

# Queensland AgTrends 2020–21

Forecasts and trends in Queensland agricultural, fisheries and forestry production



Queensland  
Government

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- market commentators and industry media including ABC Rural, Queensland Country Life, Farmonline, Rabobank, IBISWorld, The Land and Beef Central.

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# Summary

The Queensland agriculture and food sector is a key foundation of the Queensland economy and the Australian economy. Supporting it to diversify, add value and grow into the future is critical to our state's economy and the success of our regions. This publication provides an authoritative source of statistics, analyses and forecasts for Queensland's agricultural, fisheries and forestry production. The **total value of Queensland's primary industry commodities** comprises two components, which are reported separately—gross value of production (GVP) for unprocessed primary commodities, and value of first-stage processing (value-added production).

2020 has been a year of unparalleled disruption. The various social, economic and labour market restrictions and government support packages that were designed to limit the spread of COVID-19 and assist recovery have had wide-ranging effects across the economy. The agriculture sector has seen disruption across supply chains and in labour markets, and shifts in demand channels. Despite the challenges, the sector overall has been resilient, continuing to supply consumers in Queensland, wider Australia and our international export destinations with an abundance of healthy, nutritious and high-quality produce.

For 2020–21, the total value of Queensland's primary industry commodities is forecast to be \$18.4 billion, 1% less than for 2019–20 and 4% less than the average for the past 5 years. This total comprises \$14.5 billion GVP and \$3.9 billion value-added production.

The largest contributors to the total, by estimated GVP, are meat products (45%), horticulture (31%), sugar (8%) and cereal products (8%), with output volumes growing on average by 5% per annum. However, a range of external factors—such as exchange rates, commodity prices and weather conditions—may affect the actual values achieved. A summary of forecast commodity performance is provided in Figure 1.

For the fourth consecutive year, the forecast total value has decreased from the previous year (see Figure 2), after one of the worst droughts in over 100 years.

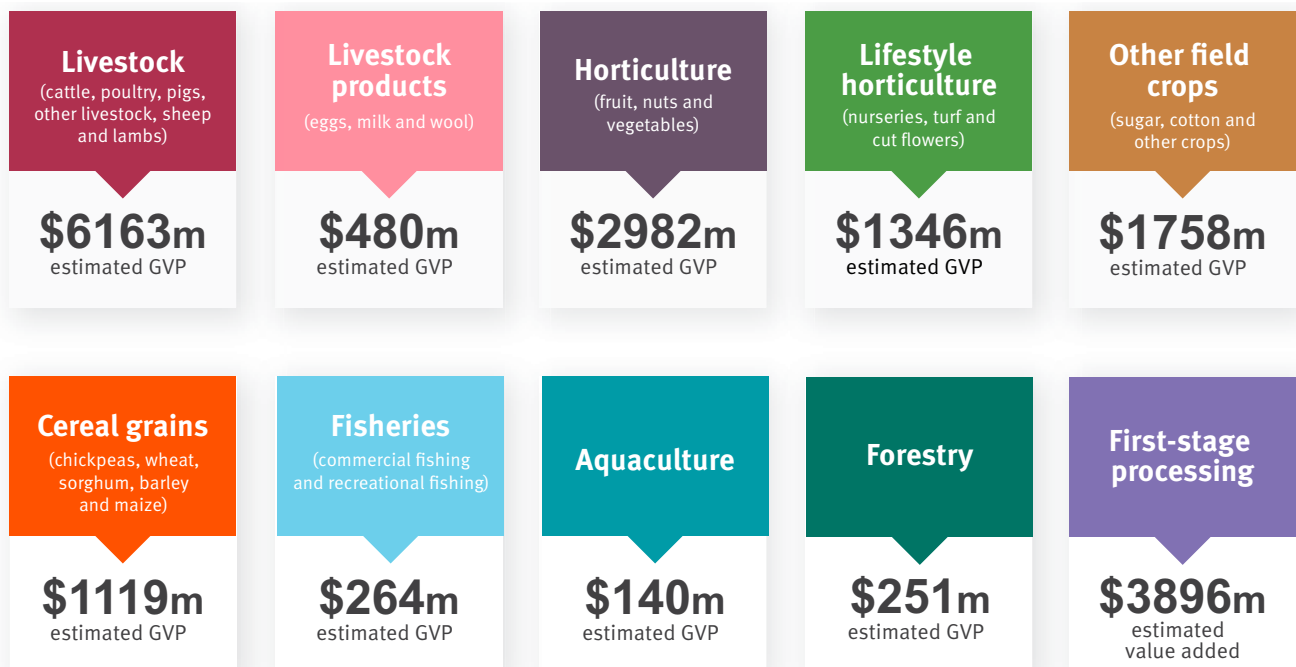
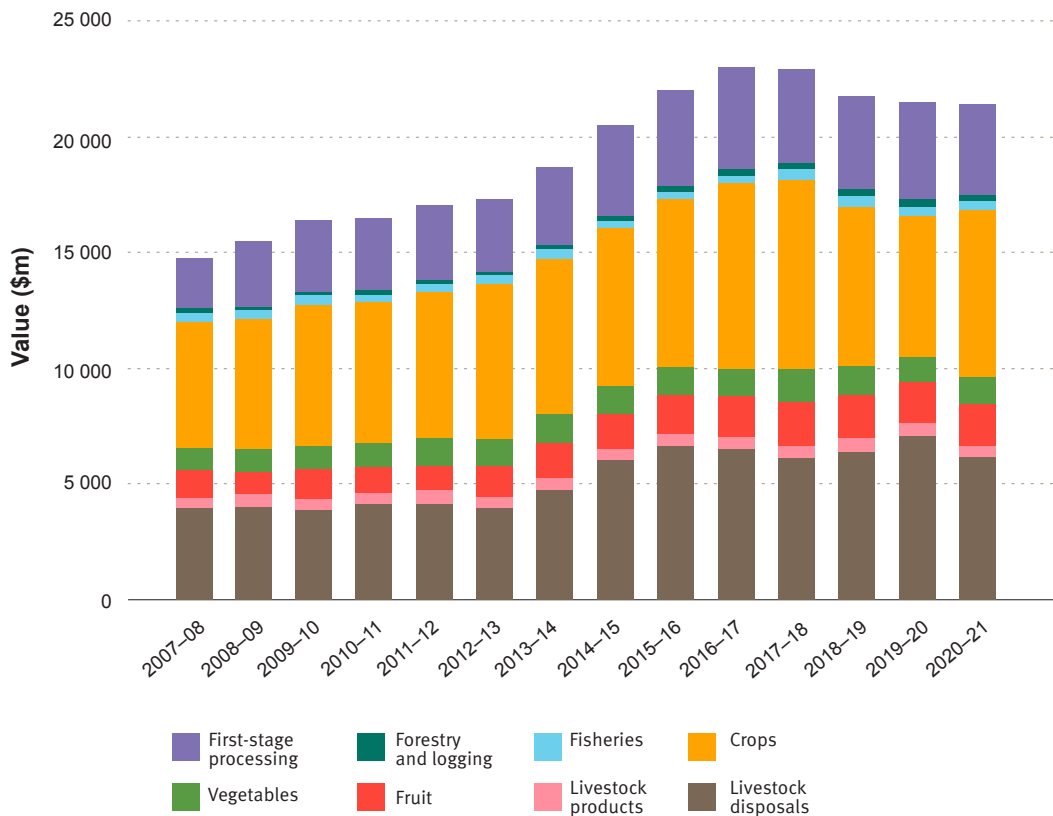


Figure 1 Summary of forecast commodity performance for 2020–21



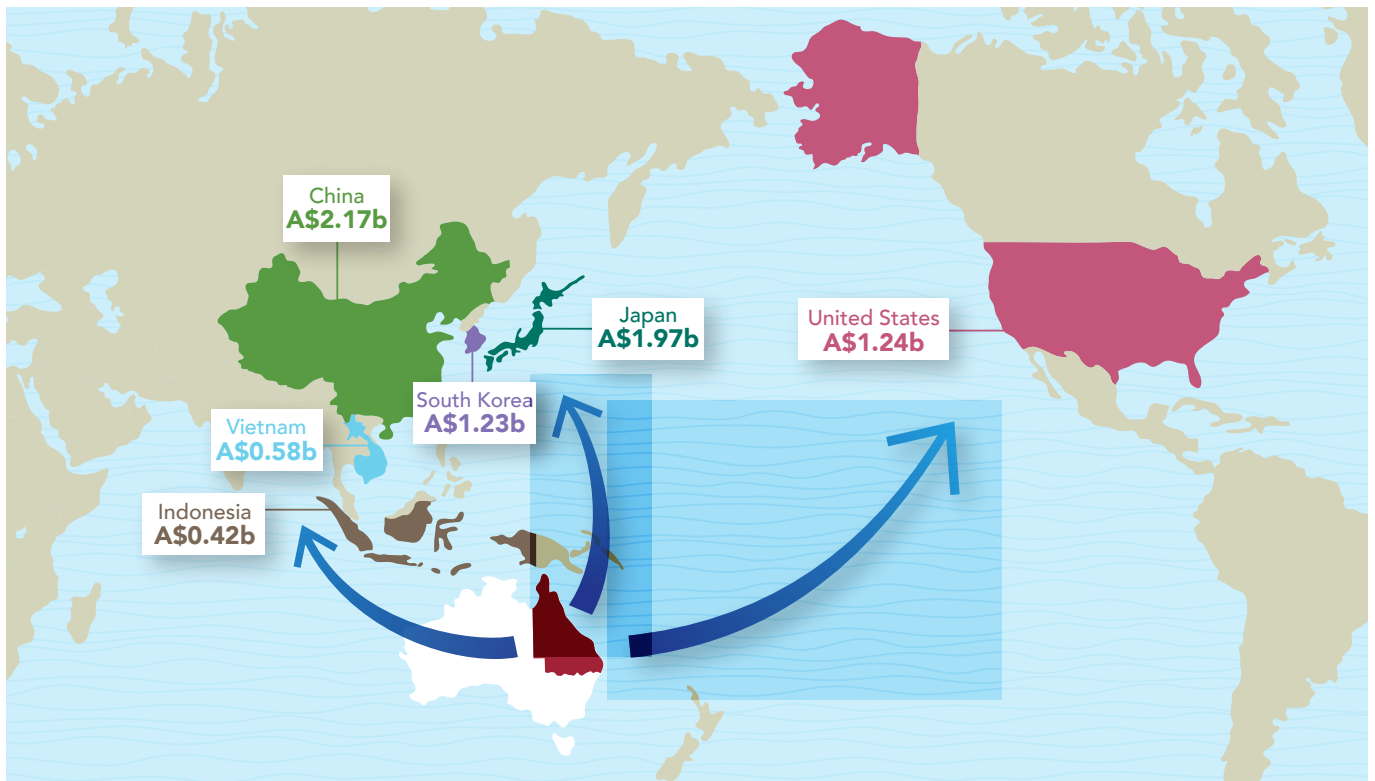
**Figure 2** Industry performance, 2007-08 to 2020-21

The agriculture and food sector is diverse and produces a wide variety of high-quality food and fibre products. In 2018-19, Queensland grew 94% of the nation’s sugarcane, had 50% of the meat cattle herd, and produced 26% of the nation’s cotton, 32% of fruit and nuts and 30% of vegetables.

