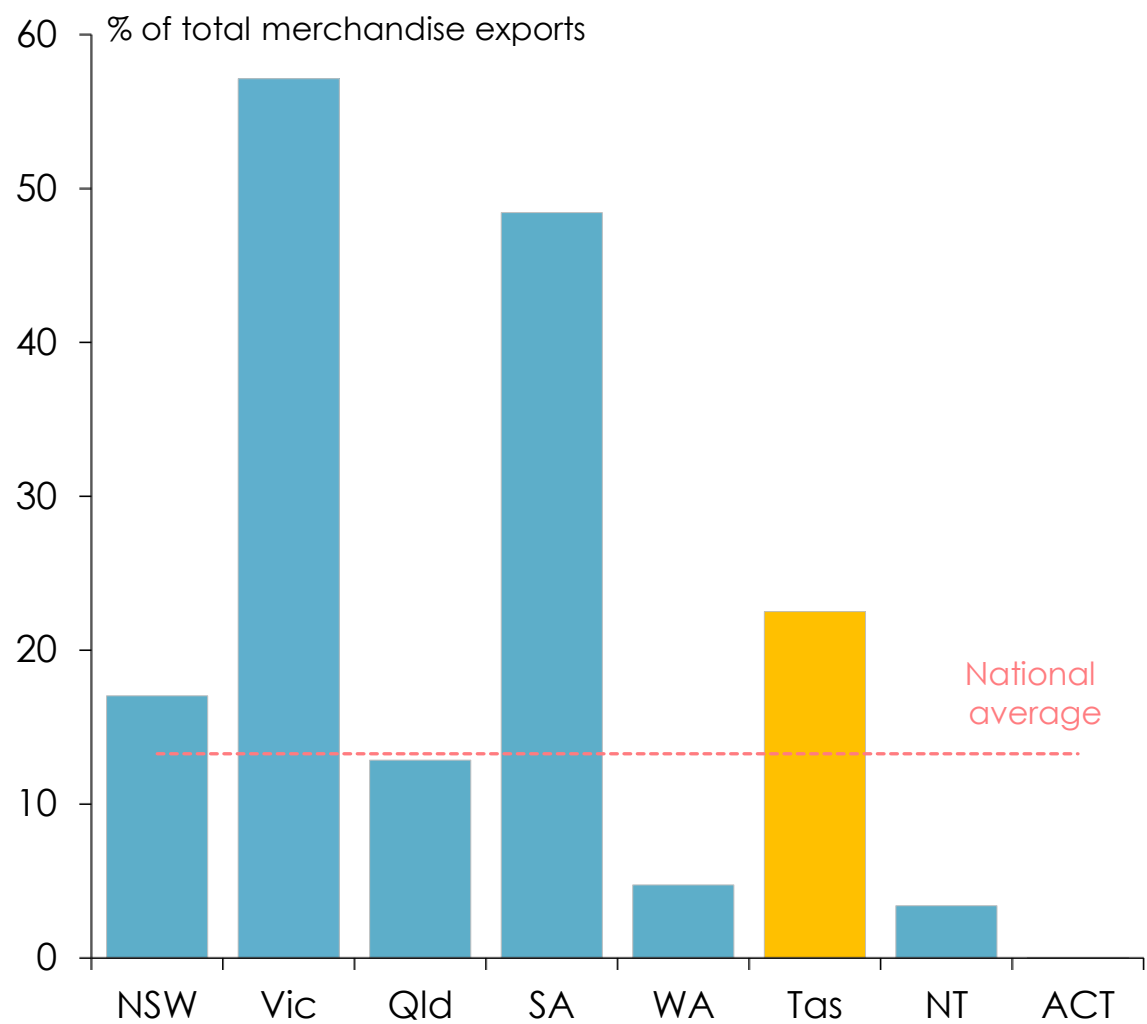


CO₂ emissions from sheep meat production, 2021

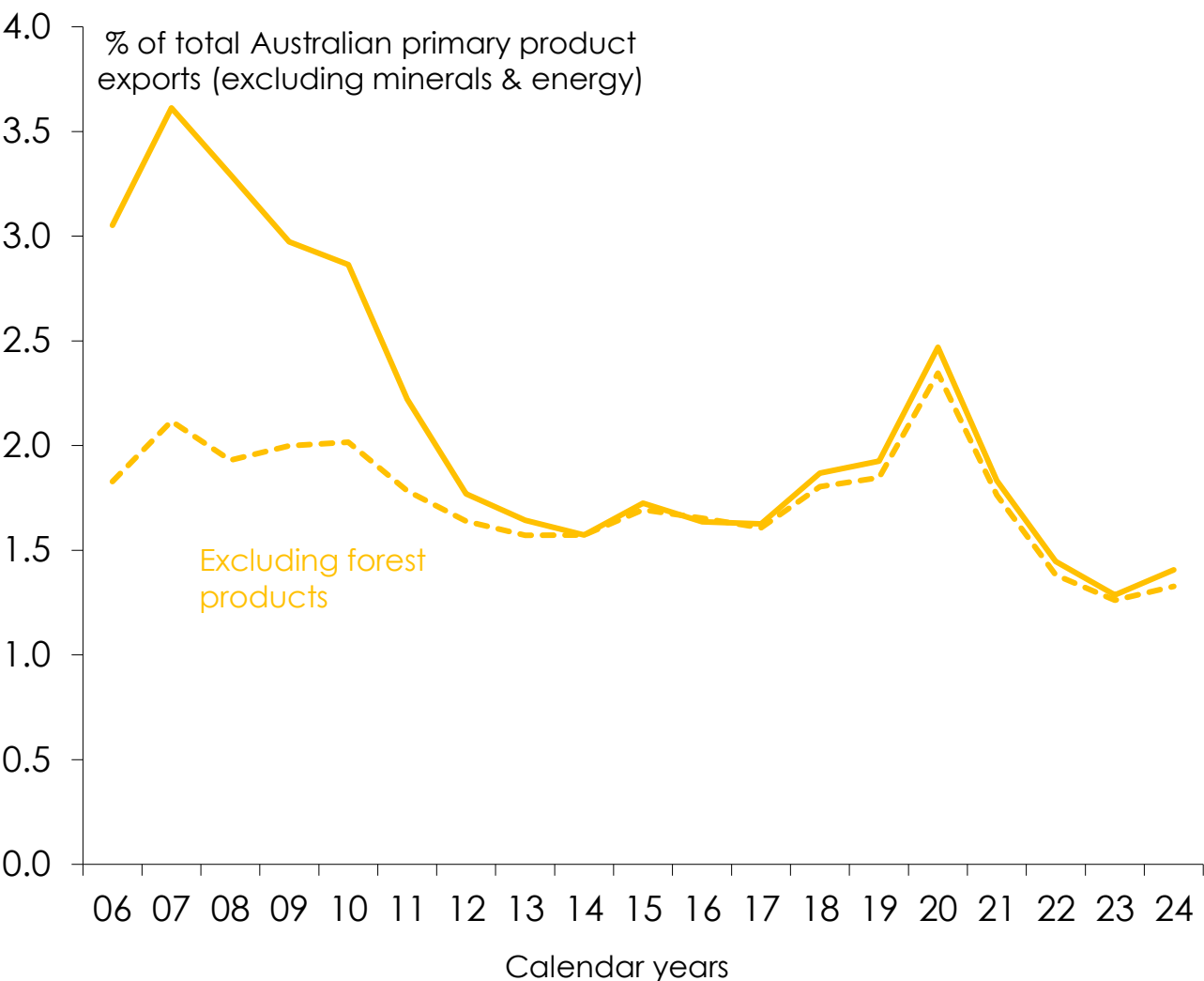


Agriculture makes a bigger contribution to Tasmania's total exports than the national average

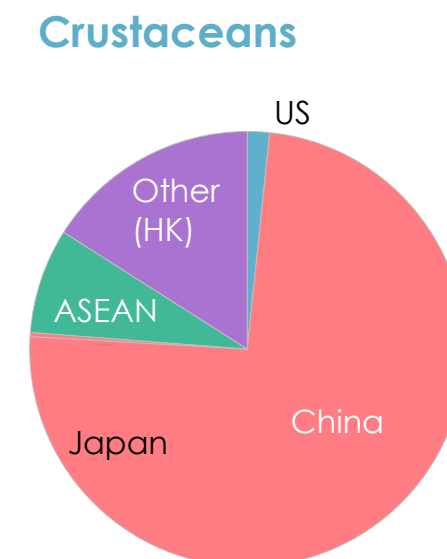
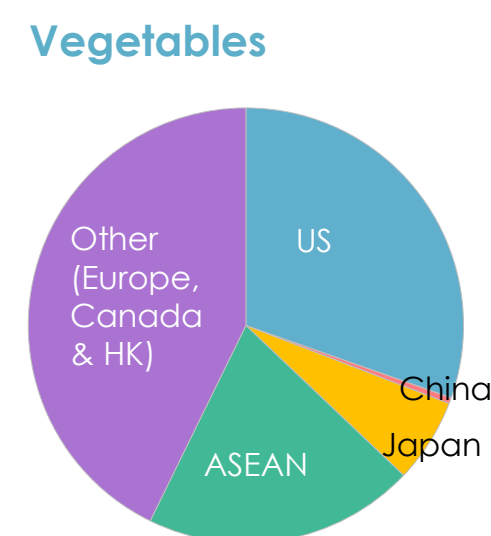
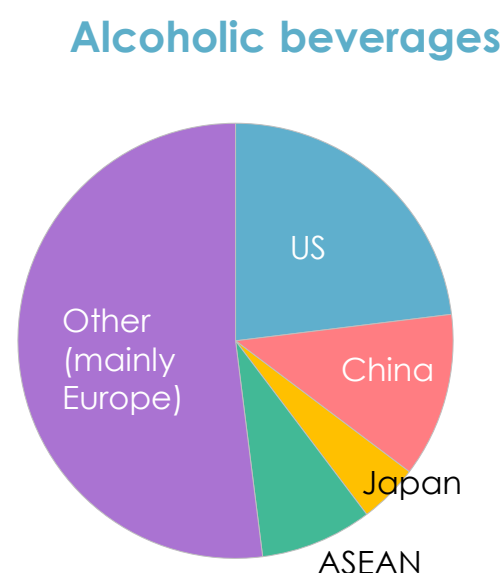
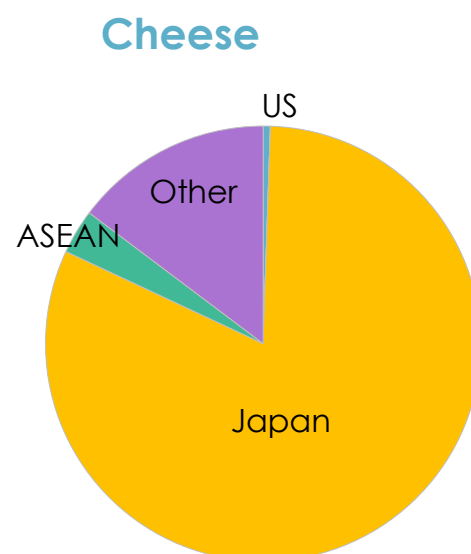
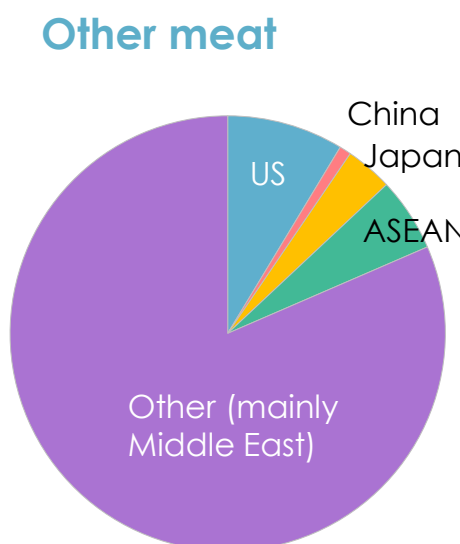
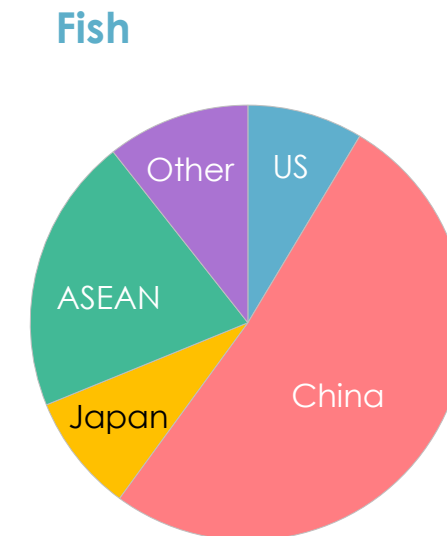
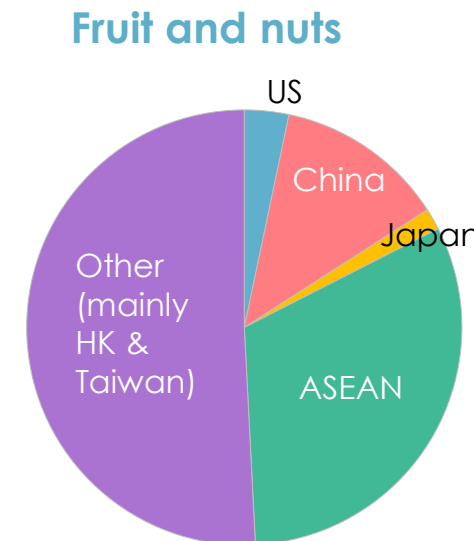
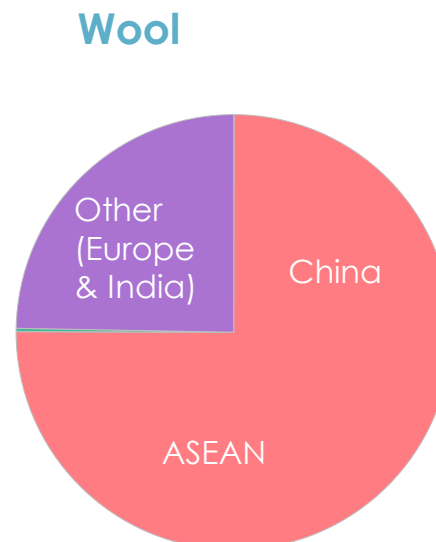
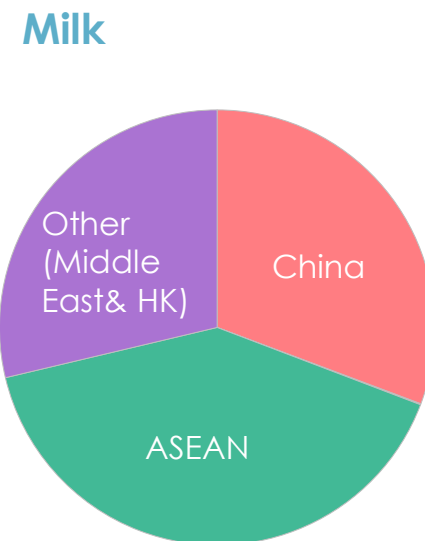
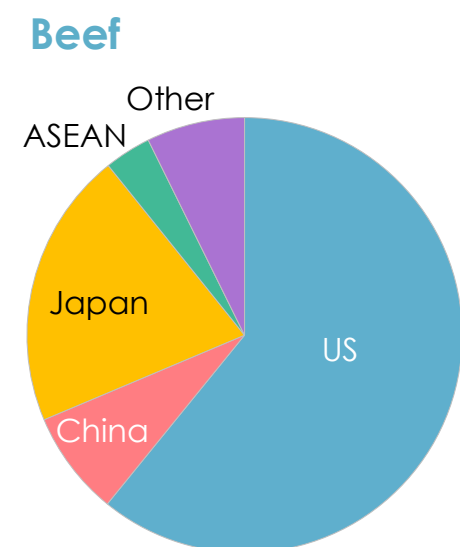
Agriculture, forestry & fishing as a share of total merchandise exports, 2024



