



AgTrends update

April 2014

At a glance

Currently, 79% of the state is drought-declared. The impacts of this drought are reflected in the gross value of production (GVP) forecasts in this update. The major industries that have been affected by the drought since the October 2013 forecasts are the winter and summer grain crops (which have been revised down significantly) and the beef industry. Record slaughtering in the beef industry across the state have helped to maintain the GVP at the October 2013 forecast levels despite falls in cattle prices. However, the net effect of the drought will be felt in GVP terms in the coming years as beef producers rebuild their breeding stock from much lower bases. Wool and milk production have also been affected by the drought.

The net effect from damage from Cyclone Ita will be factored into GVP forecasts for the 2014–15 financial year in October 2014. At present, it appears most of the damage will affect sugar cane, and CCS (commercial cane sugar) levels may be reduced as a result for the 2014 crop. The sugar forecasts in this report are for the 2013 calendar year. There should also be some reductions in the banana GVP figures in the forecasts for the next financial year.

Total value of Queensland's primary industries

In April 2014, the total value of Queensland's primary industry commodities for 2013–14, comprising GVP at the farm gate and first-round processing, was forecast to be \$14.71 billion. This is 1% less than the initial estimate of the Department of Agriculture, Fisheries and Forestry (DAFF) but 3% greater than the average for the last 5 years.

GVP at the farm gate

In April 2014, the 2013–14 GVP of Queensland's primary industry commodities at the farm gate was forecast to be nearly \$11.64 billion. This is 2% lower than DAFF's initial estimate but 3% greater than the average for the last 5 years.

This edition of *AgTrends* only reports the revisions to the October 2013 forecasts. Forecasts that have been revised **up** from previous forecasts for 2013–14 are those for:

- sheep and lambs
- strawberries
- beans
- capsicums and chillies
- sugar cane
- chickpeas.

Forecasts that have been revised **down** from previous forecasts for 2013–14 are those for:

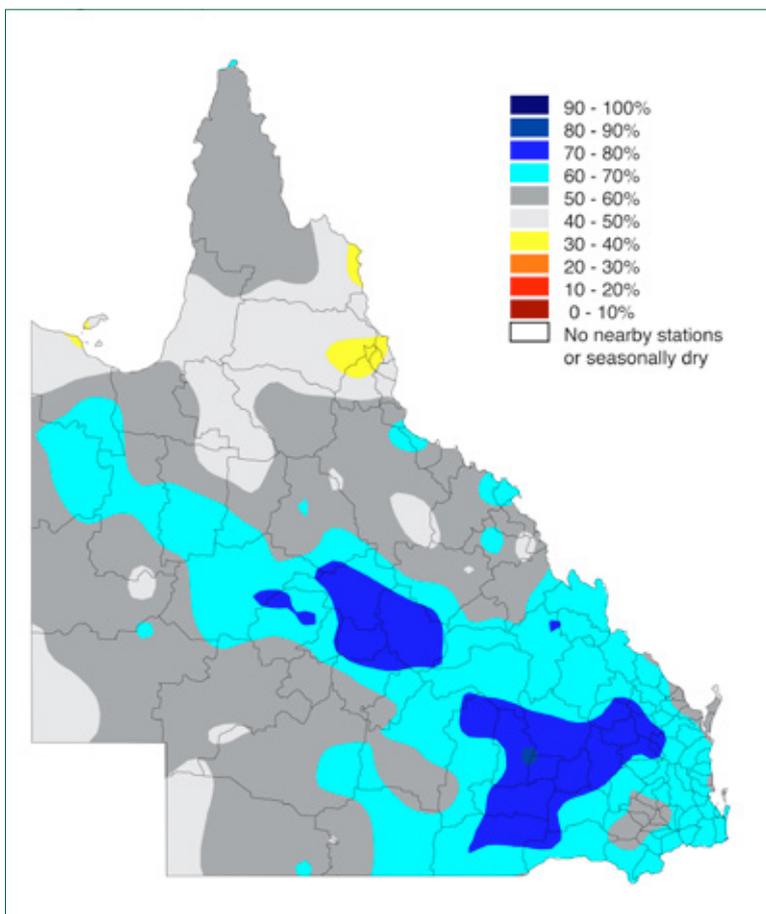
- wool
- milk
- eggs
- apples
- watermelons
- wheat
- barley
- grain sorghum
- maize
- sunflowers
- soybeans
- peanuts.