Queensland’s vibrant and robust produce enjoys a well-earned global reputation as safe and nutritious. We are a food-secure state, exporting 58% of all agricultural output. Over 50% of meat products, 16% of fruit and vegetables, 83% of sugar, 93% of grains and grain products, 74% of cotton and wool, and 47% of seafood products are exported. In 2019-20, Queensland exported approximately \$10 billion worth of agriculture and food products.<sup>1</sup>

By value, China is Queensland’s largest agricultural product export destination at 21.7%, followed by Japan at 19.7%, the United States at 12.4% and South Korea at 12.2% (see Figure 3). Overall, they account for 66% of total exports. Maintaining existing markets and diversifying into new markets will be key to ensuring resilience and growth in the sector.

<sup>1</sup> ABS 2020, *Exports from Queensland and Australia to all countries, by commodity, value, 2019-20*; Office of Economic and Statistical Research 2020, Standard international trade classification 1 digit, food and live animals.



**Figure 3** Queensland's major rural export destinations

Domestically, the agriculture sector supports retail and food service sectors and presents Queenslanders with an abundance of healthy, nutritious and high-quality produce. Queensland agriculture plays an essential role in the everyday lives of Queenslanders, who can enjoy ham off the bone from a pig produced in the Darling Downs, sizzling steak from cattle produced at Taroom, succulent Gulf prawns, Lockyer Valley vegetables, juicy Bowen mangoes, Sunshine Coast pineapples and watermelons from Chinchilla.

In 2018–19, Queensland's primary industries directly contributed an estimated \$8.52 billion on a value-added basis to the state economy—this was 2.3% of the gross state product.<sup>2</sup>





In most rural and regional local government areas, over 25% of businesses are agriculture, fisheries and forestry businesses. In line with this, the agriculture, forestry and fishing sector is a major regional employer, accounting for up to 25% of total direct employment. Family and other Australian workers make up the majority of the workforce, with overseas workers used substantially in the horticulture sector.

In 2018–19, there were approximately 41 000 farm businesses in Queensland (see Figure 4). These included on-farm production, forestry and timber manufacturing, fisheries and food manufacturing. Most businesses involved in agriculture, forestry and fishing are small businesses—56% have no employees apart from the business operators, and 40% have fewer than 20 employees.

The role of this sector extends beyond the primary production of agricultural commodities. Primary industry commodities are used in a range of manufacturing, retail and service industries. Gross value added for the agriculture and food supply chain in Queensland for 2017–18 is estimated to be \$25.7 billion. This makes up about 7% of the state's economic output. In 2017–18, there were approximately 334 000 people employed along the food and agribusiness supply chain, equating to approximately 13% of the total number of jobs in the state.<sup>3</sup>

<sup>2</sup> ABS 2020, *Australian national accounts: state accounts, 2018–19*, cat. no. 5220.

<sup>3</sup> *AgTrends update*, April 2020.

	 <b>Agriculture</b>	 <b>Support services</b>	 <b>Fisheries</b>	 <b>Forestry</b>	<b>Total</b>
<b>Directly employed</b>	74 677	3 717	1 085	621	80 101
<b>Manufacturing jobs*</b>	21 888	—	174	9 224	31 286
<b>Direct businesses</b>	35 373	3 297	1 139	781	40 590
<b>Manufacturing businesses*</b>	349	—	48	251	612

\* Jobs have been included for first-round manufacturing only

**Figure 4** Employment and businesses in agriculture and related industries, 2018–19

Sources:

ABS 2020, *Counts of Australian businesses, including entries and exits, June 2015 to June 2019*, cat. no. 8165.0.

ABS 2020, *Labour force, Australia, detailed, quarterly*, cat. no. 6291.0.

## Agriculture resilient to disruption from COVID-19

The Queensland agriculture, fisheries and forestry sector has been resilient throughout the COVID-19 pandemic. Bulk commodity exports have continued largely unhindered, products have been diverted between markets, and the nursery sector has boomed due to an increase in demand for in-home gardening. Despite this, however, the sector has faced and will continue to face challenges arising from measures designed to limit the spread of COVID-19.

**The net effect of the COVID-19 pandemic on the 2020–21 GVP for Queensland's primary industries is expected to be a decrease of \$87 million at the farm gate.**

Fruit and vegetables, cut flowers, forestry and fisheries will be the most affected, with a total decrease of \$179 million. However, more than half of this is expected to be offset by increased output in production nurseries.

While the sector has been less disrupted than others in 2020–21, beyond this the pandemic will continue to affect agricultural supply chains—including international trade and on-farm labour supply—and consumer demand for agricultural products. Demand for most products will remain below pre-pandemic levels, as a result of lower incomes, decreased consumer confidence and higher unemployment. Consumer habits will normalise with more retail expenditure and a preference for staples and long-life products but lower expenditure on high-value products and restaurants. Agricultural trade is forecast to remain stable as bulk commodities are transported via shipping, which has been less disrupted than other forms of transport such as airfreight.

The horticulture sector is highly exposed to changes in the labour market structure because of the labour intensity required for harvesting of crops. Labour effects will not be homogenous, with small to medium-sized producers more affected. Estimates from the Department of Agriculture and Fisheries (DAF) suggest that labour shortages may be up to 20% of total labour demand. This is supported by anecdotal evidence of plough-ins and reduced plantings across several key horticultural commodities.

The fisheries sector relies heavily on tourism and airfreight, so has been more exposed to the impacts of COVID-19. Because of the loss of international markets and international freight, many commercial fishing businesses stopped fishing and exporting in 2019–20. The loss of international tourists to Queensland led to a significant fall in domestic seafood consumption, exacerbated by local market oversupply from almost all Queensland fisheries.

Forestry output has been affected by the downturn in residential construction and a reduction in sales of softwood into domestic markets as well as constraints applied in the building sector for construction materials. Although Queensland's building approvals have recovered to around the levels of early 2020, any growth is likely to be moderate, with significant uncertainty in the economic outlook for the forestry sector.

The cut flower industry has also experienced significant losses. The pandemic led to reduced sales in 2019–20 and this trend is forecast to continue into 2020–21, as large events (including those in the usually profitable spring wedding season) are still in a hiatus.



## Economic outlook

The uncertainty around the progression of the COVID-19 pandemic will continue to hamper economic recovery for many countries. Trade contracted by close to 3.5% (year over year) in the first quarter of 2020–21, reflecting weak demand, the collapse in cross-border tourism, and supply dislocations related to shutdowns (exacerbated in some cases by trade restrictions).

Across the globe, 2020 is forecast to be a year of deep recession. Global growth is projected to be –4.4%. All major economies, with the exception of China, are forecast to post negative gross domestic product (GDP) growth. There have, however, been some positives, with the level of the recession downgraded 0.5 percentage points from the June 2020 *World economic outlook* forecast. This reflects better than anticipated second quarter GDP output in line with activity improvements following relaxation of restrictions in some nations.

The International Monetary Fund expects that in 2021 global economic growth will recover to 5.2%. Growth is assumed to be 3.9% in advanced economies and 6.0% in emerging and developing economies. Following contraction in 2020 and recovery in 2021, the level of global GDP in 2021 is forecast to be 0.6% above that of 2019.

## General economic conditions in Australia

In a global context, Australia is faring well through the pandemic. OECD data shows a fall in GDP for the second quarter of 2020 of 7% for Australia. This compares favourably with falls of 9% for the United States, 11% for the European Union and 25% for India. Assuming continued activity restrictions, Australia's GDP will grow modestly over the second half of 2020. Expected growth is driven by household consumption, as activity in much of the rest of the economy continues to contract.

Employment is expected to decline further over the second half of the year, as job losses from activity restrictions in Victoria and the tightening of the JobKeeper program more than offset a continued recovery in jobs elsewhere in the economy.

Household income is expected to decline in late 2020 and the first half of 2021 as government support is gradually withdrawn and unemployment remains elevated. Consumption is not expected to reach its pre-pandemic level until early 2022.

## Australia's international trade prospects

Global trade started its long recovery as lockdowns were eased and many economies tentatively reopened. However, this may be set back as the pandemic spreads and some countries reinstate restrictions. This has implications for Australian trade, which is tied to the reopening of international transport, supply chains and consumer demand.

The value of farm exports in Australia in 2020–21 is forecast to be more resilient than the overall economy and fall by around \$2.7 billion to \$44.4 billion. A significant increase in crop export volumes is forecast for 2020–21; however, it will not fully offset a forecast 12% fall in livestock exports, with lower prices expected across both categories. Slaughter numbers, and therefore exports, are forecast to fall sharply (by \$3.5 billion) because graziers are looking to rebuild herds and flocks. For 2019–20, exports of livestock and livestock products were valued at \$26.6 billion, which included more than \$17 billion for meat and live animals, a record high. Crop exports were valued at just over \$20 billion, reflecting constrained production because of the drought. Export price falls are expected in most grains, oilseeds, pulses, fibres, fodder and milk. Partly offsetting these falls are modest forecast price rises for red meat, due primarily to increased demand arising from outbreaks of African swine fever.

An improved terms of trade outlook reflects higher expected prices for bulk commodities and lower import prices as a result of the appreciation of the exchange rate. The trade surplus is expected to be higher than previously thought over the next year or so, largely driven by lower import values.