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



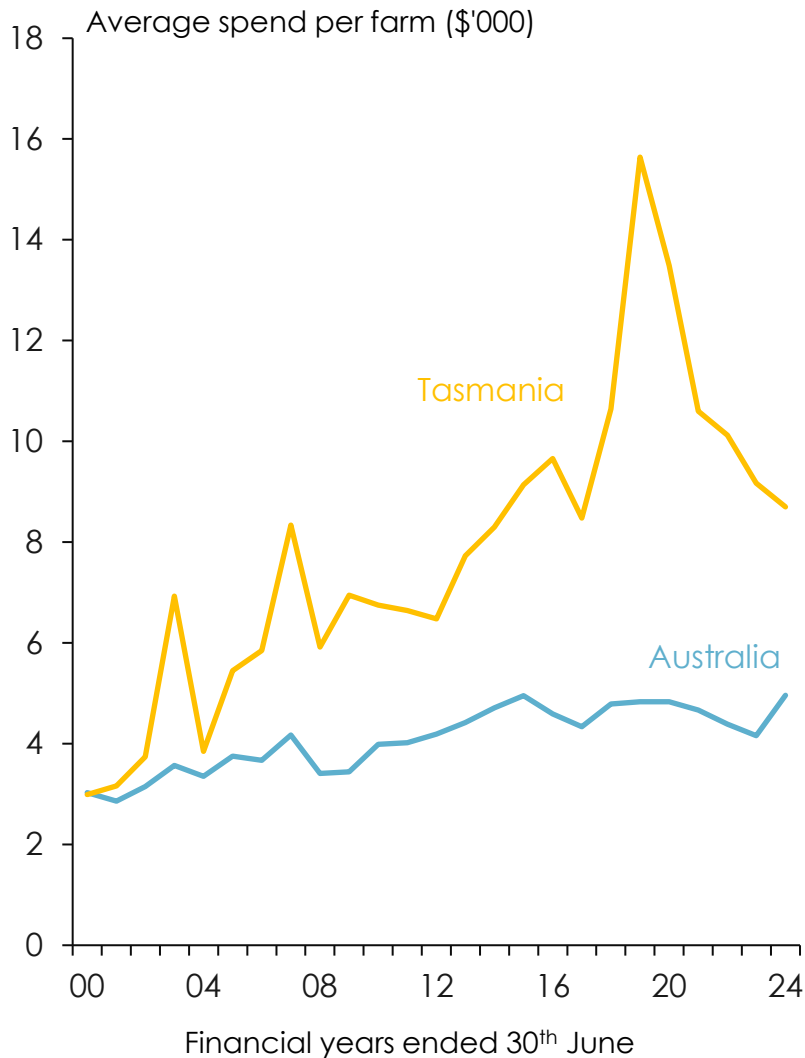
Tasmania's beef, wine and vegetable exports to the US are potentially vulnerable to Trump's tariffs – but should be able to find other markets



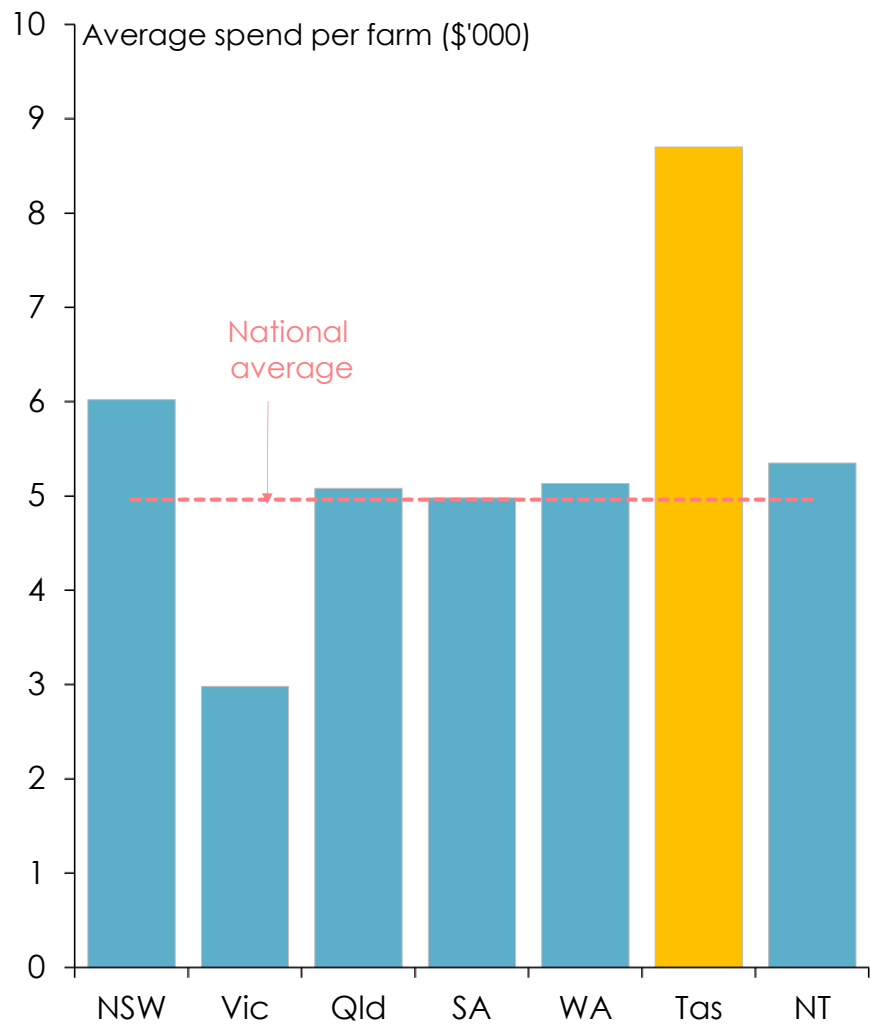
Note: Data are averages for the calendar years 2020 through 2025. Source: Department of Foreign Affairs and Trade, [Trade statistical pivot tables](#), March 2025; Corinna Economic Advisory.

Electricity costs have become a significant issue for Tasmanian farmers

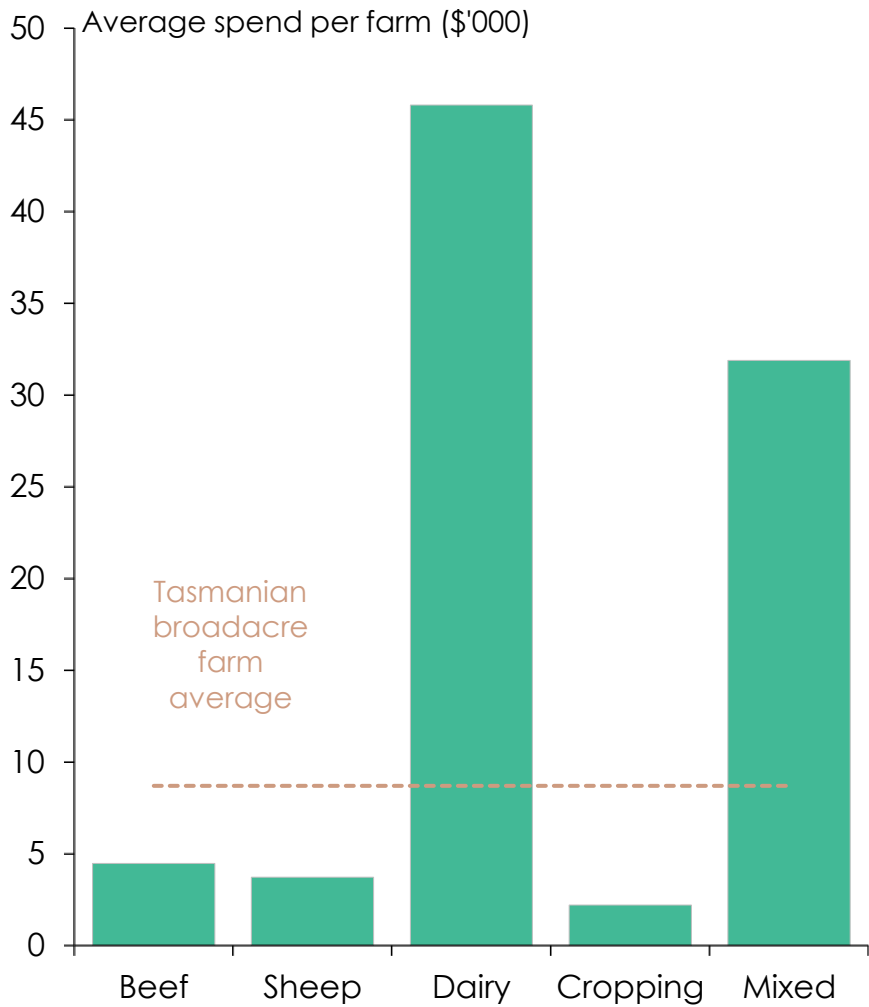
Average farm spend on electricity, Tasmania and Australia



Average farm spend on electricity by state, 2023-24



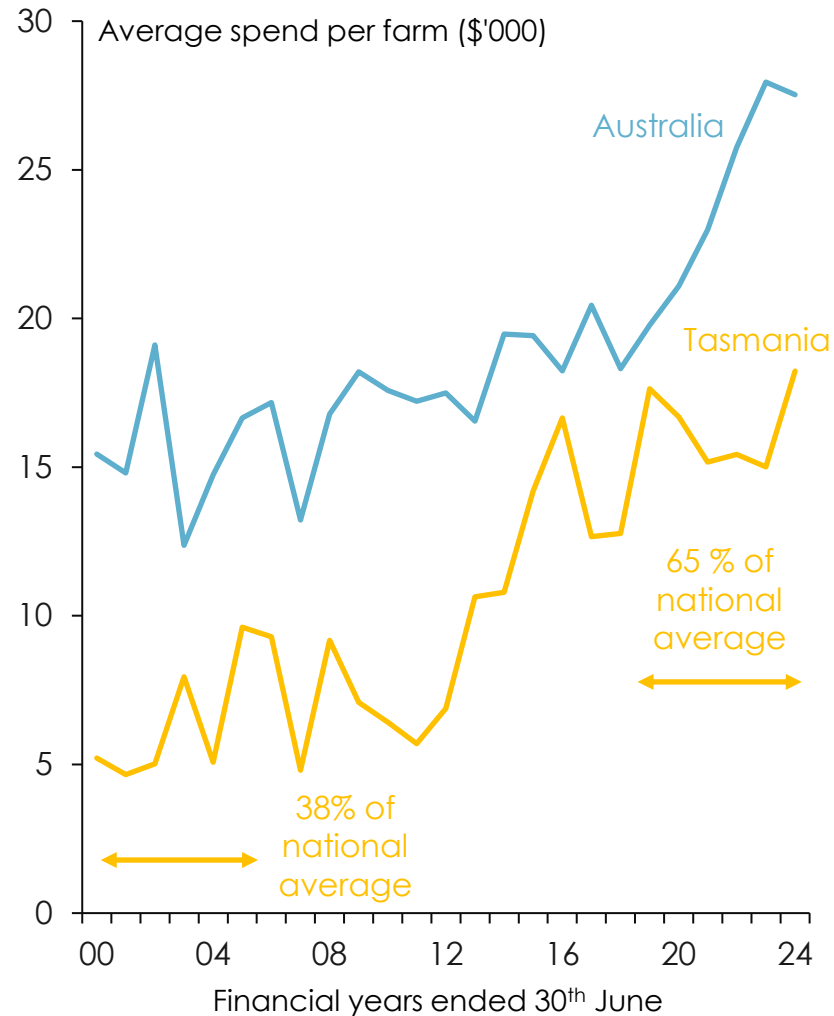
Average Tasmanian farm spend on electricity by type of farm, 2023-24



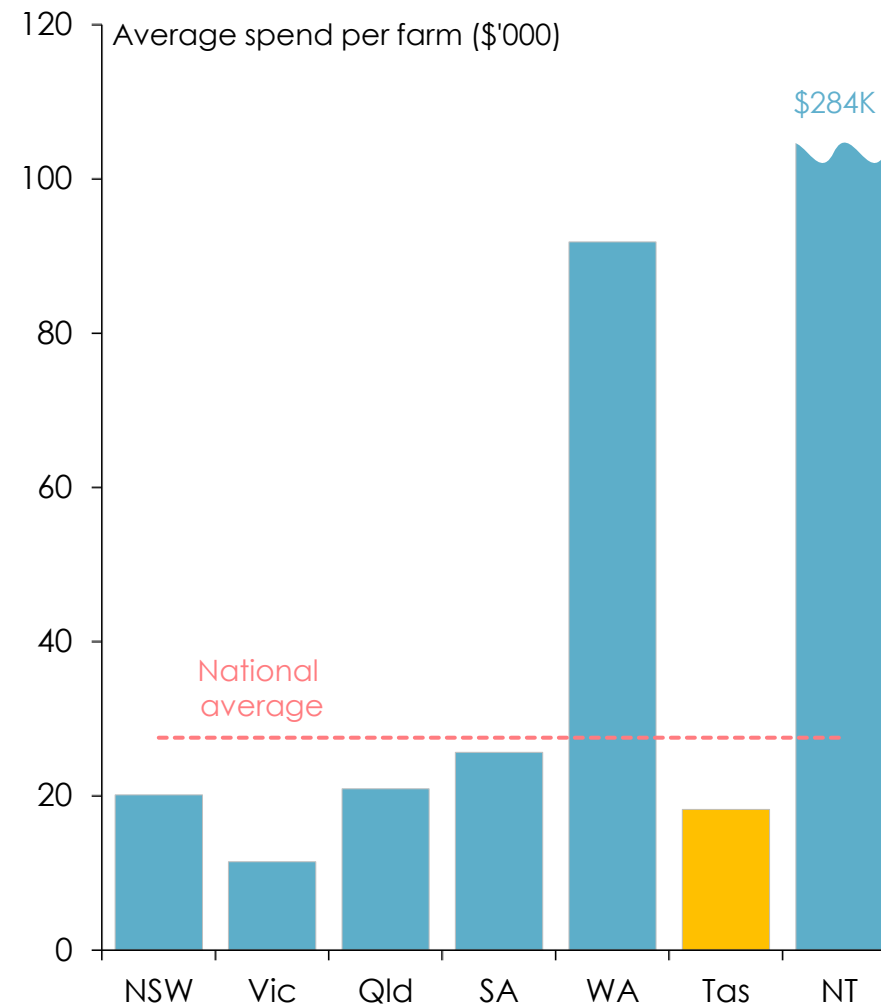
Sources: Australian Bureau of Agricultural and Resources Economics (ABARES), [Farm Data Portal](#), July 2025; Corinna Economic Advisory.