First-round processing

The value of first-round processing (or value-added production) for 2013–14 is forecast to be \$3.06 billion.

Autumn/winter 2014 climate forecast

According to the Department of Science, Information Technology, Innovation and the Arts (DSITIA), the monthly Southern Oscillation Index (SOI) value for April was plus 6.3. However, with a probable El Niño developing over the next couple of months, it is likely that the SOI values will fall. Ongoing negative SOI values would be a warning sign of a likely drier winter and spring.



In the meantime, based on a rapidly rising SOI phase at the end of April, there is greater than a 60% chance of getting at least median rainfall for May to July throughout parts of south-eastern and central Queensland. Across the rest of the state there remains a 40–60% (or near average) chance of getting median rainfall through to the end of July.

For more information, go to the Queensland Government’s ‘Longpaddock’ web page, www.longpaddock.qld.gov.au.

Figure 1 The chance of exceeding the median rainfall, May to July 2014

Source: <<http://www.longpaddock.qld.gov.au>> DSITIA

Primary industries estimates and forecasts

The GVP, first-round processing and total primary industries estimates and forecasts are provided in Table 1.

Table 1 GVP, first-round processing and total primary industries estimates and forecasts, 2011–12 to 2013–14

	2011–12 ^b (\$m)	2012–13 ^b (\$m)	2013–14 forecast, October 2013 ^d (\$m)	2013–14 forecast, April 2014 ^d (\$m)	Change from October 2013 to April 2014 (%)	Change from average of last 5 years (%)
Commodity GVP^a						
Livestock disposals						
Cattle and calves	3 281	3 247	3 239	3 259	1	-2
Poultry	377	438	456	456	0	16
Pigs	220	204	210	210	0	-5
Sheep and lambs	67	47	54	78	44	47
Other livestock	0	30	30	30	0	136
Kangaroos	20	12	12	12	0	-30
Total livestock disposals	3 965	3 978	4 001	4 045	1	0
Livestock products						
Milk (all purpose)	242	226	226	215	-5	-19
Eggs	112	138	162	140	-14	5
Wool	130	106	105	83	-21	-19
Total livestock products^e	484	470	493	438	-11	-13
Total livestock	4 449	4 448	4 494	4 483	0	-1
Horticulture						
Fruit and nuts						
Bananas	360	550	550	570	4	40
Other fruit and nuts	235	218	226	232	3	44
Strawberries	145	125	131	170	30	46
Avocados	145	140	160	167	4	40
Mangoes	70	70	77	77	0	17
Mandarins	74	69	77	77	0	6
Apples	78	95	110	77	-30	-19
Pineapples	68	77	70	73	4	2
Macadamias	42	59	54	54	0	46
Table grapes	50	50	50	50	0	57
Total fruit and nuts	1 189	1 453	1 505	1 547	3	32
Vegetables						
Tomatoes	266	243	297	291	-2	36
Other vegetables	257	223	235	236	1	2
Capsicums and chillies ^f	139	139	145	155	7	40
Beans	78	74	68	79	15	14
Mushrooms	64	64	64	64	0	43
Potatoes	54	54	54	54	0	4
Lettuce	54	54	54	54	0	-12
Sweet potatoes	56	52	52	52	1	0
Zucchini and button squash	43	42	47	47	0	10
Sweet corn	36	36	38	38	0	22
Melons (rock and cantaloupe)	34	32	38	36	-5	20
Melons (watermelon)	37	36	39	33	-15	-13
Carrots	24	24	25	25	0	18
Onions	25	25	25	25	0	-11
Pumpkin	21	21	22	22	0	-14
Total vegetables	1 188	1 119	1 201	1 211	1	15
Total fruit and vegetables	2 377	2 572	2 706	2 758	2	24