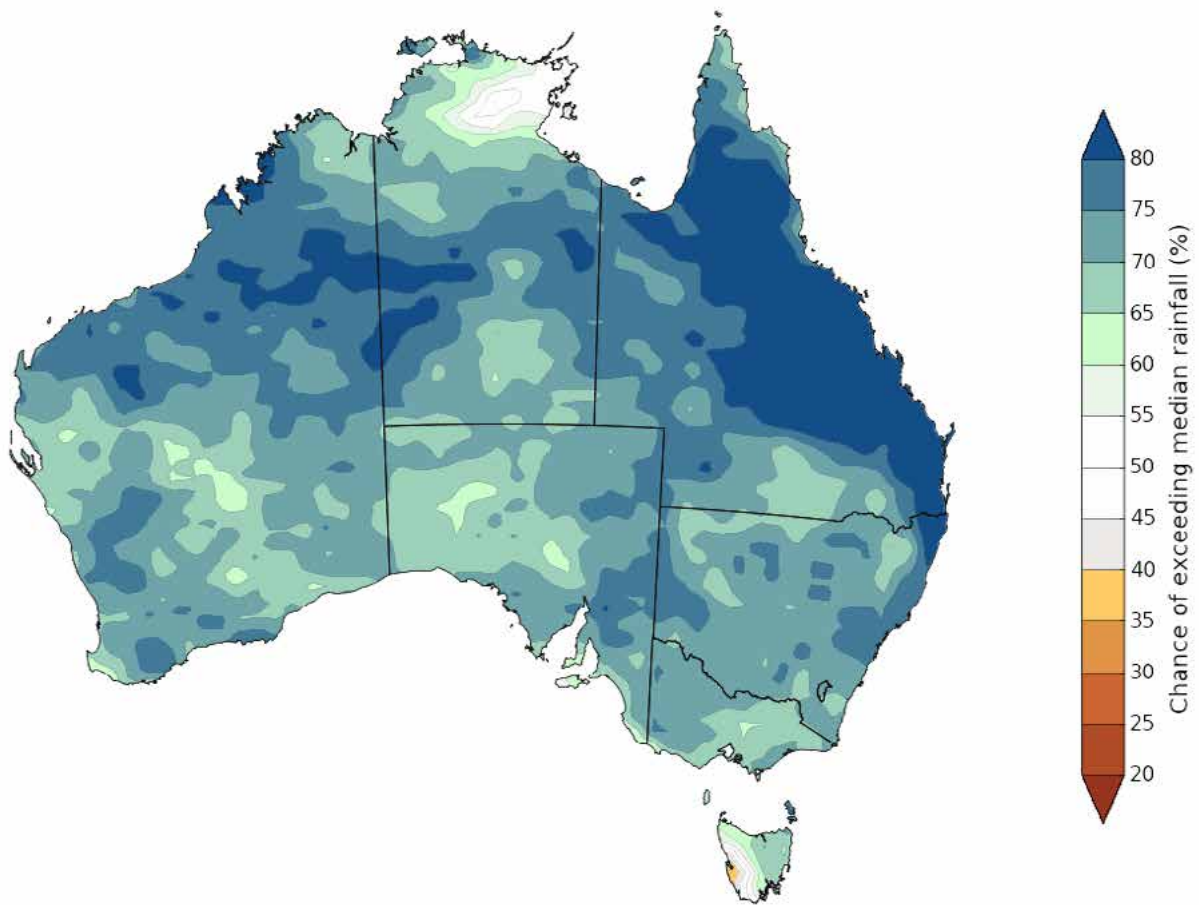
Australia has had a worsening political relationship with China, with tariffs on key agricultural commodities being put in place. China imposed significant tariffs on Australian barley imports and suspended four major Australian abattoirs from the Chinese beef market. China's bans on abattoirs are not unprecedented. However, if Chinese policy continues to be unpredictable, exporters may seek alternative markets, even if that means accepting lower margins.

## Climate outlook

The probability of exceeding median rainfall for December 2020 to February 2021 is currently greater than 70% for much of Queensland, and greater than 80% along the Queensland coast (see Figure 5). This is great news for our farmers.

The Bureau of Meteorology forecasts that La Niña will peak around December or January and is likely to persist until at least the end of February 2021. Warmer sea surface temperatures to the north of Australia are likely to persist and contribute to the wetter outlook. La Niña and a strong polar vortex favour a positive Southern Annular Mode, with generally positive values expected over the 2020–21 summer. This typically enhances the wet signal of La Niña in parts of eastern Australia.

As of 1 August 2020, 67.4% of Queensland was officially drought-declared.



**Figure 5** Chance of exceeding the median rainfall for December 2020 to February 2021

Source: Australian Bureau of Meteorology.

# Primary industries estimates and forecasts

Table 1 GVP, first-stage processing and total primary industries estimates and forecasts, 2017–18 to 2020–21

	2017–18 estimate <sup>b</sup>	2018–19 estimate <sup>c</sup>	2019–20 estimate <sup>d</sup>	2020–21 forecast, October 2020 <sup>d</sup>	Change 2019–20 to 2020–21	Last 5 years average	Change over 5 years to 2019–20
Commodity GVP <sup>a</sup>	\$m	\$m	\$m	\$m	%	\$m	%
<b>Livestock</b>							
<b>Livestock disposals</b>							
Cattle and calves	5 248	5 447	6 126	5 180	-15	5 593	-7
Poultry	561	587	568	555	-2	591	-6
Pigs	248	289	363	361	-1	303	19
Other livestock	41	39	42	40	-5	42	-5
Sheep and lambs	12	23	25	27	9	26	6
<b>Total livestock disposals</b>	<b>6 110</b>	<b>6 385</b>	<b>7 124</b>	<b>6 163</b>	<b>-13</b>	<b>6 554</b>	<b>-6</b>
<b>Livestock products</b>							
Eggs	225	244	237	248	5	230	8
Milk (all purpose)	230	219	170	170	0	221	-23
Wool	98	108	73	62	-15	83	-26
<b>Total livestock products<sup>e</sup></b>	<b>553</b>	<b>571</b>	<b>480</b>	<b>480</b>	<b>0</b>	<b>535</b>	<b>-10</b>
<b>Total livestock</b>	<b>6 663</b>	<b>6 956</b>	<b>7 604</b>	<b>6 643</b>	<b>-13</b>	<b>7 089</b>	<b>-6</b>
<b>Horticulture</b>							
<b>Fruit and nuts</b>							
Bananas	580	574	576	576	0	576	0
Other fruit and nuts	285	285	267	277	4	270	2
Avocados	211	267	251	245	-2	221	11
Mandarins	143	143	112	159	42	120	33
Strawberries	193	137	145	148	2	160	-7
Macadamias	153	141	125	128	2	136	-6
Mangoes	113	113	90	90	0	97	-8
Pineapples	64	65	77	87	13	69	25
Table grapes	65	84	84	84	0	68	24
Apples	93	93	54	51	-6	82	-38
<b>Total fruit and nuts</b>	<b>1 900</b>	<b>1 902</b>	<b>1 781</b>	<b>1 845</b>	<b>4</b>	<b>1 800</b>	<b>2</b>
<b>Vegetables</b>							
Tomatoes	298	280	238	247	4	272	-9
Other vegetables	231	243	209	216	4	224	-3
Capsicums and chillies	141	168	145	138	-5	146	-5
Sweet corn	82	55	74	104	41	59	75
Beans	130	83	76	88	16	88	0
Mushrooms	70	63	63	63	0	67	-6
Sweetpotatoes	64	64	59	59	0	63	-6
Melons (rock and cantaloupe)	59	66	56	56	0	57	-2
Zucchini and button squash	41	47	47	37	-21	43	-14

(continued)

Table 1 continued

	2017–18 estimate <sup>b</sup>	2018–19 estimate <sup>c</sup>	2019–20 estimate <sup>d</sup>	2020–21 forecast, October 2020 <sup>d</sup>	Change 2019–20 to 2020–21	Last 5 years average	Change over 5 years to 2019–20
Commodity GVP <sup>a</sup>	\$m	\$m	\$m	\$m	%	\$m	%
<b>Vegetables (continued)</b>							
Pumpkin	40	40	28	26	-7	35	-25
Lettuce	82	50	25	25	0	53	-53
Potatoes	52	40	24	24	0	44	-46
Melons (watermelon)	37	32	24	24	0	31	-24
Carrots	44	24	15	15	0	28	-47
Onions	30	23	15	15	0	24	-38
<b>Total vegetables</b>	<b>1 401</b>	<b>1 278</b>	<b>1 098</b>	<b>1 137</b>	<b>4</b>	<b>1 235</b>	<b>-8</b>
<b>Total fruit and nuts and vegetables</b>	<b>3 301</b>	<b>3 180</b>	<b>2 879</b>	<b>2 982</b>	<b>4</b>	<b>3 035</b>	<b>-2</b>
<b>Lifestyle horticulture production</b>							
Nurseries <sup>k</sup>	907	921	921	1 013	10	910	11
Turf <sup>k</sup>	327	327	204	204	0	243	-16
Cut flowers <sup>k</sup>	161	161	129	129	0	153	-15
<b>Total lifestyle horticulture production</b>	<b>1 395</b>	<b>1 409</b>	<b>1 254</b>	<b>1 346</b>	<b>7</b>	<b>1 305</b>	<b>3</b>
<b>Total horticulture</b>	<b>4 696</b>	<b>4 589</b>	<b>4 133</b>	<b>4 328</b>	<b>5</b>	<b>4 340</b>	<b>0</b>
<b>Other field crops</b>							
Sugarcane <sup>f</sup>	1 234	1 087	1 060	1 043	-2	1 223	-15
Cotton (raw) <sup>g</sup>	882	279	102	524	414	470	11
Other crops <sup>c</sup>	134	52	149	191	29	95	101
<b>Total other crops</b>	<b>2 250</b>	<b>1 418</b>	<b>1 311</b>	<b>1 758</b>	<b>34</b>	<b>1 789</b>	<b>-2</b>
<b>Cereal grains</b>							
Grain sorghum	302	319	101	395	291	235	68
Wheat	246	179	246	307	25	283	8
Other cereal grains	181	129	97	169	73	171	-2
Chickpeas	377	136	133	135	2	372	-64
Barley	58	54	26	63	142	68	-8
Maize	39	39	43	50	16	44	15
<b>Total cereal grains</b>	<b>1 203</b>	<b>856</b>	<b>646</b>	<b>1 119</b>	<b>73</b>	<b>1 137</b>	<b>-2</b>
<b>Total crops</b>	<b>8 149</b>	<b>6 864</b>	<b>6 090</b>	<b>7 204</b>	<b>18</b>	<b>7 266</b>	<b>-1</b>
<b>Total agriculture</b>	<b>14 812</b>	<b>13 820</b>	<b>13 693</b>	<b>13 847</b>	<b>1</b>	<b>14 355</b>	<b>-4</b>
<b>Fisheries<sup>e,h</sup></b>							
<b>Commercial fishing</b>							
Crustaceans	154	136	95	84	-12	114	-26
Molluscs	26	30	31	28	-12	19	47
Finfish	82	74	67	59	-12	70	-16
<b>Total commercial fishing</b>	<b>261</b>	<b>240</b>	<b>194</b>	<b>170</b>	<b>-12</b>	<b>203</b>	<b>-16</b>
Recreational fishing	94	94	94	94	0	94	0
Aquaculture	114	118	130	140	8	113	25
<b>Total fisheries</b>	<b>469</b>	<b>452</b>	<b>418</b>	<b>404</b>	<b>-3</b>	<b>410</b>	<b>-1</b>
<b>Forestry and logging<sup>e,i</sup></b>	<b>270</b>	<b>279</b>	<b>283</b>	<b>251</b>	<b>-11</b>	<b>267</b>	<b>-6</b>
<b>Total primary industries (farm gate)</b>	<b>15 552</b>	<b>14 551</b>	<b>14 394</b>	<b>14 502</b>	<b>1</b>	<b>15 032</b>	<b>-4</b>

