

8 October 2008

## Hobart Regional Outlook Conference

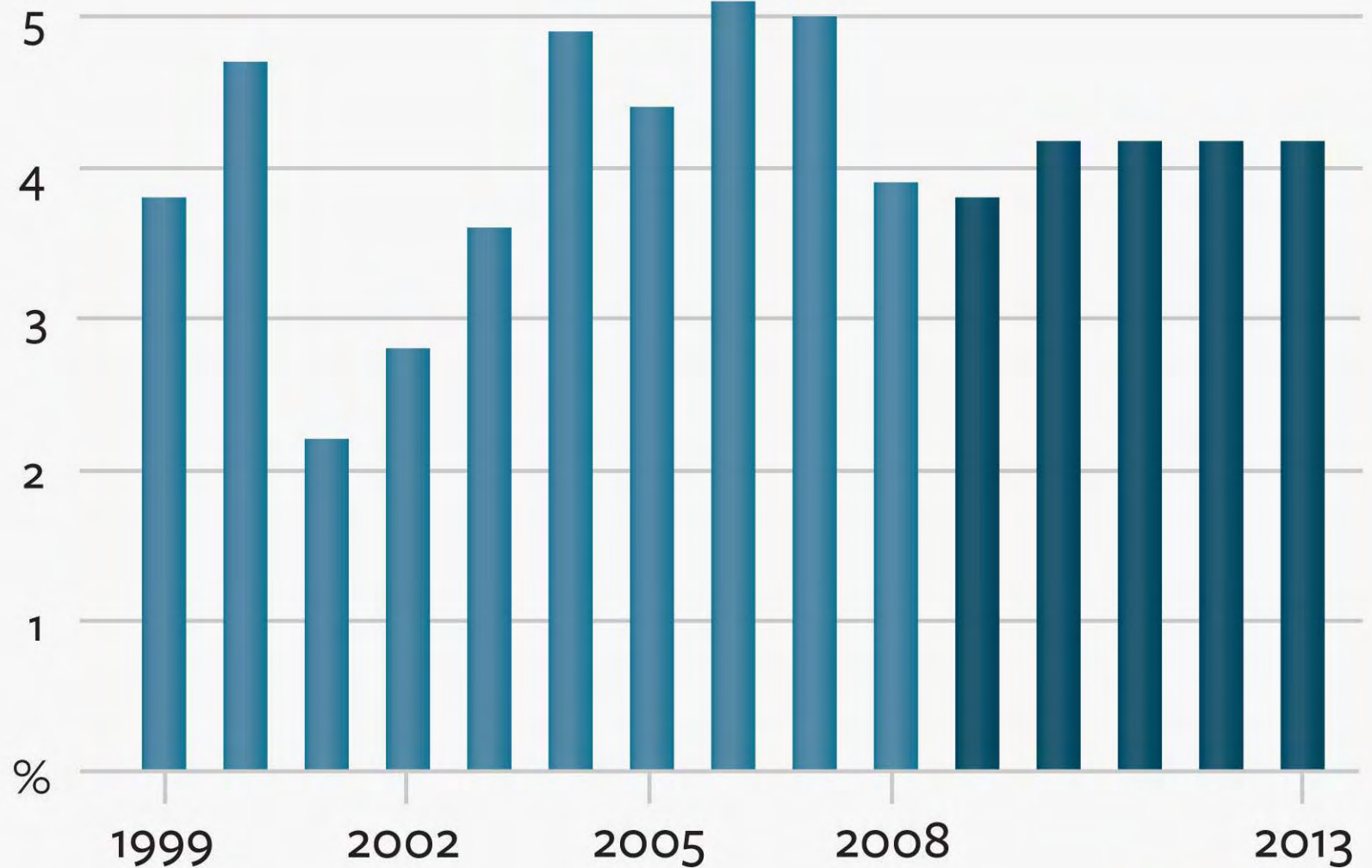
# Outlook for Agriculture