continued

Table 1 continued

	2011–12 ^b (\$m)	2011–12 ^b (\$m)	2013–14 forecast, October 2013 ^d (\$m)	2013–14 forecast, April 2014 ^d (\$m)	Change from October 2012 to April 2013 (%)	Change from average of last 5 years (%)
Commodity GVP^a						
Lifestyle horticulture production						
Nurseries ^l	821	867	867	867	0	0
Cut flowers ^l	151	151	151	151	0	9
Turf ^l	146	125	140	140	0	-1
Total lifestyle horticulture production	1 118	1 143	1 158	1 158	0	1
Total horticulture	3 495	3 715	3 864	3 916	1	16
Other field crops						
Sugar cane ^g	1 218	1 140	1 012	1 068	6	-4
Cotton (raw) ^h	872	633	648	632	-2	7
Other crops ^c	105	197	157	155	-2	-18
Total other crops	2 195	1 970	1 817	1 855	2	-2
Cereal grains						
Wheat	313	554	404	375	-7	-9
Grain sorghum	313	305	441	230	-48	-19
Other cereal grains	37	164	117	85	-27	-12
Barley	45	44	55	51	-7	34
Maize	43	34	64	49	-24	-24
Total cereal grains	751	1 101	1 081	790	-27	-12
Total crops	6 441	6 785	6 762	6 560	-3	7
Total agriculture	10 890	11 233	11 256	11 043	-2	3
Fisheries^{c,i}						
Commercial fishing						
Crustaceans	161	--	--	--	--	--
Molluscs	9	--	--	--	--	--
Finfish	114	--	--	--	--	--
Total commercial fishing	284	260	250	250	0	-8
Recreational fishing	73	73	73	73	0	25
Aquaculture	91	101	101	101	0	6
Total fisheries	448	434	424	424	0	0
Forestry and logging^{c,i}	189	150	175	175	0	2
Total primary industries (farm gate)	11 527	11 817	11 855	11 642	-2	3
First-round processing value added^k						
Meat processing ^c	1 521	1 526	1 535	1 551	1	0
Sugar processing ^c	712	646	573	605	6	1
Log sawmilling, timber dressing and plywood and veneer manufacturing ^c	390	309	361	361	0	2
Fruit and vegetables processing ^c	200	216	227	232	2	24
Milk and cream processing ^c	128	119	119	113	-5	-19
Cotton ginning ^c	99	72	74	72	-2	7
Flour mill and feed processing ^c	61	89	88	64	-27	-12
Seafood processing ^c	67	65	64	64	0	0
Total primary industries (first-round processing)	3 178	3 043	3 041	3 063	1	1
Total primary industries	14 705	14 861	14 896	14 705	-1	3

continued

Table 1 continued

a GVP is '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, sugar cane 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 Australian Bureau of Statistics final estimates unless otherwise indicated.

c DAFF estimates.

d DAFF forecasts.

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

f DAFF estimate does not include chillies.

g Gross value of sugar cane at mill door.

h Includes value of cottonseed and lint.

i Includes catches from both Commonwealth-managed fisheries (including Torres Strait, Gulf of Carpentaria and East Coast tuna fisheries) and state-managed fisheries.

j Australian Bureau of Agricultural and Resource Economics and Sciences estimates.

k 'Value added' is the value of the output produced minus the costs of the intermediate inputs.

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

Primary industry forecasts revised since October 2013

Livestock disposals

Sheep and lambs

Forecast

The GVP of **sheep and lambs** in Queensland for 2013–14 is forecast to be \$78 million, 44% higher than DAFF's October 2013 forecast and 47% higher than the average for the last 5 years.

Discussion

The forecast increase is primarily due to a large rise in slaughter rates due to destocking as a result of the drought. In 2013–14 slaughter rates for mutton have been 49% higher than in 2012–13 and similarly slaughter rates for lamb have been 21% higher.

Despite this large increase in supply of animals for slaughter, prices have improved as well. Lamb prices are up just over 14% and mutton prices up nearly 5%. These prices are primarily driven by demand, although they also reflect that Queensland makes up less than 5% of Australia's sheep and lamb industry and therefore a 49% increase in Queensland production of mutton did not cause excessive supply.

Livestock products

Eggs

Forecast

The GVP of **eggs** for 2013–14 is forecast to be \$140 million, 14% lower than DAFF's October 2013 forecast but 5% higher than the average for the last 5 years.

Discussion

The main reason for the downward revision is a decrease in supply, 5% less than in 2012–13, due to disease outbreaks and to a lesser extent grain availability. The egg industry had initially targeted an expansion of increasing supply by 10%.