(continued)

Table 1 continued

	2017–18 estimate <sup>b</sup>	2018–19 estimate <sup>c</sup>	2019–20 estimate <sup>d</sup>	2020–21 forecast, October 2020 <sup>d</sup>	Change 2019–20 to 2020–21	Last 5 years average	Change over 5 years to 2019–20
Commodity GVP <sup>a</sup>	\$m	\$m	\$m	\$m	%	\$m	%
<b>First-stage processing value added<sup>i</sup></b>							
Meat processing <sup>c</sup>	2 344	2 449	2 732	2 364	-13	2 514	-6
Sugar processing <sup>c</sup>	635	553	550	557	1	626	-11
Log sawmilling, timber dressing, and plywood and veneer manufacturing <sup>c</sup>	435	472	437	427	-2	436	-2
Fruit and vegetables processing <sup>c</sup>	277	267	242	251	4	255	-2
Milk and cream processing <sup>c</sup>	121	116	90	90	0	117	-23
Flour mill and feeding processing <sup>c</sup>	93	66	50	87	73	88	-2
Seafood processing <sup>c</sup>	71	68	63	61	-3	62	-1
Cotton ginning <sup>c</sup>	100	32	12	60	414	54	11
<b>Total primary industries (first-stage processing)</b>	<b>4 077</b>	<b>4 023</b>	<b>4 176</b>	<b>3 896</b>	<b>-7</b>	<b>4 152</b>	<b>-6</b>
<b>Total primary industries</b>	<b>19 628</b>	<b>18 574</b>	<b>18 570</b>	<b>18 398</b>	<b>-1</b>	<b>19 184</b>	<b>-4</b>

a GVP (gross value of production) is defined as the gross value of commodities produced. It is a measure of economic output. In this publication, GVP relates to the output of primary industry commercial operations only. The GVP is the value of recorded production at wholesale prices realised in the marketplace (e.g. cattle sold at saleyards, sugarcane at the mill door, fruit and vegetables at the wholesale market). It is derived by multiplying the output from each primary industry by the average wholesale price paid to producers.

b ABS final estimates for 2017–18 unless otherwise indicated.

c ABS final estimates for 2018–19 unless otherwise indicated.

d DAF estimates/forecasts.

e Excludes minor commodities such as honey, beeswax and mohair.

f Gross value of sugarcane at the mill door.

g Includes value of cottonseed and lint.

h Includes catches from state-managed fisheries.

i Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) estimates.

j See page 28 for the definition of value added. The forecasts for the value of first-stage processing in 2009–10 and beyond should not be compared with the previous years due to the change in value-added ratios.

k The value of the lifestyle horticulture sector has been calculated on a gross-turnover basis rather than a value-added basis and therefore will contain some double counting.

## Volume of production index

A volume of production index describes the movement in production over a period of time relative to a base period. The volume of production index for each of Queensland's major agricultural commodities from 2010–11 to 2020–21 is detailed in Table 2.

Total Queensland agriculture production is forecast to increase by 5% from 2019–20 to 2020–21, with an index of 107. This reflects the improved seasonal conditions expected for 2020–21 as the sector recovers from consecutive years of drought. Volume increases are expected across grains, cotton and other field crops while decreases are expected in livestock production.

**Table 2** Volume of production index for Queensland's major agricultural commodities<sup>a</sup>

Commodity	2010 –11	2011 –12	2012 –13	2013 –14	2014 –15	2015 –16	2016 –17	2017 –18	2018 –19	2019 –20 (forecast)	2020 –21 (forecast)
Wheat	77	95	82	52	50	66	76	39	21	28	57
Grain sorghum	118	141	147	86	161	117	60	97	92	106	152
Barley	34	45	40	42	59	87	102	44	31	17	64
Major cereal grains	84	104	96	62	83	84	76	56	42	50	85
Sugarcane	65	67	72	80	85	89	95	87	85	82	86
Cotton lint	211	187	189	190	98	114	172	201	58	52	129
Major other field crops	100	97	100	106	87	94	113	114	77	73	96
Major fruit	125	166	178	164	215	215	223	239	246	242	235
Major vegetables	111	137	103	75	78	81	89	86	84	83	82
Major fruit and vegetables	118	152	142	121	123	150	158	164	167	161	160
Crops	100	110	108	98	93	103	108	36	87	86	106
Beef	132	130	136	149	134	152	117	127	148	147	119
Pigs	108	109	110	108	109	130	114	110	118	109	110
Poultry (chicken meat)	170	174	174	208	212	221	225	214	211	216	216
Sheep and lambs	34	39	46	56	44	40	5	7	13	10	9
Major livestock disposals	130	129	137	148	136	153	124	130	147	146	125
Milk (all purposes)	61	61	57	54	52	49	51	52	44	38	39
Wool	34	38	34	25	18	12	12	19	16	15	15
Eggs	340	385	395	588	603	413	472	450	643	660	666
Major livestock products	68	72	69	75	72	57	62	63	69	66	67
Livestock	113	113	118	127	118	127	106	112	125	123	108
<b>Total agriculture<sup>b</sup></b>	<b>105</b>	<b>111</b>	<b>112</b>	<b>111</b>	<b>104</b>	<b>113</b>	<b>110</b>	<b>110</b>	<b>104</b>	<b>102</b>	<b>107</b>

a Base of each index is 1996–97 = 100.

b Excludes lifestyle horticulture due to insufficient data.

Source: Compiled by DAF using ABS and DAF data.

# Livestock disposals

## Cattle and calves

### **Forecast**

The 2020–21 GVP for Queensland's cattle and calf industry (including cattle and calves sold for slaughter plus live exports) is forecast to be \$5.18 billion. This is 15% lower than the final estimate for 2019–20 and 7% lower than the average for the past 5 years. The overall sector value comprises \$4.85 billion from cattle and calves sold for slaughter and \$327 million from live exports.

### **Analysis and discussion**

#### **Cattle and calves sold for slaughter**

The 2020–21 GVP forecast of \$4.85 billion is 15% below the final estimate for 2019–20.

The impacts from COVID-19 on the sector have been minimal compared to the effects of seasonal conditions and herd rebuilding. Meat & Livestock Australia (MLA) forecasts that seasonal conditions during spring 2020 will play a significant role in market performance in the second half of the year, with any improvement to pasture conditions likely to see grazer demand for young cattle and females increase. In the meantime, a weak Australian dollar continues to assist exporters of Australian beef, as domestic processors continue to rely on overseas markets to absorb increased supply.

Over 3.79 million cattle and calves were slaughtered in Queensland in 2019–20, about the same as the previous financial year. If drought conditions continue throughout spring and summer, more producers could turn off high numbers of stock over the last quarter of 2020. Record numbers of cattle at feedlots will assist beef processors during this period.

Queensland beef and veal production for the year to June 2020 was just under 1.11 million tonnes carcass weight, in line with 2018–19 production. The AussieGRASS pasture growth model is predicting mixed news, with above-average pasture growth in southern and central Queensland over winter but ongoing drought in the north. This will most likely result in production for 2020–21 similar to that in the previous year, as some graziers will hold on to their cattle longer and rebuild the herd while those in the north will have no choice but to slaughter earlier than expected.

According to ABARES, in 2020–21 Australian saleyard prices of beef cattle are expected to rise by 4%, reflecting strong demand for beef in global markets and a lower supply of cattle in the saleyards. It appears likely that red meat prices on export markets will continue to be well below domestic prices, severely reducing processing margins. This, together with the shortage of cattle, is likely to put pressure on some processors to rationalise their operations further. A sound wet season across northern Australia will maintain Queensland prices, with northern beef producers rebuilding breeder numbers and holding steers and cull females to heavier sale weights.

### **Exports**

In 2019–20, Queensland exported 632 414 tonnes of beef and veal, accounting for 52% of Australia's beef and veal exports. This was an increase of approximately 10 824 tonnes from the previous year. 'Other Asian markets' (including China) was Queensland's largest export market, accounting for 32% of exports, and was followed by Japan (28%) and South Korea (17%).

Preliminary estimates for 2019–20 indicate that Queensland exported \$6.22 billion worth of beef, up 16% from the previous year. Fresh and chilled beef exports increased by 11% to nearly \$2.58 billion, while frozen beef exports increased by nearly 19% to just over \$3.64 billion.

Beef exported by airfreight from Queensland makes up 32% of the loadings. The year-on-year export volumes for the fourth quarter of 2019–20 have fallen by 43% (the equivalent of \$22.1 million), predominantly due to COVID-19.