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

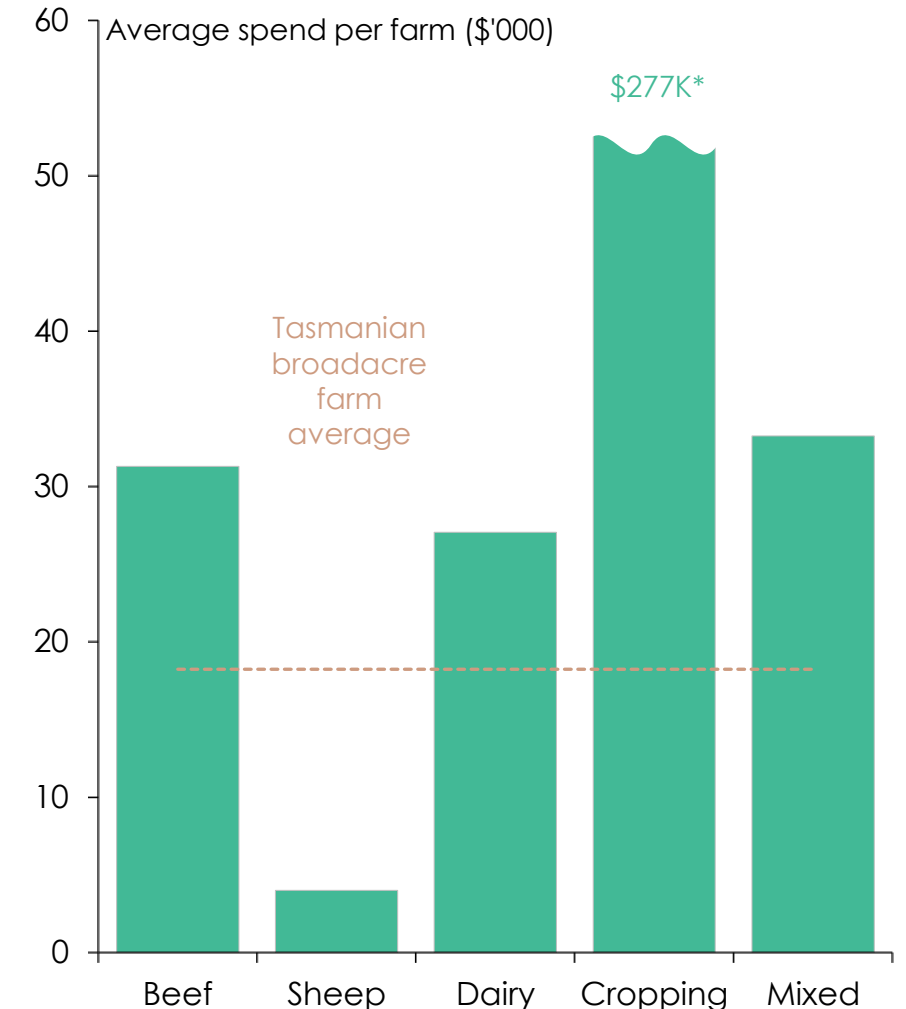
Average farm spend on freight, Tasmania and Australia



Average farm spend on freight by state, 2023-24



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

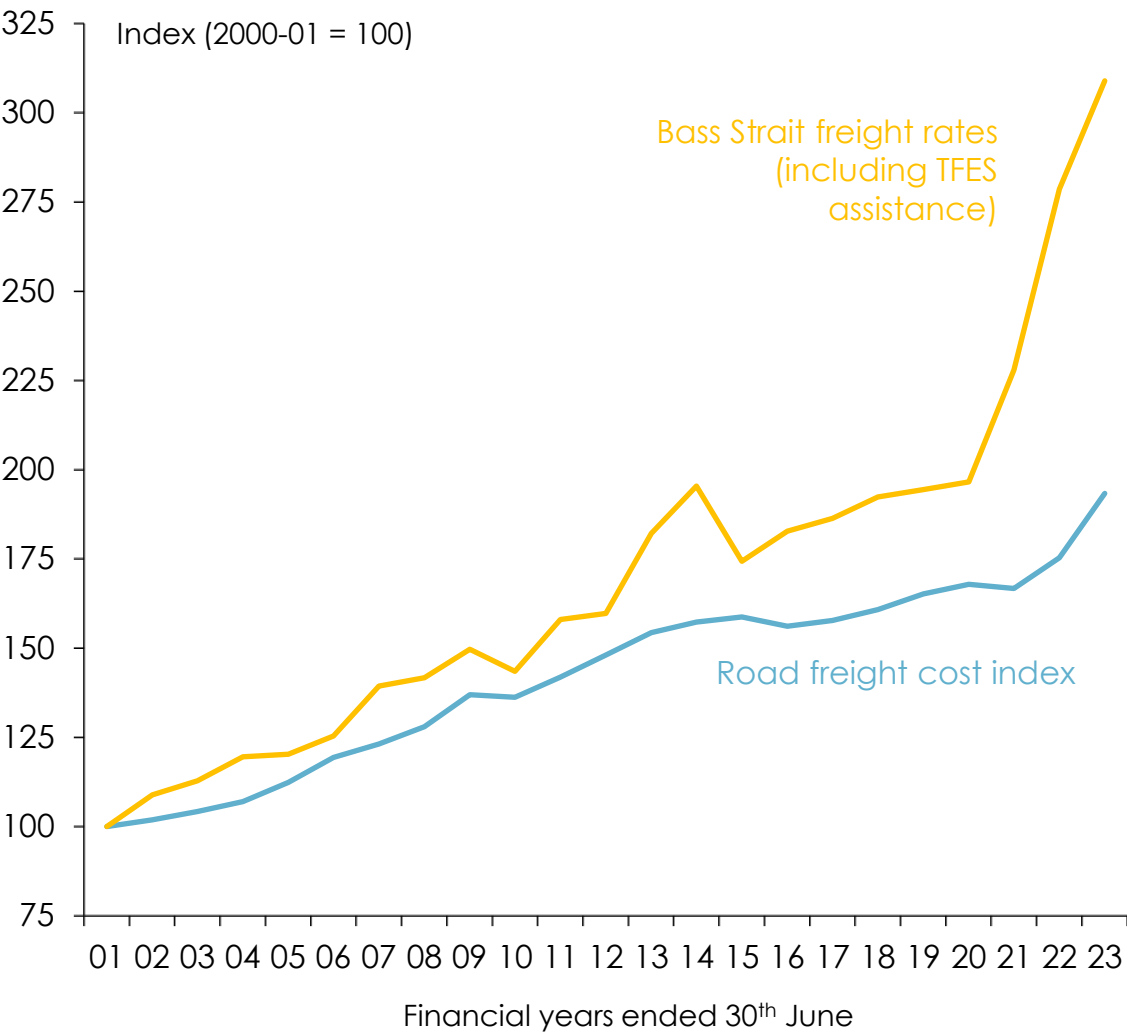


* Only two farms listed as 'cropping' operations in Tasmania in 2023-24.

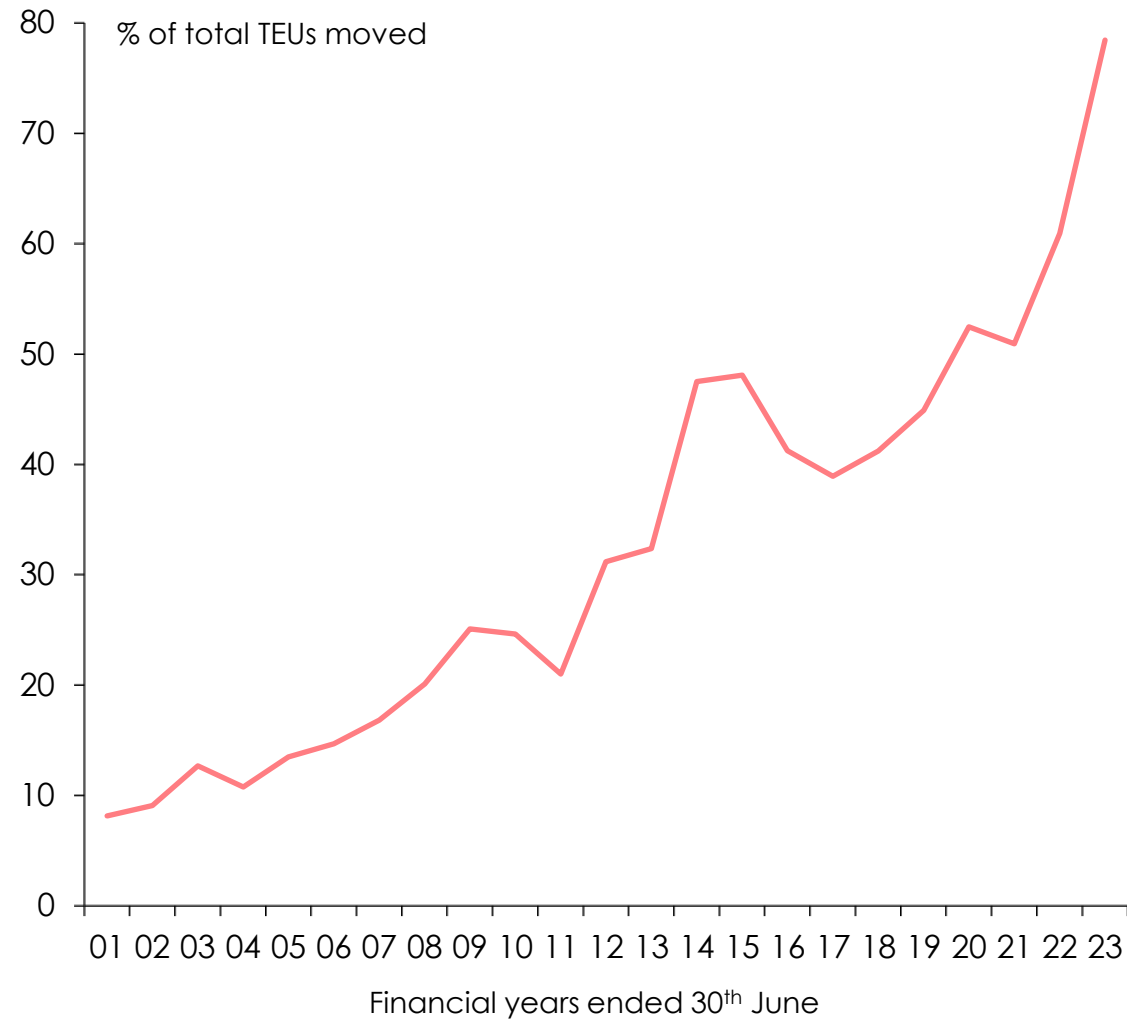
Sources: Australian Bureau of Agricultural and Resources Economics (ABARES), [Farm Data Portal](#), July 2025; Corinna Economic Advisory.

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



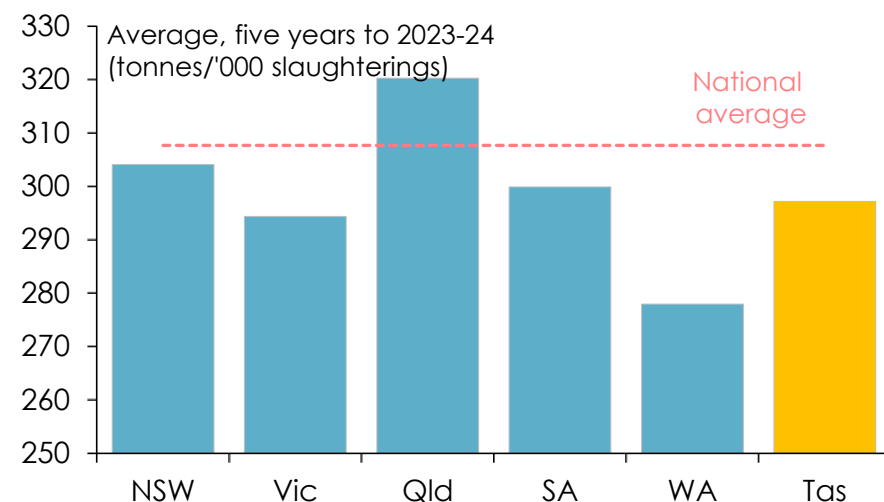
Proportion of freight carried across Bass Strait receiving maximum TFES assistance rate



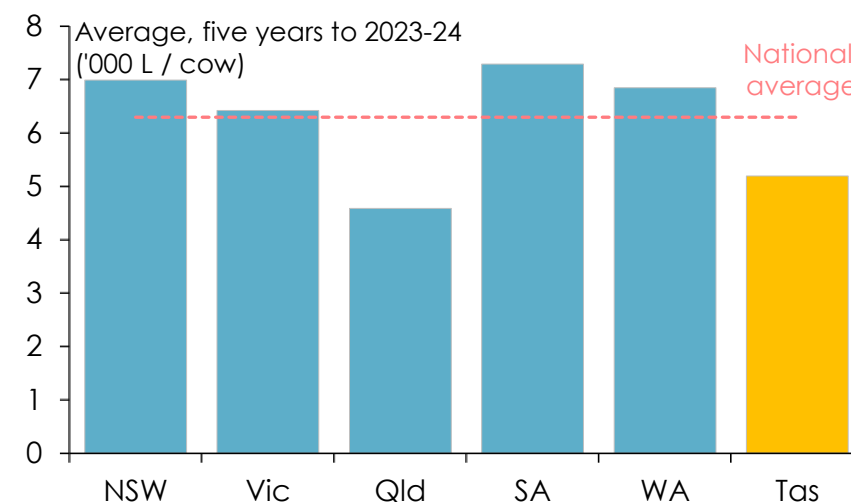
Source: Bureau of Infrastructure and Transport Research Economics (BITRE), [Tasmanian Freight Equalisation Scheme Monitoring Reports](#).