Wool

Forecast

The GVP of **wool** in Queensland for 2013–14 is forecast to be \$83 million, 21% lower than DAFF's October 2013 forecast and 19% lower than the average for the last 5 years.

Discussion

The reduction in wool production is purely a result of a 21% decrease in quantity produced. This is attributed to the effects of drought, with lower herd numbers due to destocking. Additionally, lower fleece weights have resulted from poor autumn and winter conditions.

The average price over the year is consistent with the forecast, although prices have been trending downwards in recent months.

Milk

Forecast

The GVP of **milk** in Queensland for 2013–14 is forecast to be \$215 million, 5% lower than DAFF's October 2013 forecast and 19% lower than the average for the last 5 years.

Discussion

The 7% reduction in milk production due to the drought has been negated somewhat by slight increases in milk prices over the last 6 months.

Horticulture

Fruit and nuts

Apples

Forecast

The GVP of **apples** for 2013–14 is forecast to be \$77 million, 30% lower than DAFF's October 2013 forecast and 19% lower than the average for the last 5 years.

Discussion

The main reason for the downward revision is a reduction in size and quality of the fruit as a result of drought and warm weather in Stanthorpe, which produces more than 95% of Queensland's apples. As a result, yield is down by 30–35%, although prices have improved marginally.

Strawberries

Forecast

The GVP of **strawberries** for 2013–14 is forecast to be \$170 million, 30% higher than DAFF's October 2013 forecast.

Discussion

The forecast increase is primarily due to a large increase in production, particularly in Bundaberg and Stanthorpe, as well as a small increase in South East Queensland. Queensland's share of the total Australian strawberry industry is estimated to have risen to 47%.

Vegetables

Capsicums and chillies

Forecast

The GVP of **capsicums and chillies** for 2013–14 is forecast to be \$155 million, 7% greater than DAFF's October 2013 forecast and 40% greater than the average for the past 5 years.

Discussion

Reasonable water availability is likely to result in an increased volume of production across the Bowen region. However, a slight reduction in prices is expected to be associated with this improvement.

Watermelons

Forecast

The GVP of **watermelons** in Queensland in 2013–14 is forecast to be \$33 million, 15% less than DAFF's October 2013 forecast and 13% less than the average for the past 5 years.

Discussion

The volume of watermelons is expected to be down on the previous year in the Bowen region due to a rotation of crops.

Beans

Forecast

The GVP of **beans** for 2013–14 is forecast to be \$79 million, 15% greater than DAFF's October 2013 forecast and 14% greater than the average for the past 5 years.

Discussion

The increase in production is expected to occur in the Bowen region and is due to a better growing season.

Other field crops

Sugar cane

Forecast

The GVP of **sugar cane** for 2013–14 is forecast to be \$1.068 billion, a 6% increase on the October 2013 forecast but 4% lower than the average for the last 5 years.

Discussion

Queensland's crop of sugar cane reached the expected 29 million tonnes, with yellow canopy syndrome impacting some sugar-growing districts as expected. However, the average CCS (commercial cane sugar) improved from a predicted 13.60% to 14.17%, which is up from the 2012 harvest average of 14.05%. Ideal harvesting conditions in most sugar-growing districts contributed to this positive result.

The October 2013 forecast for sugar prices remained relatively unchanged. Queensland Sugar Limited's 2013 harvest pool price was \$392 on 13 September 2013—only \$1 less than the 25 March 2014 harvest pool price.

Other major field crops

Chickpeas

Forecast

The GVP of **chickpeas** for 2013–14 (2013 winter crop) is forecast to increase to \$118 million, up 18% from the October 2013 forecast of \$100 million.

Discussion

The increase is mainly due to higher average yields than expected, although the price remains lacklustre due to dampened global crop value conditions. The area sown is estimated to have increased marginally (by 1%) to 215 500 hectares and yield losses were experienced due to dry and hot spring conditions.

Sunflowers

Forecast

The GVP of **sunflowers** for 2013–14 is forecast to be \$7 million, 33% down on the October 2013 forecast of \$10 million.

Discussion

The decrease is due to a significantly smaller area sown than expected along with a decline in yields. There was, however, an expected increase in price for sunflowers.