Over 2019 and 2020, China imposed import bans on several Australian abattoirs. Presently this is not affecting exports, as they can be redirected to other markets, but if the bans continue, the threat of an oversupply domestically could become a reality.

## Feedlots

The number of cattle on feed in Australia decreased by approximately 137 000 head (12%) from the June 2019 quarter to the June 2020 quarter. A decrease in numbers on feed was recorded in all states. Queensland had the lowest percentage decline, dropping by 6% to 611 683 head of cattle on feed. Western Australia had the greatest percentage decrease (31%), down 16 385 head from the previous year, followed by Victoria (25%), New South Wales (17%) and South Australia (15%).

## Live cattle exports

The GVP for Queensland's live cattle exports in 2020–21 is forecast to be \$327 million. This is 25% less than the final estimate for 2019–20 but greater than the average for the last 5 years. The main reason for this forecast drop is a tighter domestic supply due to the continuing drought in northern Queensland and falling demand as responses to COVID-19 reduce household incomes in importing countries such as Indonesia. The main export destinations for live cattle from Queensland in 2019–20 were Vietnam (68%) and Indonesia (27%), with Indonesia significantly reducing its intake over the last quarter of the period.

According to ABARES, Indonesian consumers are preferring to purchase imported boxed beef from Australia through supermarkets or online platforms. This trend has dampened the outlook for feedlotter's importing live cattle from Australia. However, the fall in live cattle exports to Indonesia in the first 9 months of 2019–20 was more than offset by growth in our second most important market, Vietnam—a country that has had considerable success in managing the spread of COVID-19.

## Poultry

### Forecast

The GVP for poultry for 2020–21 is forecast to be \$555 million, 2% lower than the ABS estimate for 2019–20 and 6% lower than the average for the past 5 years.

### Analysis and discussion

The drop in GVP reflects decreased production as the industry adjusts to COVID-19 demand and supply changes. On the demand side, there has been a drop in orders from hotels and the full-service restaurant sector. However, the quick-service restaurant demand has been fairly resilient as the sector readily transitioned to takeaway options and online delivery services in many states. As restrictions ease, demand is expected to slowly recover across 2020–21.

Offsetting some of this decline in demand was an increase in demand from the retail sector. Demand for poultry meat (particularly chicken, which is the most consumed meat in Australia) increased in March and April 2020 in response to COVID-19 restrictions and panic buying from consumers. Demand from this sector is expected to move back to trend over 2020–21 as consumer behaviour normalises and consumers' frozen stocks are used up.

On the supply side, businesses have responded to COVID-19 by implementing workforce measures to ensure business continuity and continued product supply. Measures include changes or extensions to operating hours, reducing the number of staff present at any one time, reconfiguration of processing lines, spacing of people and equipment to maximise physical distancing and the use of personal protective equipment. These measures are expected to impact labour productivity and enterprise profitability and are not reflected in the GVP, with prices forecast to be constant from 2019–20 to 2020–21.

## Pigs

### Forecast

The GVP for pigs for 2020–21 is forecast to be \$361 million, 1% lower than the ABS estimate for 2019–20 and 19% higher than the average for the past 5 years.

### Analysis and discussion

The GVP for pigs is forecast to decrease only marginally from 2019–20 despite the COVID-19 outbreak. Prices are forecast to decrease by 1% in 2020–21, remaining at historically high levels in response to the outbreak of African swine fever that reduced China's pig herd by one-half.



While the high prices are likely to trigger a production response in countries that have capacity, strong demand is likely to support high prices over the medium term. In Queensland, production is expected to increase by 3% to over 1.1 million slaughterings in 2020–21.

The disruption from COVID-19 is expected to limit sector growth and profits in 2020–21. On the demand side, orders from the food service sector are expected to recover slowly across 2020–21 as restrictions are eased. On the supply side, the pork industry has absorbed significant costs associated with planning for COVID-19 and mitigating the risks it poses to their employees, their businesses, animal welfare and the supply of pork products to the community. Farms and processing facilities have restructured work teams, applied personal protective equipment and adopted additional hygiene procedures, costing abattoirs up to \$27 000 per week. Offsetting some of the supply side costs associated with COVID-19 are forecast reductions in feed costs.

## Sheep and lambs

### **Forecast**

The GVP for sheep and lamb production for 2020–21 is forecast to be \$27 million, 9% above DAF's revised estimate for 2019–20 and 6% above the average for the past 5 years.

### **Analysis and discussion**

The Queensland sheep slaughter is forecast to decline by 9% from 2019–20 to 2020–21, to 86 million head. The lamb slaughter is expected to increase 7% over the same period, to 85 million head. This is in line with an increased national lamb slaughter of 4% and an increased share of the national slaughter by Queensland. In response to national slaughter changes, lamb prices are expected to decline by 1% in 2020–21, while sheep prices are forecast to increase by 1%.

MLA is predicting that the substantial decline in sheep slaughter will cause mutton production to fall sharply, by 29%, in 2020. Global market conditions have been particularly volatile in the past few months, as the spread of COVID-19 has fostered instability. This year, exports of lamb are forecast to fall slightly on 2019 volumes, to 282 000 tonnes shipped weight, while mutton exports are expected to reach 129 000 tonnes shipped weight, down 31% from 2019.

MLA expects that growing retail demand and the protein deficit induced by outbreaks of African swine fever will continue to drive export prices for sheep meat, particularly as key markets such as China and the United States compete for shorter supplies. However, many key export markets now face economic recession as a result of the COVID-19 pandemic, which could lead to tighter disposable incomes and switching of consumption to lower priced alternatives.

For a discussion on wool, see page 16.

## Goats

Goat meat is widely consumed around the world but remains a largely niche product in Australia, with demand mostly from certain cultural groups. Compared to other proteins, it has the advantage of no religious taboos. In some cultures, it has a unique role in religious and traditional family events.

The majority of goat meat across Queensland has been harvested from semi-wild rangeland goats. This is changing due to consistently better prices, exclusion fences and producers learning how to better manage goats under extensive rangeland conditions. Goat over-the-hook prices reached record levels in 2019, peaking in late June at 940 cents per kilogram carcass weight, and averaging 790 cents per kilogram for 2019. Prices have declined recently but have averaged 771 cents per kilogram carcass weight for 2020 to date.

At these prices, a rangeland goat enterprise will significantly outperform wool production from a self-replacing flock of Merinos and will be no less profitable than a specialist meat sheep operation producing lambs. It is expected that more specialist wool producers will mate Merino ewes to meat breeds over time and shift away from wool production, with some diversifying into meat goats as better management skills are developed and herd performance is improved.

# Livestock products

## Milk

### **Forecast**

The GVP for milk for 2020–21 is forecast to be \$170 million, the same as DAF's final estimate for 2019–20 and 23% lower than the average for the past 5 years.

### **Analysis and discussion**

Production is expected to remain around the same in 2020–21 as for the previous year, at about 310 megalitres, falling slightly in the first half of the year before rebounding in the second half. There has been some rain this year, which should enable a small winter crop. The forecast higher rainfall for the remainder of 2020 should help farmers grow a substantial summer crop. In addition, grain, fodder and hay prices have fallen, and further falls are expected. This should return prices to close to long-term averages after being double and triple these in recent years. The expected rainfall and fall in feed prices should stabilise production after many years of decline due to drought.

COVID-19 had a very significant impact on milk sales, but this lasted only a few months. There has been a change in purchasing patterns with reduced cafe milk sales, reduced flavoured milk sales and higher retailer sales. Farmgate prices have fallen due to uncertainty and changed sales patterns from March to June 2020. It is unclear whether prices will increase during 2020–21.

Factors that will influence the Queensland dairy industry over the year ahead are:

- whether the predicted higher rainfall eventuates
- whether grain, fodder and hay prices return to average levels and stay there
- whether farmgate milk prices increase after falling in July 2020
- the impact of the dairy code, its enforcement by the Australian Competition and Consumer Commission and changes to the code due in early 2021
- the review of the national dairy industry, which recommends transformational change to industry structures.

## Eggs

### **Forecast**

The GVP for eggs for 2020–21 is forecast to be \$248 million, 5% higher than DAF's revised forecast for 2019–20 and 8% higher than the average for the past 5 years.

### **Analysis and discussion**

The egg industry has performed well in the disruption from the COVID-19 pandemic. Eggs were diverted from the food service sector to meet increased retail demand arising from more in-home cooking. Strong demand from the retail sector is forecast to sustain prices over 2020–21, with farmgate egg prices expected to increase by 2% from 2019–20.

Substantial preparation by the industry to protect their teams and maintain business continuity has ensured steady supply since March 2020. In line with this, egg volumes are forecast to grow marginally in 2020–21, with national egg production forecast to be 520 million dozen, according to Australian Eggs Limited. Queensland volumes will continue to reflect population share at 27–30% of national production.

While farmgate prices are forecast to increase, industry margins will continue to be squeezed, with growers absorbing costs associated with meeting COVID-19 measures. Industry estimates suggest that the restructuring of work teams, the application of personal protective equipment and additional hygiene procedures have typically cost a large egg farm with packing rooms between \$15 000 and \$18 000 per week.

With egg supply forecast to remain slightly short of demand, there will be only limited ability to pass through the costs associated with COVID-19 to customers. Price increases to date have been generally inadequate, with farmers absorbing a significant proportion of input cost increases. Forecast lower feed costs in 2020–21 should, however, provide some relief.

The industry has also faced ongoing regulatory and market uncertainty in relation to production systems. As regulatory processes move slowly, retailers have indicated phase-out timelines for cage eggs without providing the pricing and specification certainty to drive investment. This has impacted confidence in replacing capacity in all production systems.

## Wool

### **Forecast**

The GVP for wool for 2020–21 is forecast to be \$62 million, 15% lower than DAF's final forecast for 2019–20 and 26% lower than the average for the past 5 years.

### **Analysis and discussion**

The outlook for the wool industry for 2020–21 is subdued, with reduced volumes, reduced prices and weak demand.

The Australian Wool Production Forecasting Committee expects a total greasy wool production in Queensland in 2020–21 of 6.7 million kilograms, 6% lower than their final estimate for 2019–20. This reflects declines in Queensland sheep numbers as producers take advantage of demand for stock in other regions because, at a national level, herd rebuilding is underway. The national flock estimate for June 2020 of 63.5 million head is the lowest in more than a century.