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

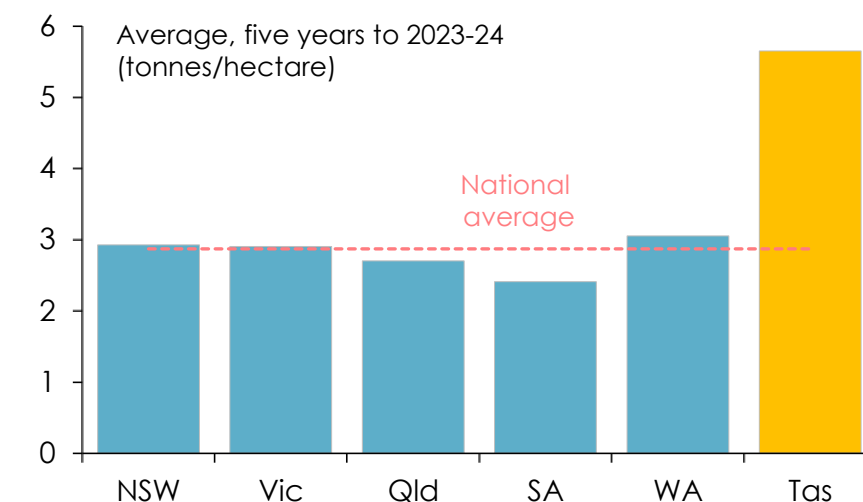
Beef



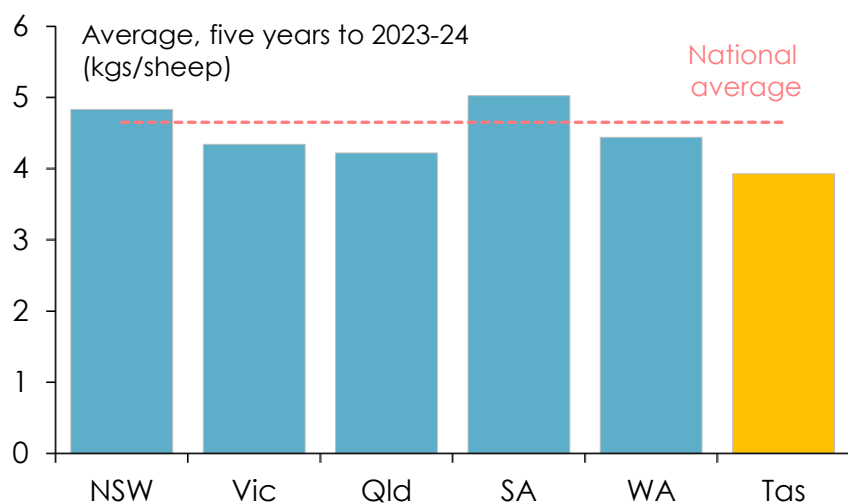
Milk



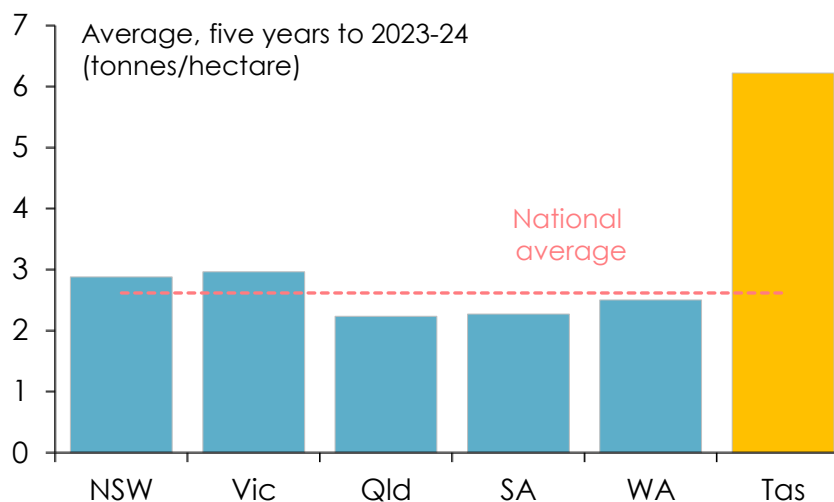
Barley



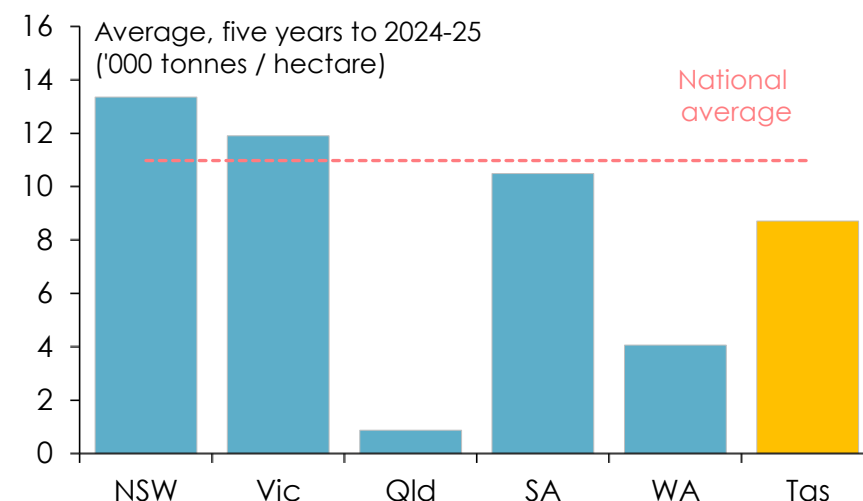
Wool



Wheat



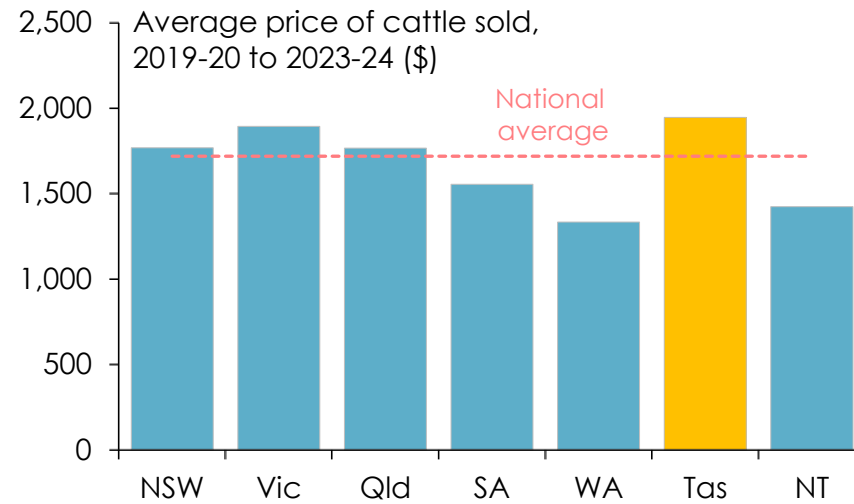
Wine grapes



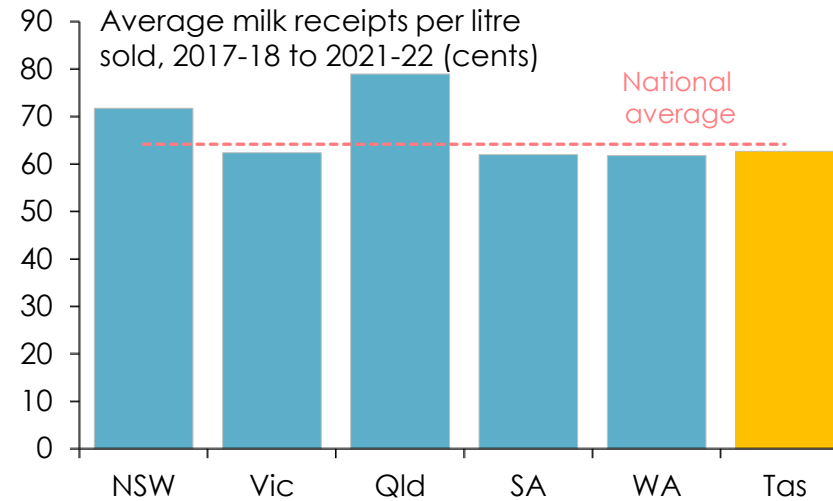
Sources: ABS, [Livestock products](#), March 2025; ABARES, [Agricultural Commodities Report](#), June 2025 and [Australian Crop Report](#), June 2025; Dairy Australia, [Production & Sales Statistics](#), 2023-24; Wine Australia, [Vintage Survey](#), July 2025 and [National Vineyard Scan](#); Corinna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