The area sown is estimated to be 11 250 hectares, 33% lower than the October 2013 forecast, due to dry conditions and no rain at planting time. Also due to dry conditions, yields are estimated to have fallen by 13% to 0.95 tonnes per hectare, which is below the 5-year average (1.2 tonnes per hectare). Overall, production is expected to fall to 10 700 tonnes, down by more than 40% from the 18 400 tonnes estimated in October 2013.

Conversely, price is estimated to have increased to \$638 per tonne, up 16% from the October 2013 estimate of \$550 per tonne. This price is a weighted average of monounsaturated seed value (commanding \$635 per tonne in central Queensland and \$665 per tonne in southern Queensland) and polyunsaturated seed value (priced around \$70 per tonne lower).

Soybeans

Forecast

The GVP of **soybeans** for 2013–14 is forecast to be \$9 million, 46% less than the October 2013 estimate of \$16 million.

Discussion

The decrease is due to a dramatic fall in yields, despite an increase in area sown and price. Overall, the area sown to soybeans in Queensland increased to an estimated 12 700 hectares, up 15% from 11 000 hectares. Despite this, yields are expected to fall by an average of 60%, from 2.5 tonnes per hectare in October 2013 to just 1 tonne per hectare in April, taking production down an estimated 54%, from 27 500 tonnes to 12 700 tonnes.

Peanuts

Forecast

The GVP of **peanuts** for 2013–14 is forecast to be \$21 million, down by nearly a third from the estimate of \$31 million made in October 2013.

Discussion

The decrease is due to some peanut areas not being sown and dryland crops failing because of drought conditions.

The total area sown has fallen to 10 500 hectares, down 9% from the October 2013 estimate. The smaller area sown and lower average yields are expected to reduce production by a third, from 34 500 tonnes to 23 000 tonnes. The peanut price has increased 3% to \$925 per tonne, because peanuts will be harvested from irrigated areas only, which produce higher quality nuts. Despite this, the lower production is estimated to reduce peanut GVP significantly.

Winter cereal grains

Wheat

Forecast

The GVP of **wheat** for 2013–14 (2013 winter season) is forecast to be \$375 million, 7% lower than the forecast made in October 2013. This is 9% lower than the average for the last 5 years.

Discussion

Wheat area sown is estimated to have been 766 600 hectares in the March quarter, just 1.7% above the estimate of 754 000 hectares made in October 2013. Due to a dry crop finish, however, average yields are estimated to have fallen 16%, from 1.9 tonnes per hectare to 1.6 tonnes per hectare. On balance, the production estimate has been revised downward by 15%, from around 1.4 million tonnes to 1.2 million tonnes.

Conversely, price is estimated to have increased 9%, from \$286 to \$312 per tonne. The grain price basis on the east coast of Australia was strong in January–February 2014, due to tight previous season wheat stocks and patchy sorghum plantings.

Barley

Forecast

The GVP of **barley** for 2013–14 (2013 winter crop) is forecast to be \$51 million, down 7% from the October 2013 forecast of \$55 million. This is, however, 34% greater than the average for the last 5 years.

Discussion

The area sown to barley is estimated to have remained the same since the October 2013 forecast, at around 91 800 hectares. However, due to a dry crop finish (as for wheat), yields fell by an estimated 22% to 1.7 tonnes per hectare. Correspondingly, production fell to around 153 000 tonnes, down 22% from the 196 000 tonnes forecast in October 2013.

The barley price, on the other hand, is estimated to have increased to \$335 per tonne (average for feed and malting barley), up 19% from the \$280 per tonne estimated in the October 2013 forecast. This reflects tight domestic supplies of wheat and sorghum, in addition to tight global wheat supplies.

Summer cereal grains

Grain sorghum

Forecast

The forecast GVP of **grain sorghum** for the 2013–14 season has been revised downward by almost a half to \$230 million. This is 19% less than the average for the last 5 years.

Discussion

As at the end of February 2014, dry soil-moisture conditions (low to very low) were persisting in most of Queensland's sorghum-growing areas. Yield expectations in central Queensland were close to average, but most areas in southern Queensland expected yields well below the long-term average (–60% to –30%).

The area sown to grain sorghum is estimated to be 243 000 hectares, about 47% less than the October 2013 estimate of 457 000 hectares. Average yields also have been revised downward, by 20%, to 2.9 tonnes per hectare. The reduced area sown and yields are estimated to result in a fall in grain sorghum production to 706 000 tonnes, 57% down from the 1.6 million tonnes forecast in October 2013.