The largest factor in the decreased GVP for the wool sector is the price freefall, in response to demand competition. The Eastern Market Indicator has fallen 680 cents since the first sale of this calendar year, a drop of 42%. The AWEX auction statistics for the 2019–20 season show a 22.9% decrease in firsthand wool offering volumes in Queensland since the same period in 2018–19. This trend is expected to continue in 2020–21 as growers hold on to their clip in response to price decreases.

A lack of orders in the current global pandemic is creating a despondent outlook across the trade. The supply chain has become clogged and the cash flow of millers has been decimated. Very few early-stage processors are currently running at more than 50% capacity, and some of the smaller operations have been forced to close their doors (at least temporarily). Local wool producers report the prices of quality wool garments in capital city shops as being well above those of equivalent products produced with alternative fibres and their summation is that wool will become more of a niche market with specific production requirements to maintain profitability.

# Crops

## Horticulture crops

### Fruit and nuts

#### **Forecast**

The total GVP for fruit and nuts in Queensland for 2020–21 is forecast to be \$1.85 billion. This is 4% higher than DAF's final estimate for 2019–20 and 2% greater than the average for the past 5 years.

#### **Analysis and discussion**

**Bananas:** The GVP for 2020–21 is forecast to be \$576 million, the same as DAF's final estimate for 2019–20 and the average for the past 5 years.

Queensland banana production is on track to be similar to last year, and prices are expected to be around average levels.

**Strawberries:** The GVP for 2020–21 is forecast to be \$148 million, 2% greater than DAF's final estimate for 2019–20 and 7% lower than the average for the past 5 years.

Strawberry volumes have improved this season and the cool weather has been favourable, producing good-quality fruit at harvest. There has also been an improvement in the availability of runners from the Granite Belt. However, several growers have concerns about labour shortages and consequently are reducing their plantings. Strawberry prices were around average levels at the start of the season but have fallen during the peak season due to greater supply coming from the southern states.

**Avocados:** The GVP for 2020–21 is forecast to be \$245 million, 2% lower than DAF's final estimate for 2019–20 and 11% greater than the average for the past 5 years.

Queensland avocado production is forecast to be low this year. Prices are expected to be marginally higher than last year's average, which was low because of the reduction in food services demand arising from COVID-19 restrictions during the peak Queensland avocado season.

**Macadamias:** The GVP for 2020–21 is forecast to be \$128 million, 2% greater than DAF's final estimate for 2019–20 and 6% lower than the average for the past 5 years.

The macadamia crop is forecast to be marginally higher than for last year. Growers are maintaining their investment in new plantings and there has been expansion in the growing regions and in new varieties.

**Mandarins:** The GVP for 2020–21 is forecast to be \$159 million, 42% greater than DAF's final estimate for 2019–20 and 33% greater than the average for the past 5 years.

Citrus Australia has commented that this season there will be strong volumes of Afourers due to more plantings coming into bearing age, while Murcott volumes are expected to be similar to those for last season. National mandarin export volumes are forecast to be lower in 2020–21 following a large increase in 2019–20. To June 2020, the top export destinations for mandarins were Japan (25%) and China (14%).

**Mangoes:** The GVP for 2020–21 is forecast to be \$90 million, the same as DAF's final estimate for 2019–20 and 8% lower than the average for the past 5 years.

The Queensland seasonal harvest commences in the dry tropical regions in mid-November, then Mareeba–Dimbulah in early December, Central Queensland in late December, and South East Queensland into the new year.

**Apples:** The GVP for 2020–21 is forecast to be \$51 million, 6% lower than DAF’s final estimate for 2019–20 and 38% lower than the average for the past 5 years.

Last year’s production was low due to the extremely dry conditions and high temperatures, which affected the quality and quantity of fruit. The February to May 2021 crop, grown in the Stanthorpe region, is forecast to be lower as the summer drought has weakened many trees, affecting flowering. The lower supply is expected to keep prices higher than average, with the net result a slightly lower GVP.

**Pineapples:** The GVP for 2020–21 is forecast to be \$87 million, 13% greater than DAF’s final estimate for 2019–20 and 25% greater than the average for the past 5 years.

The Queensland pineapple crop is forecast to be greater than last year’s, which was impacted by dry, hot conditions and hail damage. The fresh fruit volume is also forecast to increase, but fruit sent to processors is expected to be lower. Prices for both fresh and processed fruit are expected to be similar to those for last year.

**Table grapes:** The GVP for 2020–21 is forecast to be \$84 million, the same as DAF’s final estimate for 2019–20 and 24% greater than the average for the past 5 years.

There has been no increase in the planted area this year, and yields and farmgate prices are expected to be similar to those for last year. There is a higher degree of uncertainty for the table grapes forecast this season, as harvesting could be impacted by labour shortages, resulting in lower production and higher prices.

The Central Highlands region accounts for around 70% of Queensland’s table grape production, producing early-season grapes.

## Vegetables

### *Forecast*

For 2020–21, Queensland’s GVP for vegetables is forecast to be \$1.14 billion, 4% higher than for 2019–20 but 8% lower than the average for the past 5 years.

### *Analysis and discussion*

The COVID-19 pandemic continues to significantly impact the GVP of Queensland’s vegetable sector. DAF and industry experts are predicting falls in GVP due to the pandemic of 24% for lettuce, 17% for watermelons, 15% for tomatoes and rockmelons, and 14% for capsicums and chillies. These falls bring the revised GVP for total vegetables for 2020–21 down by \$91 million, which is 8% of the total vegetable crop. Labour shortages and plough-ins are expected to affect small to medium-sized enterprises, limiting the sector’s ability to capitalise on above-average seasonal conditions.

Prices and volumes are, however, remaining strong through the disruption. The prices of tomatoes, capsicums and zucchinis are above the cost of production in Bundaberg, a major growing region.

**Tomatoes:** The GVP for 2020–21 is forecast to be \$247 million, 4% higher than for 2019–20 but 9% lower than the average for the past 5 years.

The slight increase in GVP is due to greater than expected prices and a more favourable seasonal outlook.

**Capsicums and chillies:** The GVP for 2020–21 is forecast to be \$138 million, 5% less than for 2019–20 and 5% lower than the average for the past 5 years.

The slight reduction in GVP is due to potential impacts from labour shortages at harvest.

**Mushrooms:** The GVP for 2020–21 is forecast to be \$63 million, the same as DAF’s final estimate for 2019–20 but 6% lower than the average for the past 5 years.

**Sweet corn:** The GVP for 2020–21 is forecast to be \$104 million, 41% higher than for 2019–20 and 75% higher than the average for the past 5 years.

The majority of Queensland's sweet corn is grown in the Bundaberg, Burdekin and Bowen regions of the state. The exotic pest fall armyworm (*Spodoptera frugiperda*) has caused production issues in northern growing areas, with some fields requiring double spraying. This has, however, led to a shift in production, with a significant increase in plantings in the Bundaberg region as well as the northern region.

## Other vegetables

**Lettuce:** The GVP for 2020–21 is forecast to be \$25 million, the same as DAF's final estimate for 2019–20 but 53% below the average for the past 5 years.

**Potatoes:** The GVP for 2020–21 is forecast to be \$24 million, the same as DAF's final estimate for 2019–20 and 46% less than the average for the past 5 years.

**Watermelons:** The GVP for 2020–21 is forecast to be \$24 million, the same as DAF's final estimate for 2019–20 and 24% less than the average for the past 5 years.

## Lifestyle horticulture

### Production nurseries

#### **Forecast**

The GVP for production nurseries for 2020–21 is forecast to be \$1.013 billion. This is 10% higher than the 2019–20 final estimate and 11% higher than the average for the past 5 years.

#### **Analysis and discussion**

The estimate for the GVP takes into consideration the positive impact the public health restrictions implemented to manage the COVID-19 pandemic have had on the sector as a whole. Within the sector, products for home gardeners and the landscape industry have experienced exceptional increase in demand. The public health restrictions have not impacted the demand for nursery products by the construction industry for landscape components.

Also, the increased time at home for many has resulted in a huge lift in demand from the residential sector looking to undertake home improvements projects. This level of demand is not expected to abate in the near future. Some production nurseries have been able to increase production to take advantage of this increased demand. Over the same period, demand for commercial vegetable seedlings has remained consistent, resulting in an overall rise in the industry's GVP.

## Turf

#### **Forecast**

The GVP for turf for 2020–21 is forecast to be \$204 million, the same as the final estimate for 2019–20 but 16% less than the average for the past 5 years.

#### **Analysis and discussion**

While the overall value of the industry has not changed since 2019–20, there has been some movement in the underlying factors contributing to the GVP. In 2020–21, growers are expected to benefit from an increase in prices, but this is likely to be balanced by suppressed production levels due to drought in the southern Queensland growing regions.

Water efficiency measures continue to realise benefits for the industry, with some growers now able to reduce irrigation frequency from every second day to every third day. Smaller growers without access to on-farm water storage have been impacted disproportionately by drought conditions. This has resulted in a rationalisation, with some smaller growers leaving the industry. This has not necessarily reduced the overall area cultivated for turf, as some larger growers increased their plantings. Peak industry body Turf Queensland estimates that industry rationalisation has resulted in approximately 80 growers producing turf in Queensland, 20% fewer than reported in the 2018–19 forecast.

## Cut flowers

### **Forecast**

The GVP for cut flowers and foliage for 2020–21 is forecast to be \$129 million, the same as the final estimate for 2019–20 but 15% lower than the average for the past 5 years.

### **Analysis and discussion**

The cut flower and foliage sector relies heavily on key celebration dates (such as St Valentine's Day and Mothers' Day), large events and the spring wedding season.

Sales during key dates are expected to be robust in 2020–21 and will benefit from a reduction in competition from imported products while international airfreight services remain reduced due to the COVID-19 pandemic.

Despite this, the pandemic has resulted in reduced sales in August 2020. Reduced sales are also forecast for the spring wedding season. Queensland's retail sales are traditionally low over the Christmas period and, with many large events still in a hiatus due to the pandemic, the GVP for cut flowers and foliage is expected to be 20% lower than for 2018–19.

