

TREASURY EXECUTIVE MINUTE

Minute No.

18 January 2011

Deputy Prime Minister and Treasurer

IMPACT OF FLOODS ON THE AGRICULTURAL INDUSTRY

Timing: At your convenience

Recommendation/Issue:

- That you note this briefing.

Signature:/...../2011

KEY POINTS

- Flooding in Queensland, Victoria and Tasmania has led to crop losses, with the bulk of these occurring in Queensland. We estimate total losses to be more than \$1 billion.
- For Queensland, crop losses are estimated to be largely in horticultural, grains, sugar and cotton. We estimate lost crop production to be around \$1 billion.
 - ABARES notes in their latest *Weekly Australian Climate, Water and Commodity Price Update* that there have been reports of damage to winter crops, summer crops and horticulture, but no major losses of livestock.
- For Victoria, crop losses are estimated to be largely in grains and horticulture (grapes). While the full extent of the damage will not be known until flood waters recede, our preliminary estimate of lost crop production is \$150 million to \$200 million.
- For Tasmania, it is estimated that the floods have mainly affected horticulture (vegetables). While the full extent of the damage will not be known until flood waters recede, reports suggest that lost production will be relatively small compared with the expected crop losses in Victoria.
- Estimates are being revised as further information is received.
- Flooding has also affected inland transportation of crops, resulting in disruptions and delays of agricultural exports.

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Manager
Domestic Economy Division

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Queensland crop damage

- For winter crops, ABARES expects losses to be limited as the majority of Queensland's winter crop was harvested prior to floods.
 - 60 to 70 per cent of the harvest in southern Queensland was complete, while the harvest in central Queensland was completed.
 - However, the flooding is expected to result in the remaining unharvested crop being abandoned.
- For summer crops, ABARES expects the most significant damage to be to grain sorghum, cotton and sugar cane.
 - Sorghum is expected to be heavily affected, with a significant proportion of new plantings in southern Queensland expected to be lost.
 - : The scope for further planting will depend on ongoing weather conditions in the weeks ahead. The window for planting sorghum closes at the end of January for southern Queensland, and at the end of February for central Queensland.
 - ABARES reports that some cotton crops have been destroyed in Central Queensland and in the Dawson-Callide and Darling Downs regions.
 - ABARES notes that around 10 per cent of the expected 2010-11 sugar cane harvest will now not be harvested until 2011-12
 - The flood affected regions of Queensland account for around 55 per cent of the value of national sorghum production, just under 40 per cent of the value of national cotton production and around 10 per cent of the value of national sugar cane production.

Victorian crop damage

- At present, it appears that the flooding will mainly affect grain and horticulture (grapes) production. However, the full extent of the damage will not be known until flood waters recede.
 - For grains, losses are expected to be limited as the majority of winter crops have already been harvested.
 - : Wheat is expected to be most heavily affected, with relatively minor losses to barley and canola crops.
 - Grape crops, particularly wine grapes, have been affected.

Tasmanian crop damage

- At present, it appears that flooding has mainly affected horticulture production.
 - Vegetable crops in general, and potato crops in particular, are expected to be most heavily affected. Losses to poppy crops are also anticipated.