The grain sorghum price is estimated to have increased to \$325 per tonne, up 22% from the \$266 per tonne forecast in October 2013. Although prices of coarse grains such as grain sorghum tend to follow those of white grains such as wheat, support for domestic grain sorghum prices is being found in Queensland export markets.

Maize

Forecast

The GVP of **maize** for 2013–14 is forecast to be \$49 million, down nearly 25% from the projection of \$64 million made in October 2013.

Discussion

The decrease is due to the significantly smaller area sown and lower yields, which were not outweighed by an increase in price. The area sown was reduced by 30% in southern Queensland and 20% in central Queensland. This was caused by relatively lower maize prices at planting in spring, plus lower storage levels of irrigated water along with lack of planting rain.

The maize price has increased since October 2013 by 23% to \$360 per tonne. This reflects tight east coast white and coarse grain supplies, along with bullish global grain price conditions, reflecting uncertainty of Canadian and United States winter crops (due to freezing conditions), along with grain transport uncertainty in the Black Sea region (due to the Ukraine crisis).

Appendix: The economic contribution of agriculture and the food supply chain, Queensland, 2011–12

Queensland's primary industries play a vital role in the state's economy. However, the role of this sector extends beyond primary production of agricultural commodities.

Primary industry commodities are used in a range of manufacturing, retail and service industries. By investigating the value of agriculture and the food supply chain, we can better understand the role of primary industries in the state's economy. Queensland's food supply chain extends from primary production of agricultural products through to food services and a range of manufactured goods that are delivered to consumers.

In this analysis, we estimate the economic contribution (gross value added) and the number of employees in agriculture and the food supply chain. To do this, we define three stages in agriculture and the food supply chain:

- primary production
- manufacturing of food and beverages
- food-related retail and services.

The industry subdivisions are detailed in Table 2.

Table 2 Industry subdivisions in agriculture and the food supply chain

Stage	Industry subdivision (ANZSIC code)
Primary production	Agriculture (A01)
	Aquaculture (A02)
	Forestry and logging (A03)
	Fishing, hunting and trapping (A04)
	Agriculture, forestry and fishing support services (A05)
Manufacturing of food and beverages	Food product manufacturing (C11)
	Beverage and tobacco product manufacturing (C12)
Food-related retail and services	Grocery, liquor and tobacco product wholesaling (C36)
	Food retailing (C41)
	Cafes, restaurants and takeaway food services (C451)

Source: Australian Bureau of Statistics (ABS), *Australian and New Zealand Standard Industrial Classifications (ANZSIC) 2006*, cat. no. 1292.0.

Agriculture product wholesaling (ANZSIC331) has been excluded from estimates of the food supply chain because we have assumed that the majority of value for this group comes from wool wholesaling (ANZSIC3311).

Gross value added

To calculate the economic contribution of agriculture and the food supply chain, we use 'value added'. This avoids double counting, as intermediate products are excluded. The sum of the value of production inputs and the gross value added in each stage of production and distribution equals the total value of agriculture and the food supply chain:

$$\text{Value of production inputs} + \text{gross value added} = \text{total value of output}$$

That is:

$$\text{Gross value added} = \text{value of output} - \text{value of production inputs}$$

So gross value added is the value of output at basic prices (i.e. without commodity taxes or subsidies) minus the value of production inputs. The concept of value added is used to describe the economic contribution by an industry or sector.

Estimate of the economic contribution of agriculture and the food supply chain, Queensland

The estimates are determined by the availability of data; therefore, the estimates in Table 3, Figure 2 and Figure 3 are for the year 2011–12.

Table 3 Economic contribution of agriculture and the food supply chain, 2011–12

	Primary production	Manufacturing of food and beverages	Wholesale and retail	Food services	Total
Value added (\$b)	7.8	4.0	4.3	3.5	19.5
Employment ('000s)	77.7	40.8	75.7	96.0	290.2

Source: DAFF estimates based on ABS data from *Labour force, Australia, detailed, quarterly, November 2013* (cat. no. 6291.0.55.003), *Australian industry, 2011–12* (cat. no. 8155.0) and *Australian national accounts: state accounts, 2011–12* (cat. no. 5220.0).