## Other crops

### Sugarcane

#### **Forecast**

The GVP for sugarcane for 2020–21 is forecast to be \$1.043 billion, 2% lower than the 2019–20 final estimate and 15% lower than the average for the past 5 years. Total revenue from the 2020–21 Queensland crop, in raw-sugar equivalent, is expected to be \$1.60 billion.

#### **Analysis and discussion**

A raw sugar value of \$377 per tonne international polarity scale was used to calculate the final estimate for sugarcane GVP (Queensland Sugar Limited Harvest Pool, 31 July 2020). This return is conservative compared with that realised by growers who have forward-priced on a rising market.

The average commercial cane sugar for Queensland's crop is expected to be 13.75 in 2020–21. This is slightly lower than that achieved in 2019–20 (14.09) but equal to the 5-year state average.

Queensland's sugar production is expected to be 4.1 to 4.2 million tonnes, slightly more than the 2019 total of 4.08 million tonnes.

The estimated total cane crop for 2020–21 is 31.0 million tonnes. Crops in Queensland's central and northern areas benefitted from good rainfall during February and March, while in the southern region rainfall during the growing season was sporadic. In this region, cane land continues to be converted to higher value crops or other land uses.

As with all GVP estimates since the advent of forward pricing and different pricing pool options, the percentage increase over forecast is a more relevant indicator than the price change in dollars of changing returns to growers.

Despite the slightly higher sugar price, the average return to Queensland canegrowers for 2020–21 is forecast to be down 2.01% from the final estimate for 2019–20, to \$33.70 per tonne. This lower return is due to the expected lower harvested pool price than for last season.

## Cotton

### Forecast

The GVP for cotton for 2020–21 is forecast to be \$524 million, a fourfold increase on DAF’s final estimate for 2019–20 and 11% above the average for the past 5 years. The 2020–21 season has very strong prospects but will depend on reliable water supplies.

### Analysis and discussion

At the start of the COVID-19 pandemic, demand for cotton plummeted as lockdown measures resulted in the closure of cotton ginning facilities. The impact of COVID-19 will continue throughout 2020–21, as mills and manufacturers will have to wait until restrictions ease before demand normalises. While demand is reduced, there is an incentive to store cotton and carry it forward. Also, with reduced forward long-term supply contracts, it is expected that manufacturers will have reduced demand for natural fibres until the supply chain starts to function normally again.

Cotton production is forecast to increase to 212 000 tonnes of cotton lint and 318 000 tonnes of cottonseed in 2020–21. The total area planted is forecast to rise to 96 000 hectares, with about 81 000 hectares irrigated and 15 000 hectares dryland. The main growing areas in Queensland include Darling Downs (33 000 hectares), St George (20 000 hectares), Dirranbandi (18 000 hectares), Macintyre Valley (11 000 hectares), Central Highlands (9000 hectares) and Dawson Valley (5000 hectares).

There have been increases in irrigated water supplies into the major dams across the state. Beardmore dam has the highest level at just over 67% full, while Coolmunda is around 33% full, with Fairbairn and Leslie around 10% full.

### World production

As detailed in Table 3, India was the world’s largest cotton producer in 2019–20, yielding just over 6.6 million tonnes and accounting for 25% of world production. The next largest cotton producers are China, the United States and Brazil, contributing 22%, 16% and 11% respectively to world production. The top four world producers are forecast to decrease production in 2020–21, whereas Pakistan is forecast to marginally increase production. The United States is the world’s largest cotton exporter and is forecast to export 3.8 million tonnes of cotton in 2020–21, accounting for just under 40% of world cotton exports.

**Table 3** World production of cotton, 2019–20 and 2020–21

Producer	2019–20 production ('000 tonnes)	Share of world production (%)	2020–21 forecast production ('000 tonnes)
India	6 641	25	6 205
China	5 933	22	5 770
United States	4 336	16	3 810
Brazil	2 918	11	2 613
Pakistan	1 350	5	1 415
Turkey	762	3	708
Australia	751	3	653
<b>Total world production</b>	<b>26 779</b>	<b>100</b>	<b>25 310</b>

Note: Not all cotton producers are represented in the table.

Source: Foreign Agriculture Service, USDA 2020, *Cotton: world markets and trade monthly circular*, August 2020.



## Other major field crops

### Peanuts

#### **Forecast**

The GVP for peanuts for 2020–21 is forecast to be \$42 million, nearly 4 times the final estimate for 2019–20 and 83% higher than the average for the past 5 years.

#### **Analysis and discussion**

Peanut plantings are expected to increase nearly 300% to 10 000 hectares due to boosted subsoil moisture profiles and higher irrigation storage allocations to growers. Correspondingly, production is forecast to increase 250% to 35 000 tonnes with a slight drop in yields. Greater production coupled with a 9% increase in price to \$1200 per tonne is projected to take GVP higher for the coming season.

### Soybeans

#### **Forecast**

The GVP for soybeans for 2020–21 is forecast to be \$19.9 million, 22% above the final estimate for 2019–20 and 70% above the average for the past 5 years.

#### **Analysis and discussion**

The area sown to soybeans is forecast to increase 50% to 15 000 hectares in 2020–21, due to higher irrigation storages than for the previous season. It is estimated that approximately 80% of the crop will be irrigated and the remainder dryland. Production is also forecast to increase by 50%, to 30 000 tonnes.

The forecast price of soybeans is based on 75% of production consisting of edible beans and 25% of crushing beans. The average price of soybeans is estimated to have fallen 18%, from \$813 per tonne to \$663 per tonne, reflecting increased global supply relative to demand. Overall, the forecast increased production is expected to more than offset the fall in price, taking soybean GVP higher.

## Grains and pulses

### Grain sorghum

#### **Forecast**

The GVP for grain sorghum for 2020–21 is forecast to be \$395 million, nearly 4 times the estimate for 2019–20 and 68% above the average for the past 5 years.

#### **Analysis and discussion**

The area sown to sorghum is forecast to increase 240% to 439 000 hectares in 2020–21 and a significant increase in yields is expected. This will take production 370% higher to 1.52 million tonnes, based on improved subsoil moisture profiles from autumn and winter rains, and the potential for a higher than average La Niña rainfall in spring. Conversely, price is estimated to have fallen 16% to \$260 per tonne, due to increased supplies of domestic wheat and barley. Increased production is projected to more than offset the fall in price, taking GVP markedly higher.

## Maize

### **Forecast**

The GVP for maize for 2020–21 is forecast to be \$50 million, 16% above the 2019–20 estimate and 15% above the average for the past 5 years.

### **Analysis and discussion**

The area sown to maize in 2020–21 is forecast to be 35 440 hectares, in line with the 10-year average and double the forecast for the previous season, due to greater subsoil moisture profiles and expected above-average La Niña rainfall in spring. Overall production is forecast to increase 87% from 88 600 tonnes to 165 822 tonnes (the 10-year average). The price has dropped 38% from \$480 to \$300 per tonne, based on cheaper feed wheat and barley becoming available from other states. Increased production is projected to more than offset the lower price, taking maize GVP commensurately higher.

## Wheat

### **Forecast**

The GVP for wheat for 2020–21 is forecast to be \$307 million, 25% above the final estimate for 2019–20 and 8% above the average for the past 5 years.

### **Analysis and discussion**

The area sown is estimated to have increased around 80% from 2019–20 to 687 500 hectares due to patchy but ample rainfall in grain-growing regions of southern and central Queensland over autumn 2020. Due to improved subsoil moisture, average yield is expected to be 8% higher, up from 1.5 tonnes to 1.63 tonnes per hectare, giving a production estimate of around 1.12 million tonnes. Conversely, the price has fallen 36% to \$273 per tonne. Significantly increased production is projected to more than offset the fall in price, taking GVP higher. Prices have fallen due to increased domestic supplies of wheat and barley (from Western Australia, South Australia, Victoria and New South Wales) and due to the surplus supplies of northern hemisphere wheat in Black Sea countries and northern America softening prices in United States dollars.

## Barley

### **Forecast**

The GVP for barley for 2020–21 is forecast to be \$63 million, 142% above the final estimate for 2019–20 and 8% lower than the average for the past 5 years.

### **Analysis and discussion**

The area sown to barley in 2020–21 is expected to be 131 333 hectares, exceeding the previous season's area by 180%. This, coupled with 55% higher yields, is forecast to increase production by over 300% to 272 500 tonnes. This expected increase is based on much-improved soil moisture and rain during planting and crop growing than in the previous season. At the same time, prices have fallen 43% to \$231 per tonne, due to bigger barley crops and imports from Western Australia, South Australia and Victoria. Increased production is projected to more than offset the fall in price, taking GVP proportionately higher.

## Chickpeas

### **Forecast**

The GVP for chickpeas for 2020–21 is forecast to be \$135 million, just 2% above the final estimate for 2019–20 but 64% below the average for the past 5 years.

## ***Analysis and discussion***

The area sown to chickpeas is estimated to be 221 750 hectares, 43% above the final estimate for 2019–20, due to more favourable autumn planting conditions with boosted soil moisture from much-needed rain. Yield is estimated to be just 2% higher, with a 47% increase in production to 255 000 tonnes. The price is estimated to have fallen around 30% from \$765 per tonne (2019–20) to \$528 per tonne, due to depressed export market conditions in India. Alternative export markets, including Bangladesh and Pakistan, are being used to divert Queensland chickpeas. Increased Queensland chickpea production has been offset by lower prices, keeping GVP approximately the same as in 2019–20.

## **Mung beans**

### ***Forecast***

The GVP for mung beans for 2020–21 is forecast to be \$129 million, 37% above the final estimate for 2019–20 and 36% above the average for the past 5 years.

### ***Analysis and discussion***

The area sown to mung beans is forecast to be 90 000 hectares in 2020–21. This is 30% above the 2019–20 estimate, and is due to increased autumn and winter 2020 rain boosting subsoil moisture levels and the potential for above-average La Niña rainfall in spring. Coupled with 15% higher yields, this is forecast to increase production by 48% to 103 500 tonnes. The price is estimated to have fallen since 2019–20 by 7% to \$1250 per tonne, but is still historically high. The higher forecast production will more than offset lower prices, taking the GVP projection proportionately higher.

# Fisheries

## **Forecast**

The GVP for commercial fisheries for 2020–21 is forecast to be \$170 million. This is 12% lower than the revised estimate for 2019–20 and 16% lower than the 4-year average (noting that due to revised methodology, further comparisons cannot be made).