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

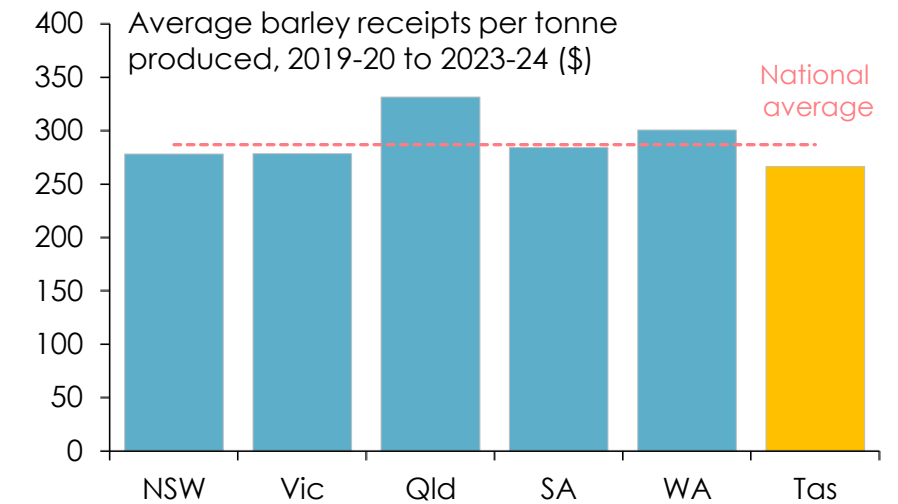
Beef cattle



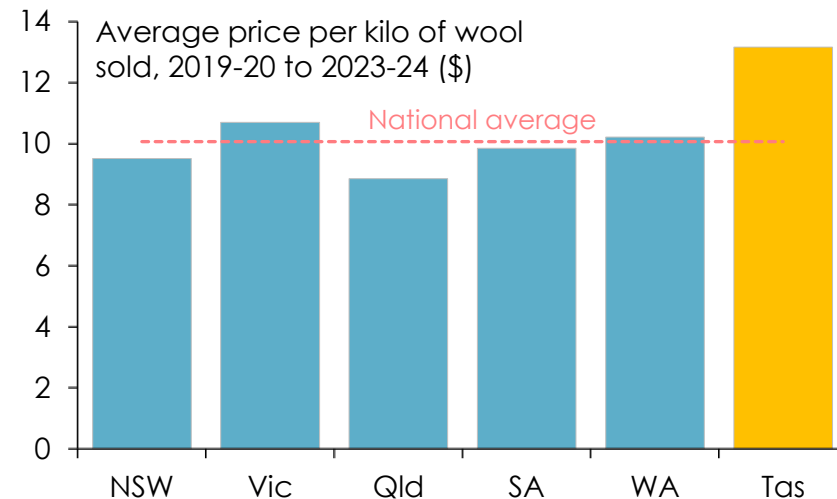
Milk



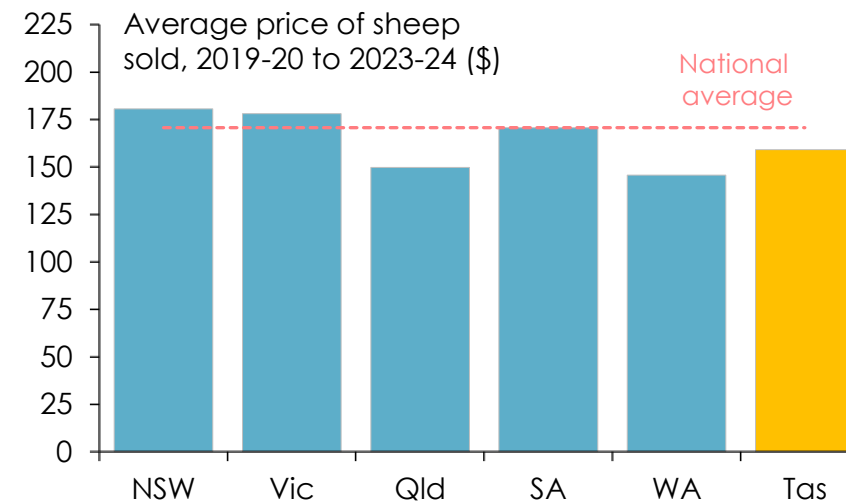
Barley



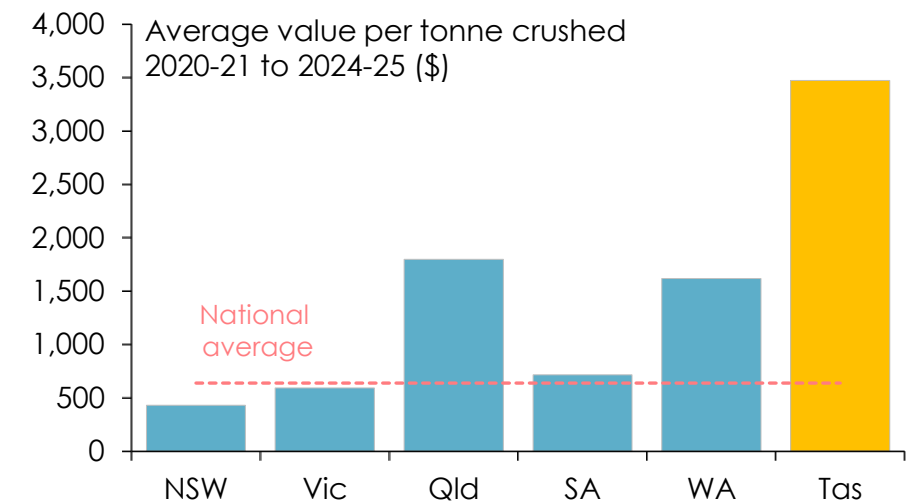
Wool



Sheep



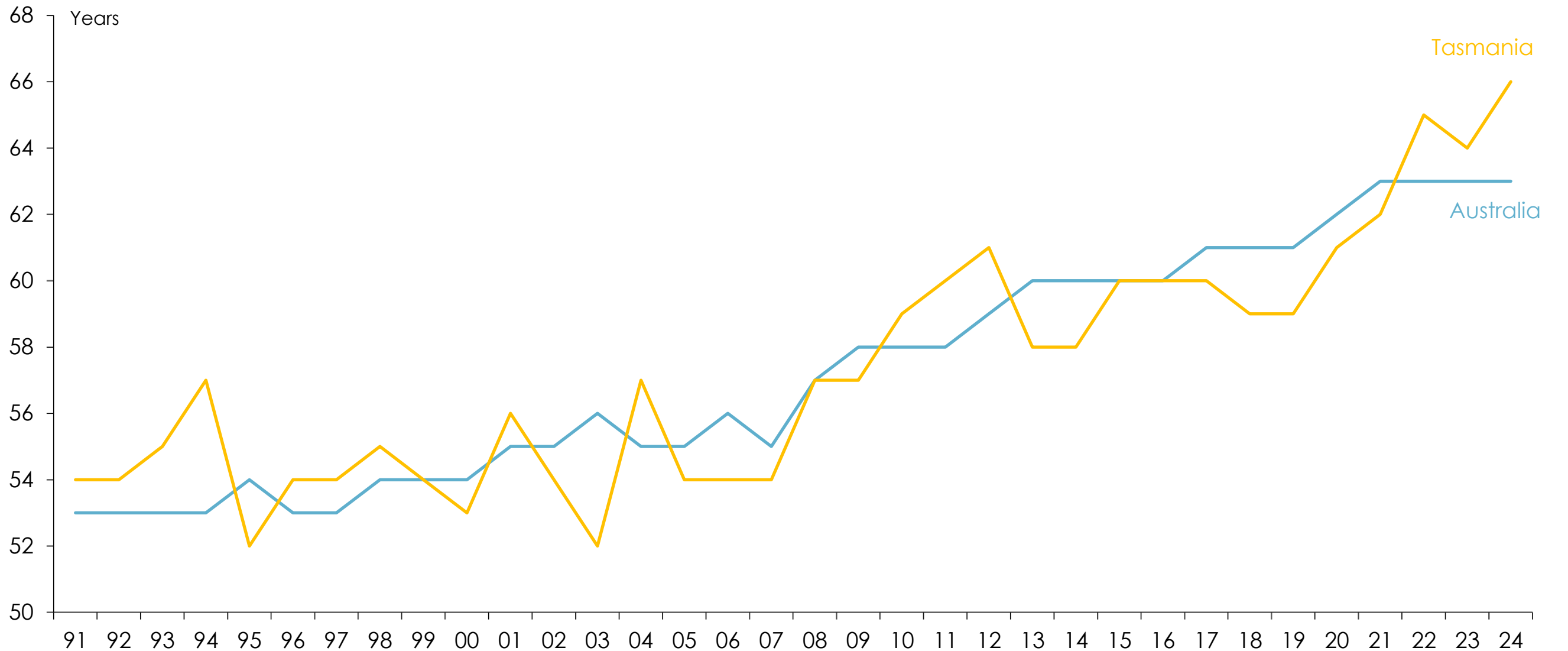
Wine grapes



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

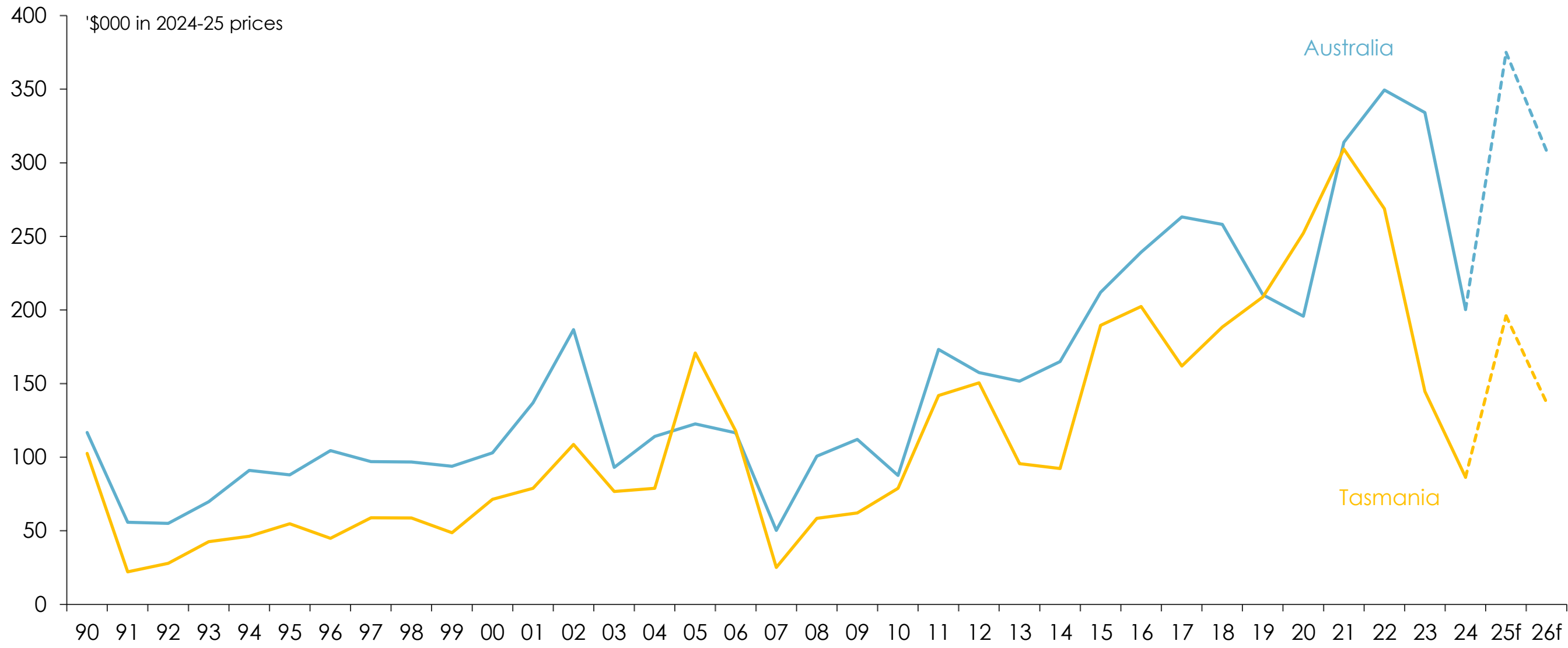
Average age of Australian and Tasmanian farm owner-operators



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

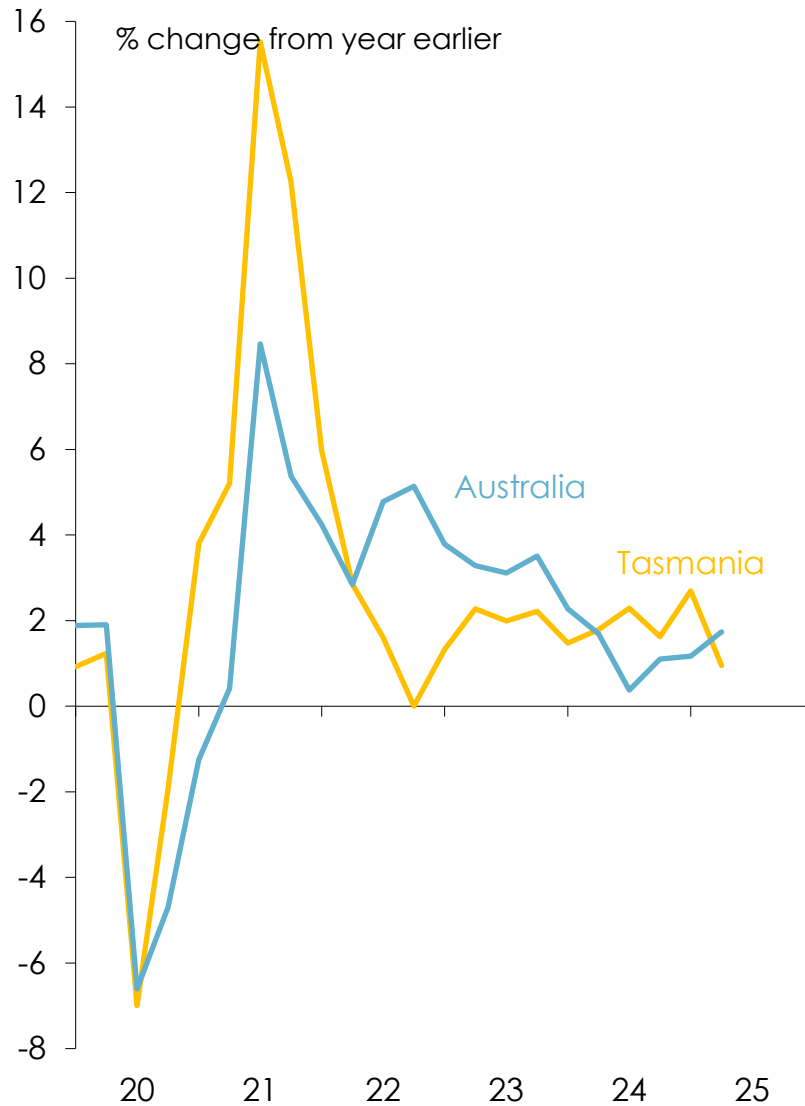


f = ABARES forecasts. Source: Australian Bureau of Agricultural and Resources Economics and Sciences (ABARES), [Farm Data Portal](#).

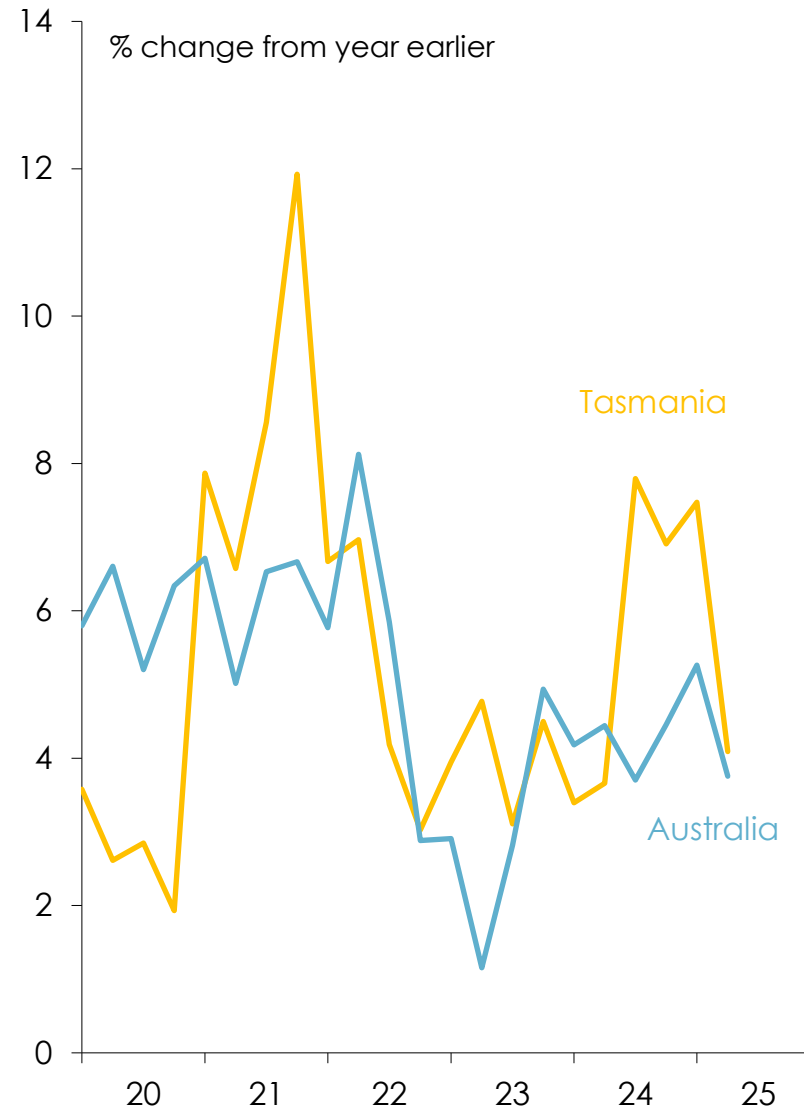
The Tasmanian economy

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

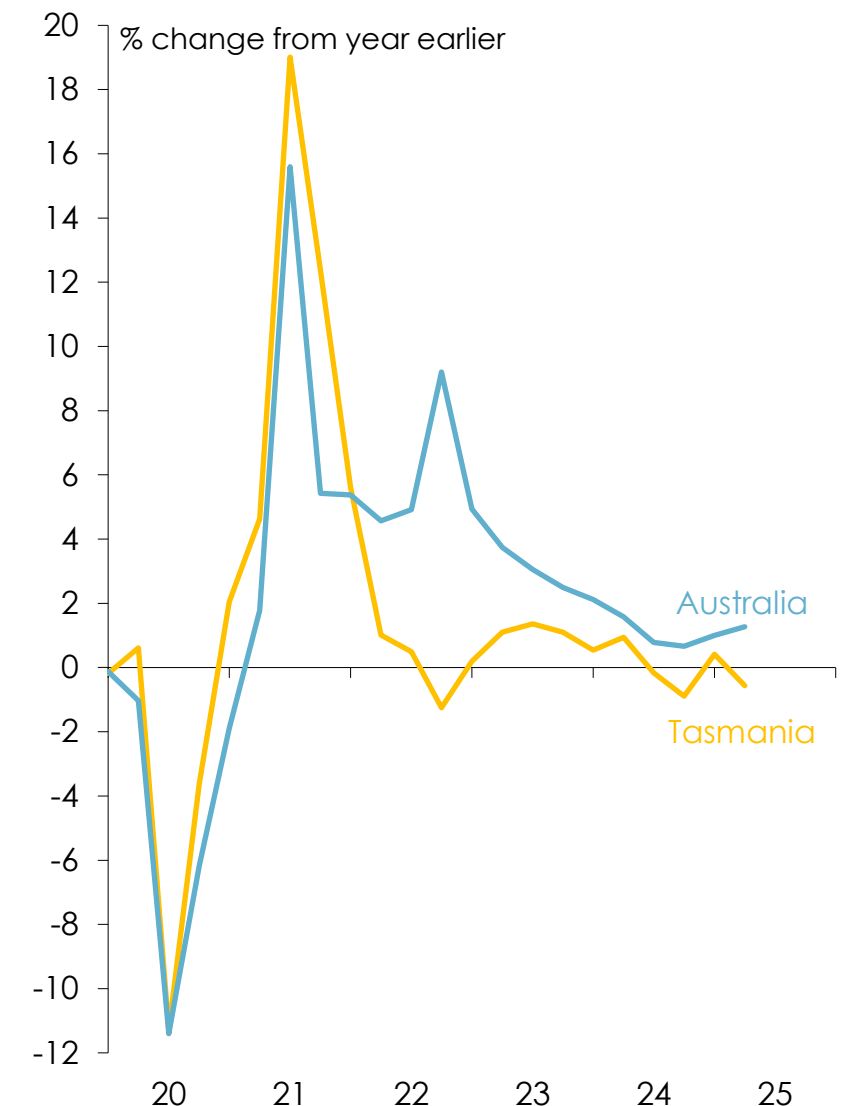
'State final demand'



Public sector final demand



Private sector final demand

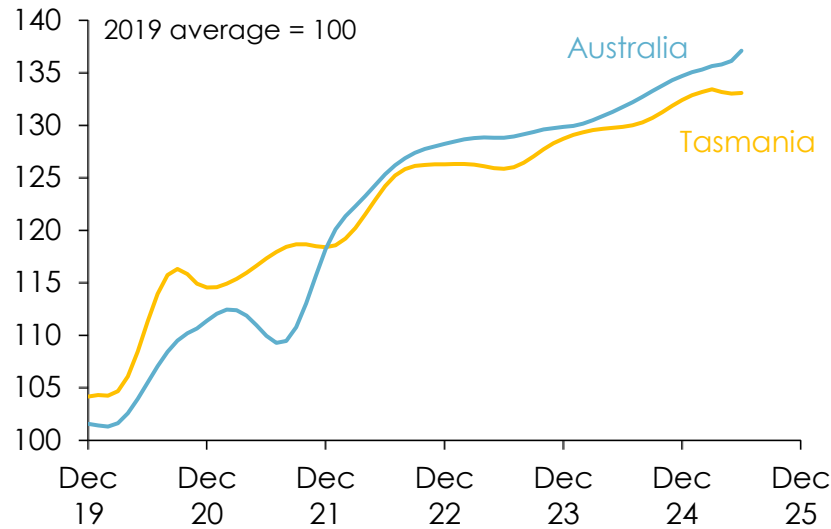


Note: 'Final demand' is the sum of consumption and investment expenditure (it excludes inter-state and international trade, and changes in inventories).