Gross value added for agriculture and the food supply chain in Queensland for 2011–12 is estimated to be \$19.5 billion. This makes up about 7% of the state’s economic output. Approximately 290 200 people were employed in agriculture and the food supply chain in 2011–12, accounting for 14% of all working Queenslanders.

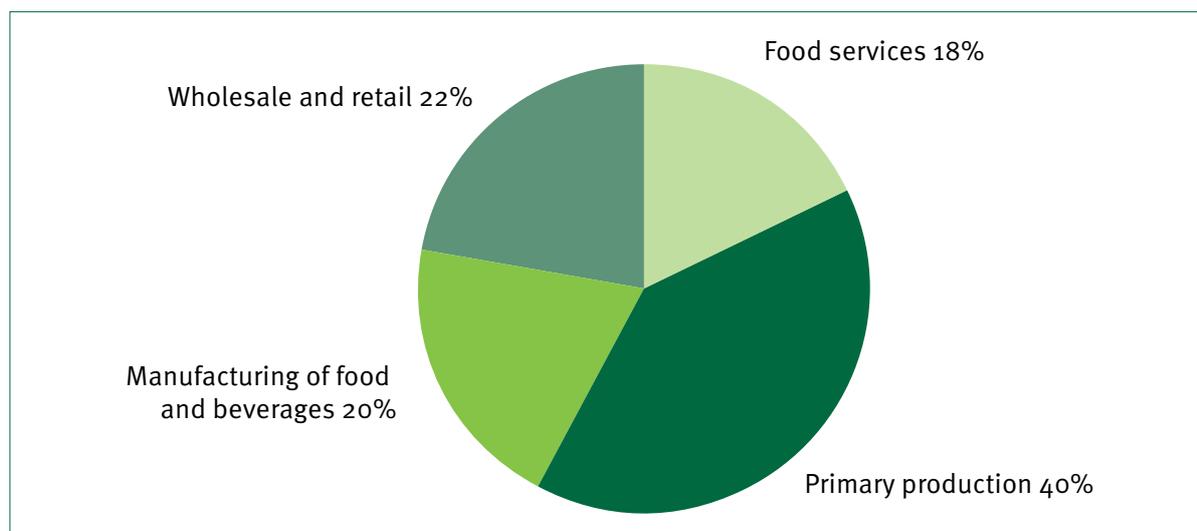


Figure 2 Value added in agriculture and the food supply chain, 2011–12

Source: DAFF estimates based on ABS data from *Australian industry, 2011–12* (cat. no. 8155.0) and *Australian national accounts: state accounts, 2011–12* (cat. no. 5220.0).

The value of food processing and distribution in Queensland (incorporating manufacturing, and retail and services) is estimated to be almost \$11.7 billion for 2011–12. This sector employs around 212 500 people.