The forecast GVP for Queensland's aquaculture industry of \$140 million is 8% greater than DAF's final estimate for 2019–20 and 25% greater than the average for the past 5 years.

The forecast GVP for recreational fishing remains at \$94 million.

The total fisheries GVP for 2020–21 is forecast to be \$404 million. This is 3% less than for the previous year and 1% less than the average over the past 5 years.

## **Analysis and discussion**

### **Commercial fisheries**

The 2020–21 outlook for commercial fisheries is subdued due to the ongoing effects of the COVID-19 pandemic, with market collapse across both export and domestic sectors. Due to the reliance on tourism and airfreight, recovery is expected to be limited in 2020–21. Queensland fisheries are diverse and extend across more than 7000 kilometres of coastline. Based on a DAF 2019 survey, commercial fishing in Queensland generates approximately 1800 direct full-time equivalent positions and employs about 3300 people. A total of 5500 people are employed in commercial fishing and related businesses such as seafood processing, wholesale, retail and other support industries.

In addition, a 2019 survey of recreational fishers revealed approximately 940 000 Queenslanders recalled going fishing in 2018. There are also currently more than 300 active charter fishing licences. These figures show that even more jobs are related to fishing, through the boating, tackle and tourism industries.

### **COVID-19 impacts on fishing**

The Queensland Government moved quickly to ensure commercial fishing and aquaculture were considered essential agribusinesses early in the COVID-19 crisis. While these sectors have continued to operate, both export and domestic market conditions have been variable and remain challenging for these businesses.

The loss of international markets and international freight caused many commercial fishing businesses to stop fishing and exporting. A loss of international tourists to Australia also resulted in a significant fall in domestic seafood consumption, which was exacerbated by local market oversupply from almost all Australian fisheries.

Charter fishing in Queensland was also severely impacted by restrictions on international and domestic travel, with 50–80% of clients affected for most charter businesses. This, coupled with requirements to refund deposits for cancelled trips, led to most licensed charter operators in Queensland ceasing operations in March 2020. Many are still trying to reopen.

Recreational fishing, however, seemed to respond relatively well to COVID-19 disruptions. Monitoring by Fisheries Queensland of boat trailer numbers at boat ramps shows the numbers of people going boating and fishing at some ramps were larger than could be explained by good weather and school holidays.

The Queensland Government provided fee relief for commercial and charter fishing businesses, for the period between 1 January and 30 June 2020, to assist with recovery from the impacts of COVID-19 and as part of a transition from fees in arrears to fees in advance. This contributed a further \$2.7 million in direct financial support for affected businesses. Businesses can also contact Fisheries Queensland for repayment plan options if they are having difficulties making payment.

A range of assistance measures have been made available across the levels of government. These include JobKeeper, job support loans, the payroll tax relief package, power bill relief, and financial and wellbeing support for agriculture (including commercial fishers), as well as market diversification and resilience grants.

The Australian Government is coordinating support for the agriculture and seafood sectors to access critical international markets. Separately, work is underway to establish a freight coordinator for a number of agricultural products, including seafood, with Trade and Investment Queensland to improve logistic supply chains.

There are currently no specific restrictions on recreational, charter, aquaculture or commercial fishing activities within Queensland. Commercial fishing and aquaculture businesses can continue to operate, provided they comply with requirements to help reduce the spread of COVID-19.

### **Forecast basis**

- National fisheries and aquaculture production value is forecast to decline by 12% in 2019–20 to \$2.81 billion. A fall in rock lobster production value is expected to account for the majority of this fall, driven largely by the effects of reduced export demand from China following the COVID-19 pandemic.
- Australian fisheries product exports to China accounted for 58% of total export value in 2018–19, and 99% of Queensland's coral trout catch is exported to China.
- Australian fisheries product exports to China are concentrated in three product groups—rock lobster, abalone and salmonids. In 2018–19 these accounted for 97% of all fisheries product exports to China.
- It is assumed that COVID-19 has impacted markets for the second half of the 2019–20 financial year and this will be followed by a resumption of typical market conditions by the end of 2020–21.
- Production value is expected to rise by 21% in 2020–21 to \$3.40 billion following the assumed normalisation of export markets.
- The magnitude of the impact of COVID-19 is uncertain and depends on the extent of the pandemic, its duration and the effectiveness of control measures.

### **Aquaculture**

The gross value of the Queensland aquaculture industry is forecast to be \$140 million in 2020–21. This is 8% greater than for the previous year and 25% greater than the average over the past 5 years.

Prawn farming remains the largest sector of the Queensland aquaculture industry. In 2018–19, the value of the prawn sector increased by \$5.7 million to \$80.4 million. Despite the impacts of COVID-19 and a recurrence of white spot virus at a farm on the Logan River, it is expected that the farmgate value of prawns will continue to increase in 2020–21. This increase is being driven by the significant investment in Queensland aquaculture farms by Australian salmon aquaculture company Tassal Operations Pty Ltd, who recently were granted approval for an expansion of their existing aquaculture farm near Proserpine.

Barramundi, the second largest sector, is expected to decrease production from the previous season due to the impacts of COVID-19 on southern markets. For 2020–21, the barramundi farming sector is predicted to achieve an estimated value of \$25.0 million.

The freshwater fish sector (primarily silver perch, Murray cod and jade perch) has been heavily impacted by the closure of southern markets in response to COVID-19 and the ongoing drought. A decrease in farmgate value to \$1.5 million is expected for this sector.

The oyster and hatchery sectors are expected to increase slightly on production levels achieved in 2019–20, with a new oyster farm operating in Hervey Bay.

# Forestry

## **Forecast**

The GVP for the forest-growing sector of the Queensland forest industry for 2020–21 is forecast to be \$251 million. This is 11% lower than DAF's final estimate of \$283 million for 2019–20, and 7% lower than the 3-year average of \$271 million for the period 2018–19 to 2020–21.

DAF forecasts that the first-stage processing sector of the industry will contribute \$427 million to the Queensland economy in 2020–21; this is 12% lower than the 2019–20 final estimate of \$484 million.

Together, the forest-growing and first-stage processing sectors are forecast to contribute \$678 million to the Queensland economy in 2020–21.

## **Analysis and discussion**

The decrease in the forecast GVP for the forest-growing sector for 2020–21 reflects the decrease in sales of softwood resource into domestic markets due to COVID-19 and the constraints applied in the building sector for construction materials. Exports of plantation softwood sold in 2020–21 are forecast to be comparable with those for 2019–20, even though the salvage of recoverable log timber from cyclone-damaged plantations at Byfield has concluded.

The forecast sales of state-owned native forest timber in 2020–21 are 15% lower than for the previous financial year. This is attributed mainly to an end-cycle of a 5-year sales permit after an increase in removals last financial year. There is also an expected slowing in the cypress markets due to a lower demand in Victorian markets. The 236 000 cubic metres forecast to be sold in 2020–21 is 8% lower than the 255 000 cubic metres of state-owned native cypress and hardwood log timber sold in 2019–20.

Although no reliable data is available for privately owned native forest production, anecdotal evidence suggests that approximately 50% of locally sourced hardwood timber is from privately owned native forests. It is expected that demand for hardwood log timber from privately owned land in both domestic and export markets will remain stable for the next financial year, particularly as southern states grapple with a reduction in supply due to the impact of the bushfires in 2019–20.

The prospects for the forest and timber industry are largely driven by the activity in the housing and construction sector, which accounts for most of the demand for domestically produced timber in Queensland, in particular for plantation-sourced timber. The construction sector is experiencing a decline in activity and this is reflected in a 20% reduction in dwelling commencements through 2019–20. Initial statistics for 2020 indicate that the dwelling commencements have eased more quickly than the previous year. BIS Oxford Economics forecasts that Queensland will continue to experience a downturn in dwelling commencements for the remainder of 2020–21.

Sawn timber production in Queensland is also impacted by the balance of forest and timber industry imports and exports. Based on provisional 2019–20 information, overseas trade data shows a modest decrease in the value of imports of forest and timber products from \$898 million to \$870 million. This decrease is attributed to the value of imported manufactured wood products dropping from \$451 million in 2018–19 to \$405 million in 2019–20. Imports of log material decreased slightly for the same period, while imports of pulp and paper, and in particular sanitary products, increased in 2019–20.

Exports of whole logs decreased by 25% in 2019–20 and exports of pulp and paper products decreased by 18%. These decreases are likely due to the closure of ports in China during the initial impacts of COVID-19. Overall exports of timber and wood products from Queensland decreased by 17% from \$352 million to \$295 million in 2019–20.

## Notes

- Gross value of commodities produced is a measure of economic output.
- Estimates of the gross values of Queensland agricultural production are calculated and published at the state level by the ABS. Presently, the ABS publishes estimates for most agricultural commodities twice a year.
- A preliminary estimate for a particular financial year is published approximately 4 months after the end of that year. The second (final) estimate is published approximately 12 months after the preliminary estimate.
- All estimates provided in this publication are in nominal dollar values unless otherwise stated.

## Definitions

**COVID-19** the coronavirus that originated in China in 2019 and was declared a global pandemic

**crops** field and horticulture crops

**fisheries** trawl and non-trawl fishing, and aquaculture

**forestry** log sawmilling and timber dressing

**gross value of commodities produced** the value of recorded production at wholesale prices realised in the marketplace (e.g. cattle sold for slaughter and sugarcane at the mill)

**livestock disposals** cattle, sheep, pigs, poultry, kangaroos and other live animals sold for slaughter, plus live exports minus live imports

**livestock products** eggs, milk, wool and honey

**marketplace** generally, the metropolitan market in each state and territory (where commodities are consumed locally, or where they become raw material for a secondary industry); for exports, marketplace prices are generally free-on-board prices

**value added** the value of the output produced minus the costs of the intermediate goods

## Acronyms

<b>ABARES</b>	Australian Bureau of Agricultural and Resource Economics and Sciences
<b>ABS</b>	Australian Bureau of Statistics
<b>AWEX</b>	Australian Wool Exchange
<b>DAF</b>	Department of Agriculture and Fisheries
<b>GDP</b>	gross domestic product
<b>GVP</b>	gross value of production
<b>MLA</b>	Meat & Livestock Australia
<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>USDA</b>	United States Department of Agriculture

## Queensland AgTrends 2020–21

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