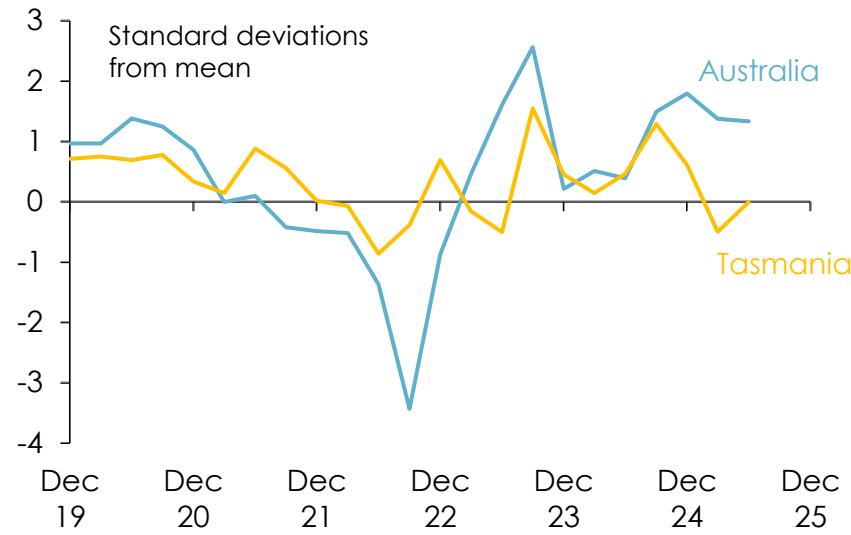
Sources: ABS, [Australian National Accounts: National Income, Expenditure and Product](#), March quarter 2025.

On most indicators, Tasmania is under-performing national averages

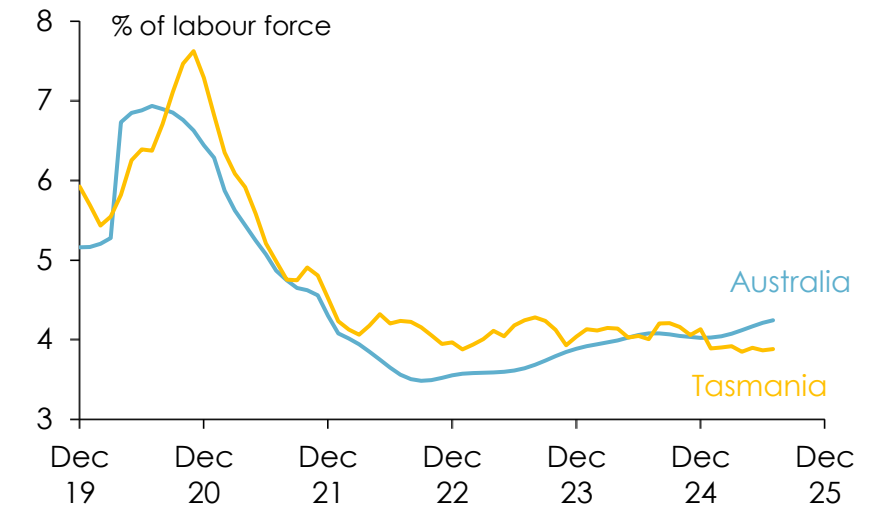
Retail sales



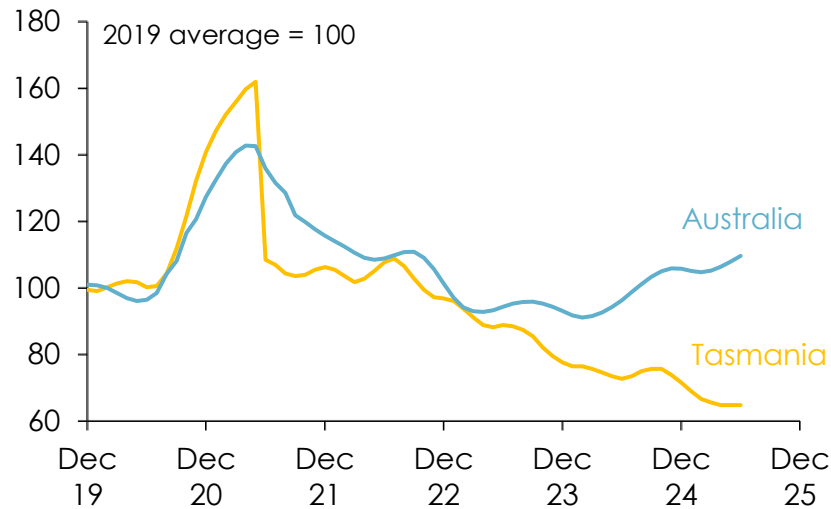
Business confidence



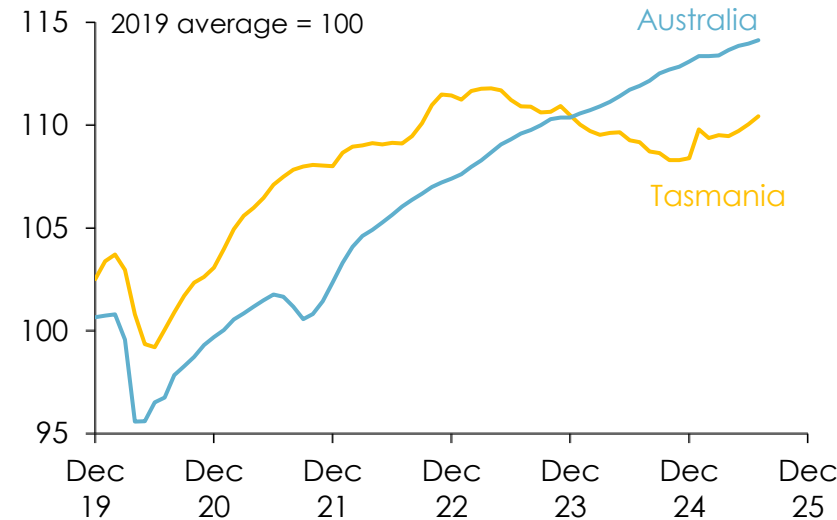
Unemployment



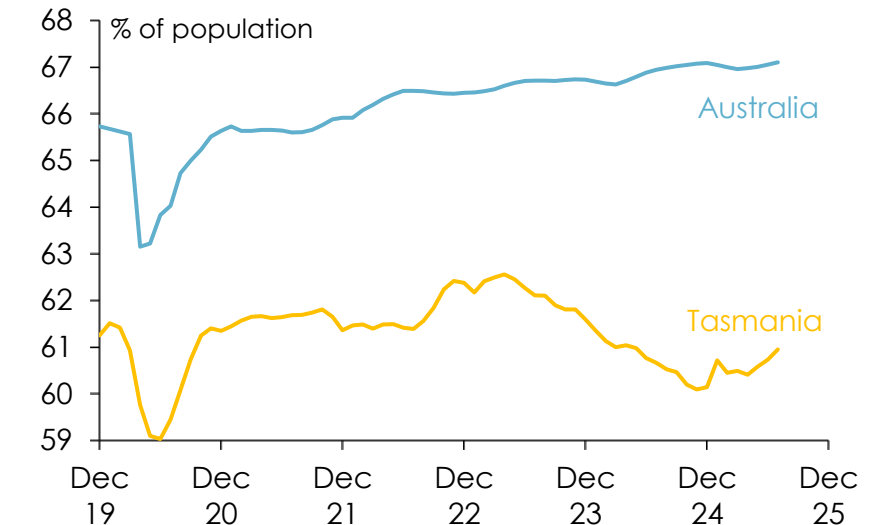
Residential building approvals



Employment



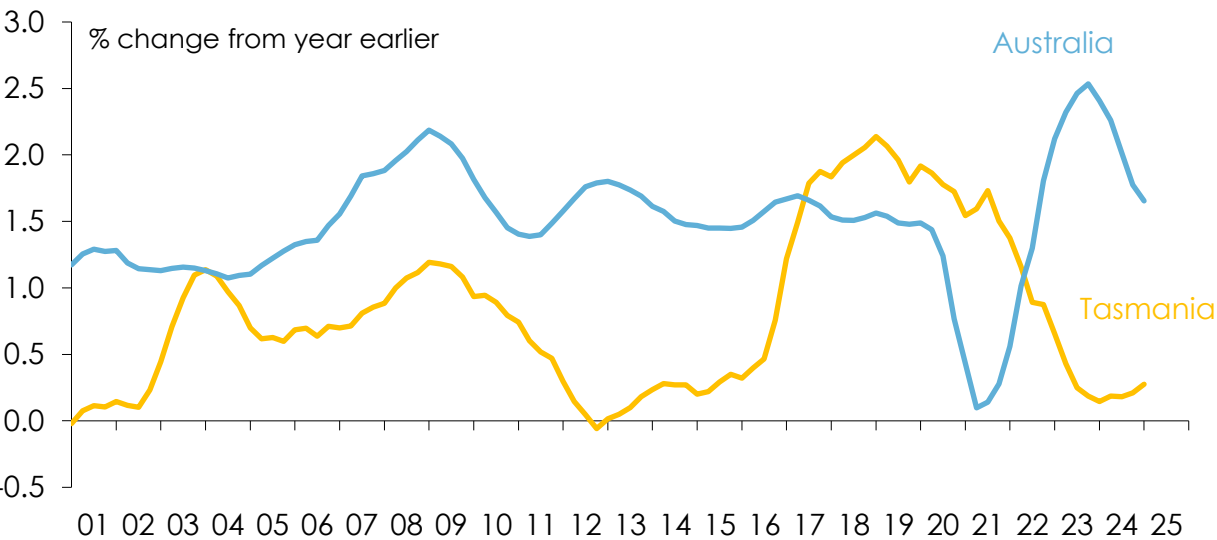
Labour force participation rates



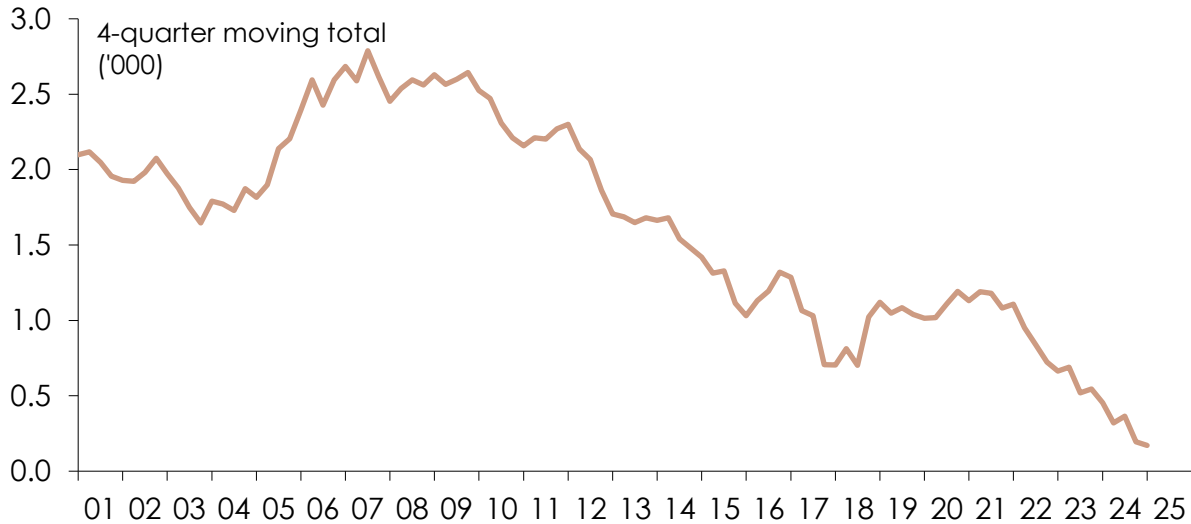
Note: all data except for business confidence are derived from trend estimates. Sources: ABS, [Retail Trade](#) and [Building Approvals](#), June 2025; National Australia Bank, [Quarterly Business Survey](#), June quarter 2025; and ABS, [Labour Force](#), July 2025.