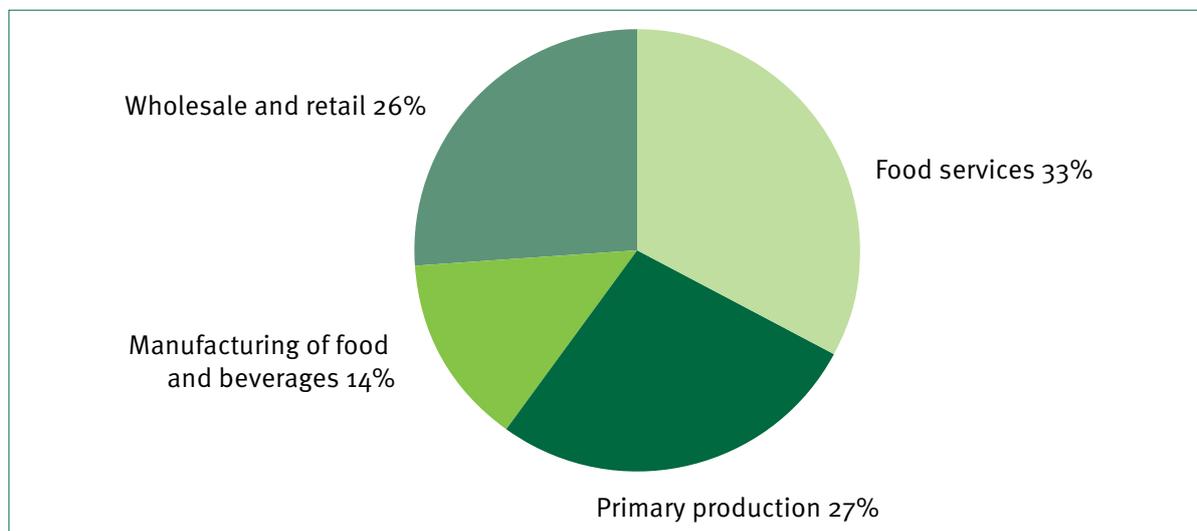


Figure 3 Employment in agriculture and the food supply chain, 2011–12

Source: DAFF estimates based on ABS data from *Labour force, Australia, detailed, quarterly, November 2013* (cat. no. 6291.0.55.003),

Estimate of the GVP of Queensland’s primary industries and the food supply chain

GVP is used in *AgTrends* to measure the output for each primary industry commodity. GVP of agricultural commodities is calculated by multiplying the output for each primary industry activity by the average wholesale market price paid to producers:

$$\text{GVP} = \text{output} \times \text{price}$$

This measure describes the production output of a farm, industry or sector.

The estimate for the 2011–12 GVP at the farm gate is \$11.7 billion.

GVP as a percentage contribution to the state’s economic output is not reported because measures of economic output such as gross state product (GSP) are based on value added, which essentially excludes the cost of intermediate products and makes GVP an inappropriate measure. Gross value added is preferred when presenting the contribution of an industry or sector to economic output.

The 2011–12 estimates for Queensland’s primary industry (GVP) and the food supply chain (value added) total \$23.5 billion.

Estimates derived with the new method **should not** be directly compared with the estimates derived from the old method (used in *Prospects* before 2011). The new method has several advantages:

- Publications recently released by the ABS allow data to be updated annually. Previously data was sourced from numerous publications, four of which have not been updated since 2006–07 and are now discontinued.
- The new method does not require the use of price deflators.
- Updating the data is simple and transparent.
- The presentation of results has been simplified with continued emphasis on the difference between industry value added and GVP.

Table 4 shows industry value added and employee estimates for 2011–12 and 2010–11 based on the new method.

Table 4 Value added and employment in agriculture and the food supply chain

	Primary production	Manufacturing	Retail and services	Total
2011–12 estimates				
Value added (\$b)	7.8	4.0	7.8	19.5
Employment ('000s)	77.7	40.8	171.7	290.2
2010–11 estimates				
Value added (\$b)	6.8	4.7	7.5	19.0
Employment ('000s)	77.5	49.6	178.5	305.5
Percentage change 2010–11 to 2011–12				
Value added	15	-15	4	3
Employment	0	-18	-4	-5

GVP of Queensland's primary industries and the food supply chain

In keeping with the special feature 'Queensland's food supply chain' (*Prospects*, November 2010, p. 59), a total value calculation based on the gross value of primary production is presented. Table 5 presents an estimate for 2010–11 using the new methodology for estimated industry value added.

The 2011–12 total estimate for Queensland's primary industry (GVP) and the food supply chain (value added) is \$23.5 billion. This is slightly greater than the estimate for 2010–11.

Table 5 Primary industry GVP and value added from the food supply chain

	Primary production (GVP)	Manufacturing (value added)	Retail and services (value added)	Total
2011–12 (\$b)	11.7	4.0	7.8	23.5
2010–11 (\$b)	11.2	4.7	7.5	23.4
Percentage change	4	-15	4	0

Key assumptions

When calculating these forecasts, DAFF follows the convention used by all government forecasting agencies that ‘normal’ seasonal conditions will occur across Queensland throughout the forecast year (2013–14) or that part of the forecast year yet to be completed. It also takes into account the seasonal conditions that have occurred to date. This sets a benchmark for measuring variations from ‘normal’ as the season unfolds.

The prices of all internationally traded commodities are responsive to changes in the exchange rate of the Australian dollar, relative to the currencies of our trading partners. Prices to primary producers (and therefore gross unit values) decline when the Australian dollar exchange rate increases and vice versa.

Notes

Gross value of commodities produced (gross value of production or GVP) 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, sugar cane 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. Note that gross values of production are not the measures used to represent sectoral contributions to the gross domestic (or state) product.

Value added is the value of the output produced minus the costs of the intermediate inputs.

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