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

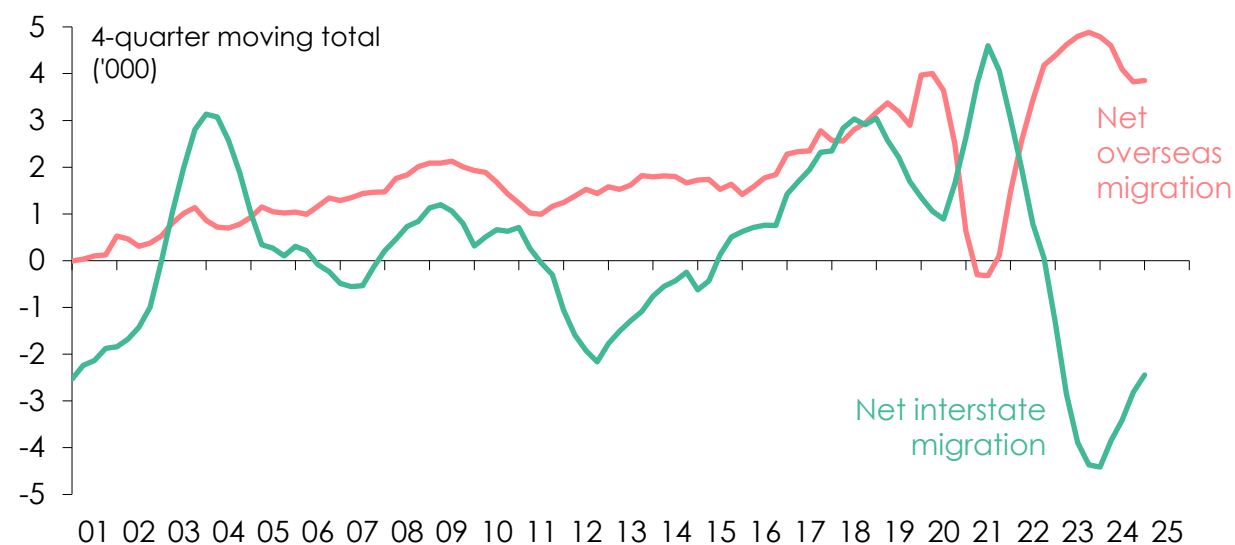
Population growth



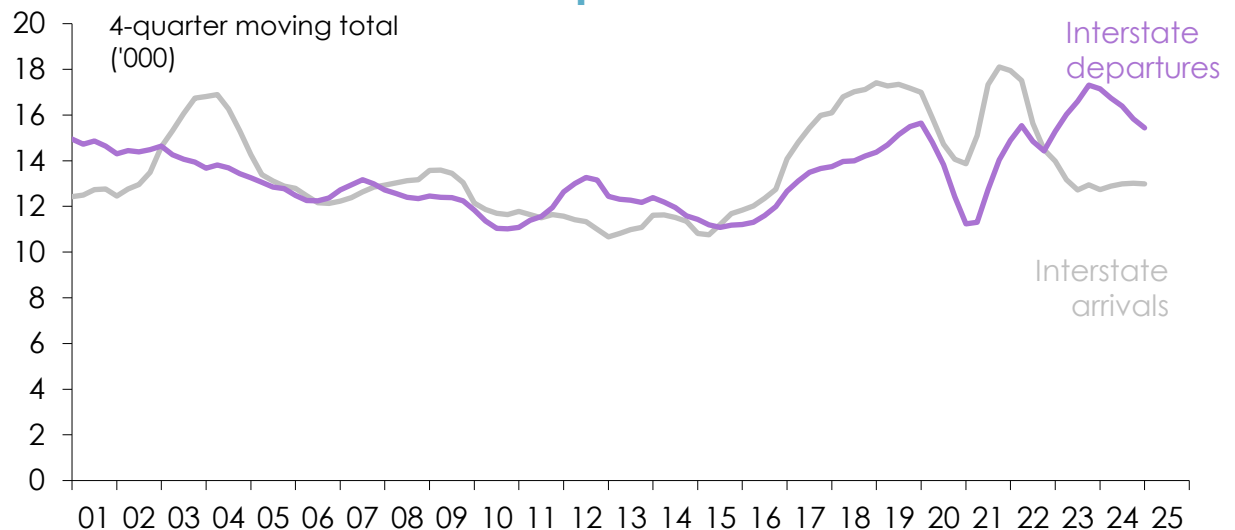
Natural increase (births minus deaths)



Net migration to Tasmania



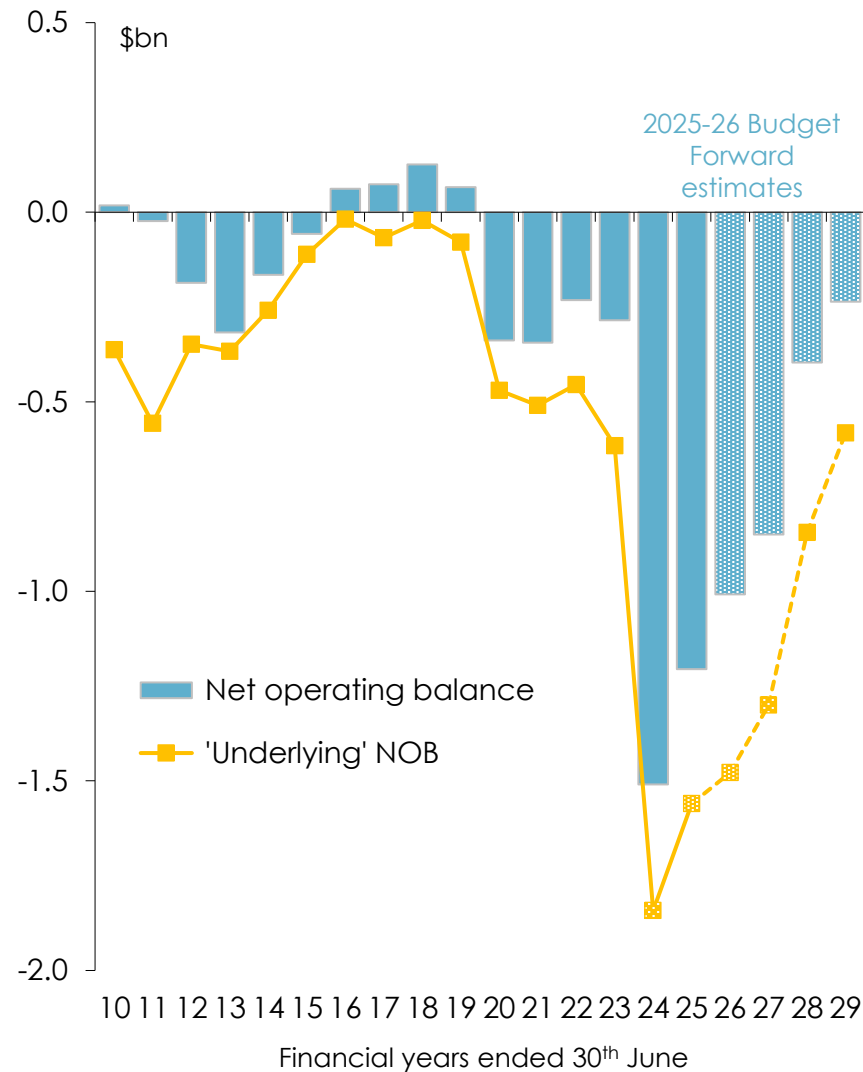
Interstate arrivals and departures



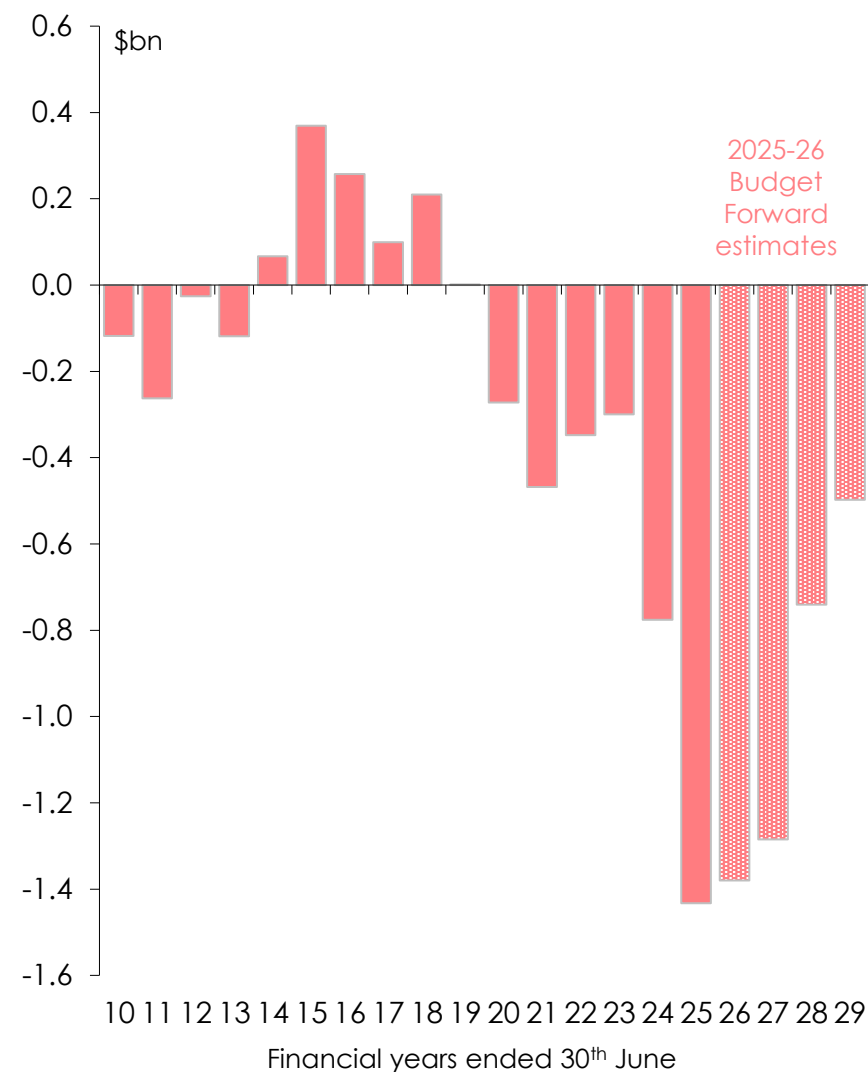
Sources: ABS, [National, state and territory population](#), December 2024.

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

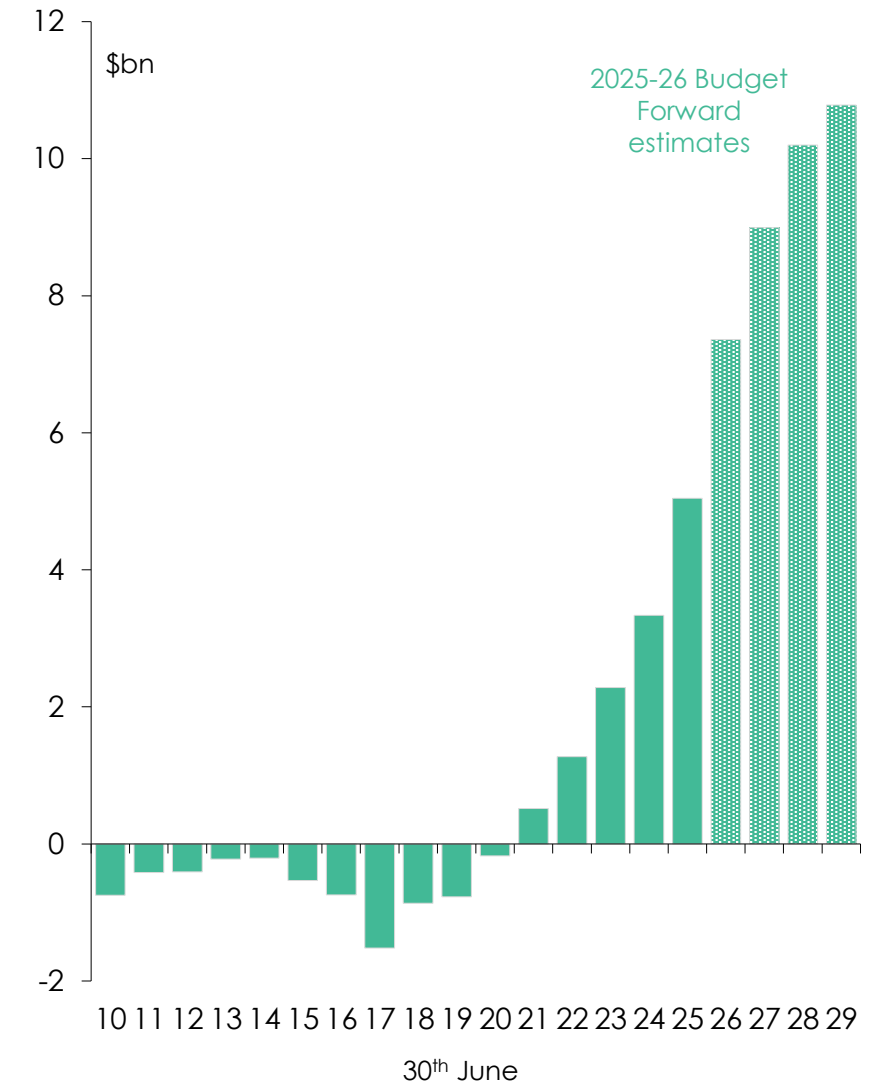
'Net operating balance'



Cash balance



Net debt

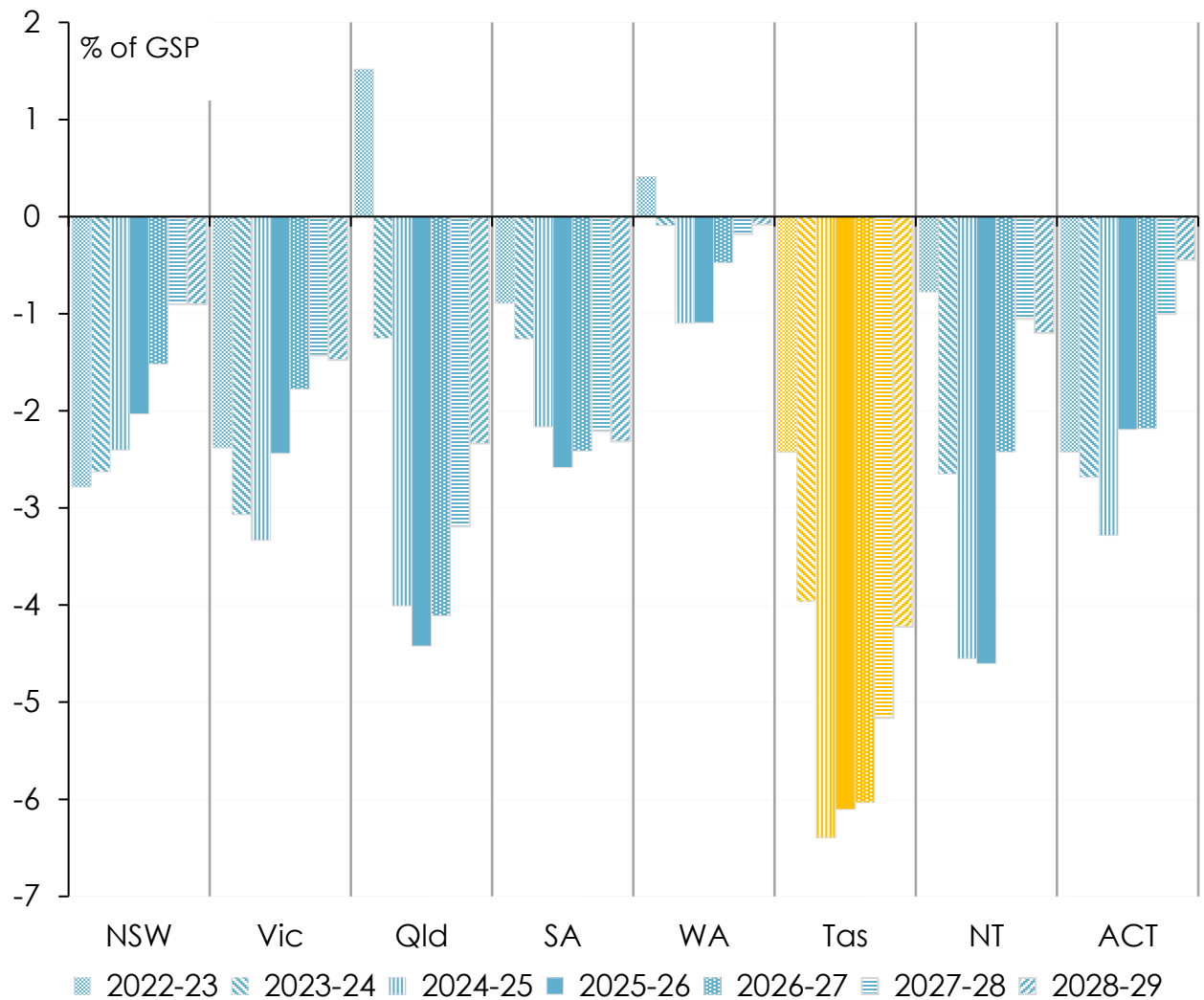


Note: These charts are for the 'general government sector', ie, for departments and agencies funded out of the Public Account, and do not include government business enterprises or state-owned companies. The 'underlying' net operating balance excludes one-off grants from the Federal Government for capital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

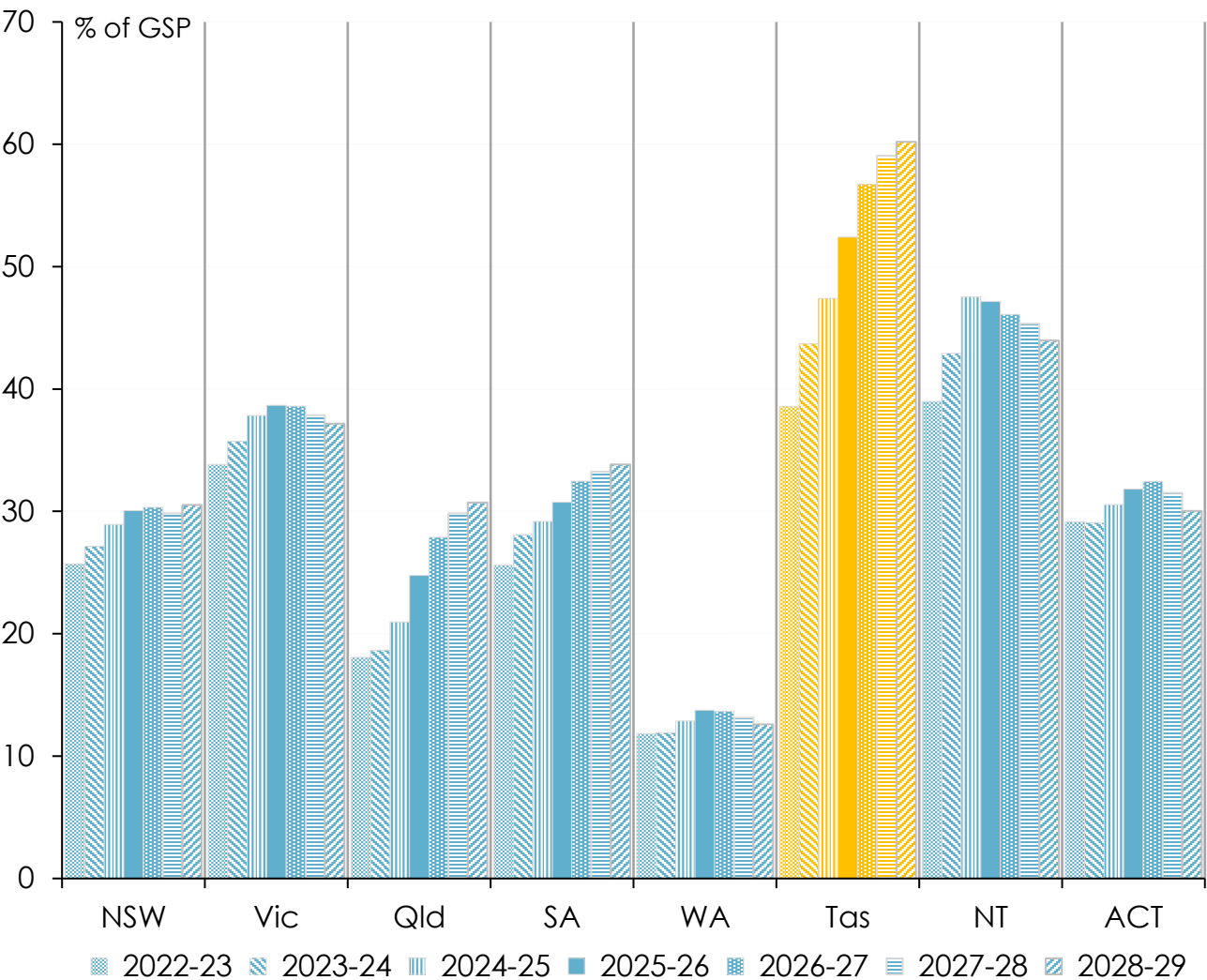
Sources: Tasmanian Treasury, [Treasurer's Annual Financial Report 2023-24](#) and previous issues; [Preliminary Outcomes Report 2024-25](#); and Government, 2025-26 Budget Paper No. 1, 29th May 2025 (since removed from the Treasury website).

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



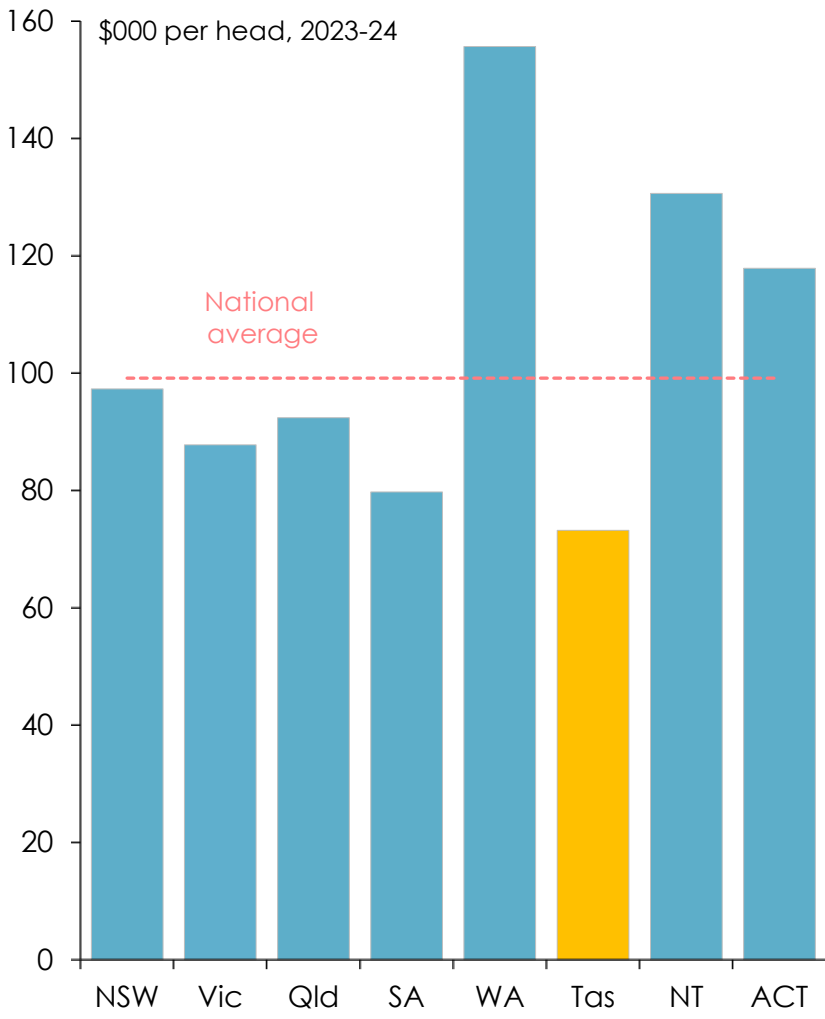
State and territory non-financial public sector net financial liabilities



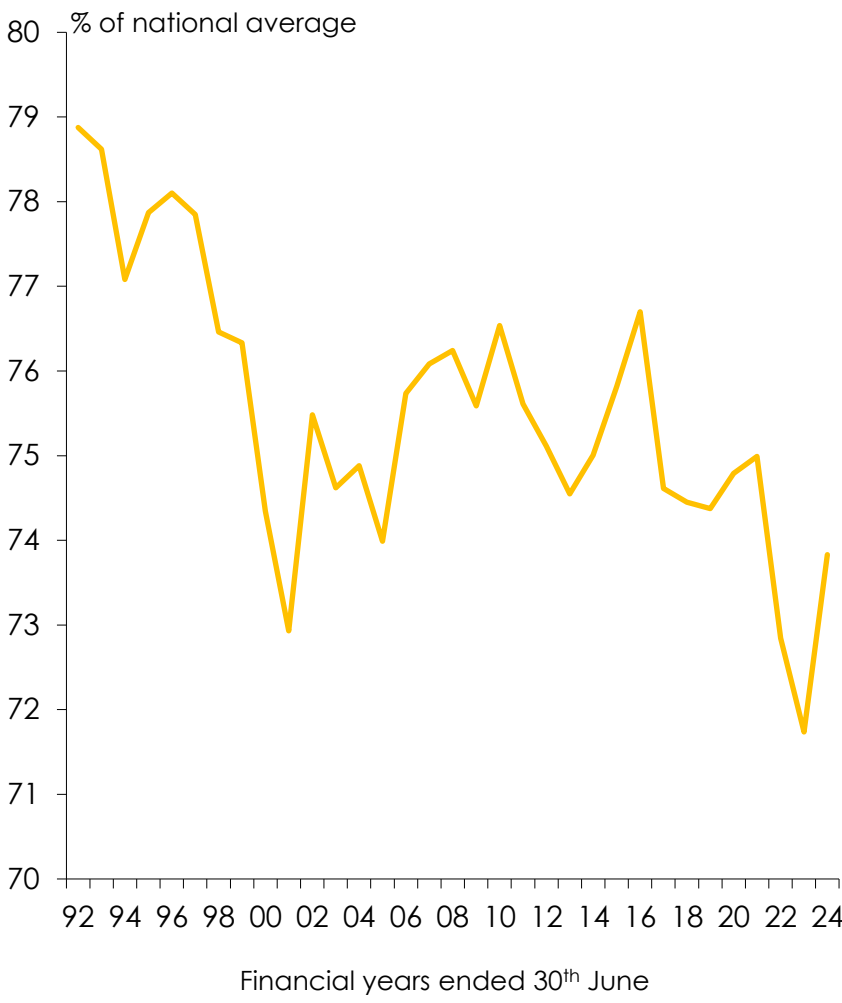
Note: net financial liabilities includes unfunded superannuation liabilities as well as debt. Sources: 2025-26 State Budget Papers for [New South Wales](#), [Victoria](#), [Queensland](#), [South Australia](#), [Western Australia](#), [Tasmania](#), the [Northern Territory](#) and the [Australian Capital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

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

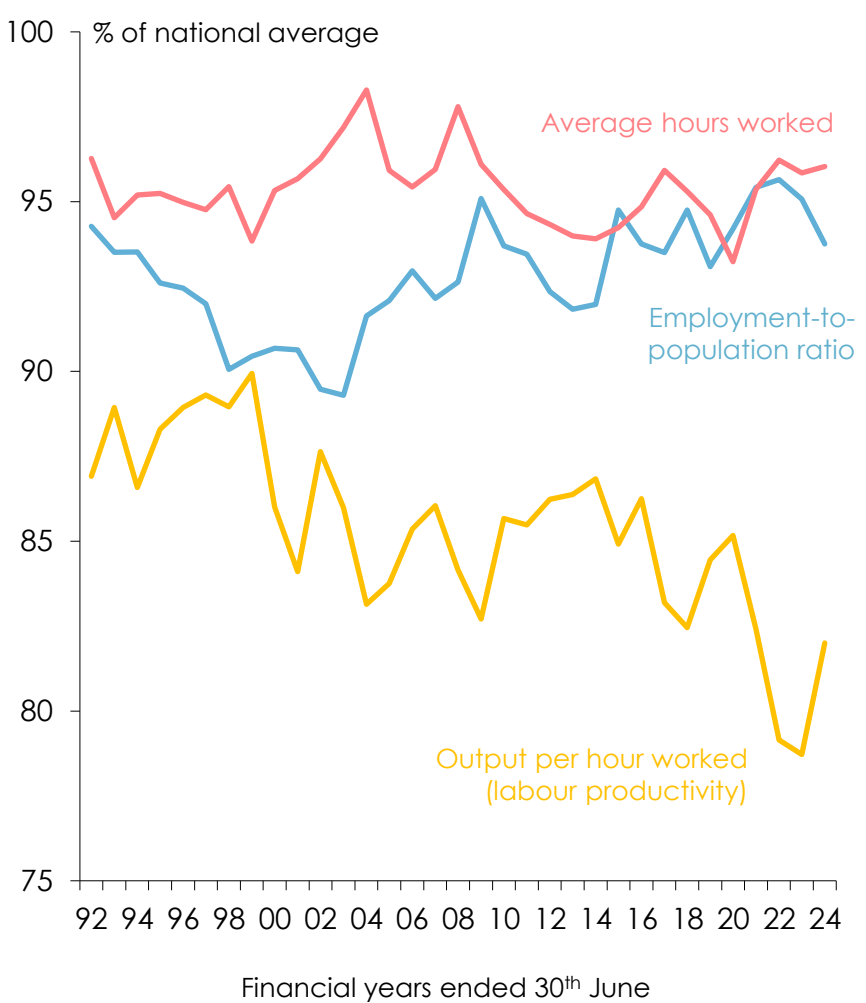
Per capita gross state product, 2023-24



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

This document has been prepared by Saul Eslake on behalf of Corinna Economic Advisory Pty Ltd, ABN 165 668 058 69, whose registered office is located at Level 11, 114 William Street, Melbourne, Victoria 3000 Australia.

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