Phillip Glyde

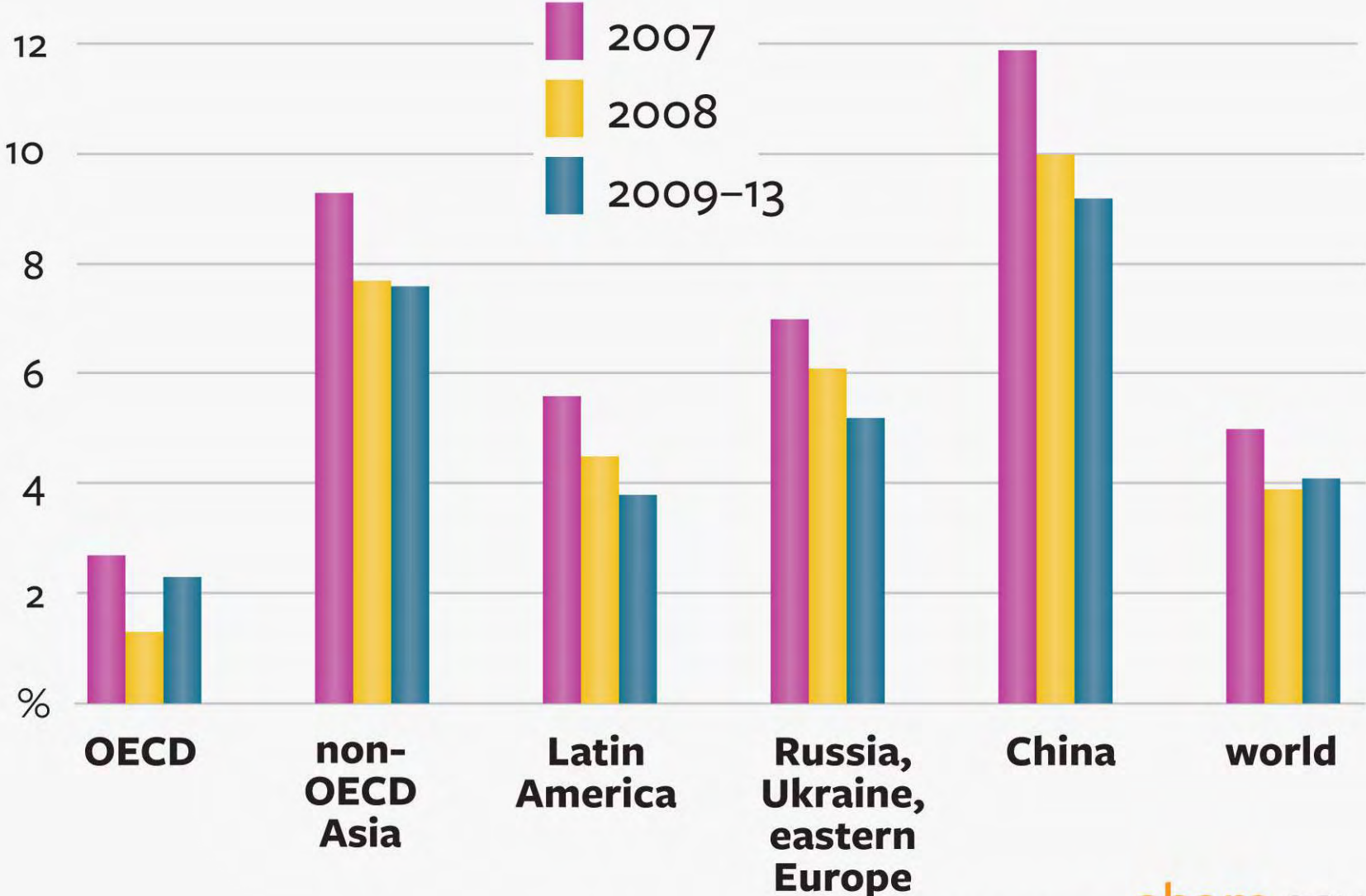
Executive Director

**abare**

# World economic growth



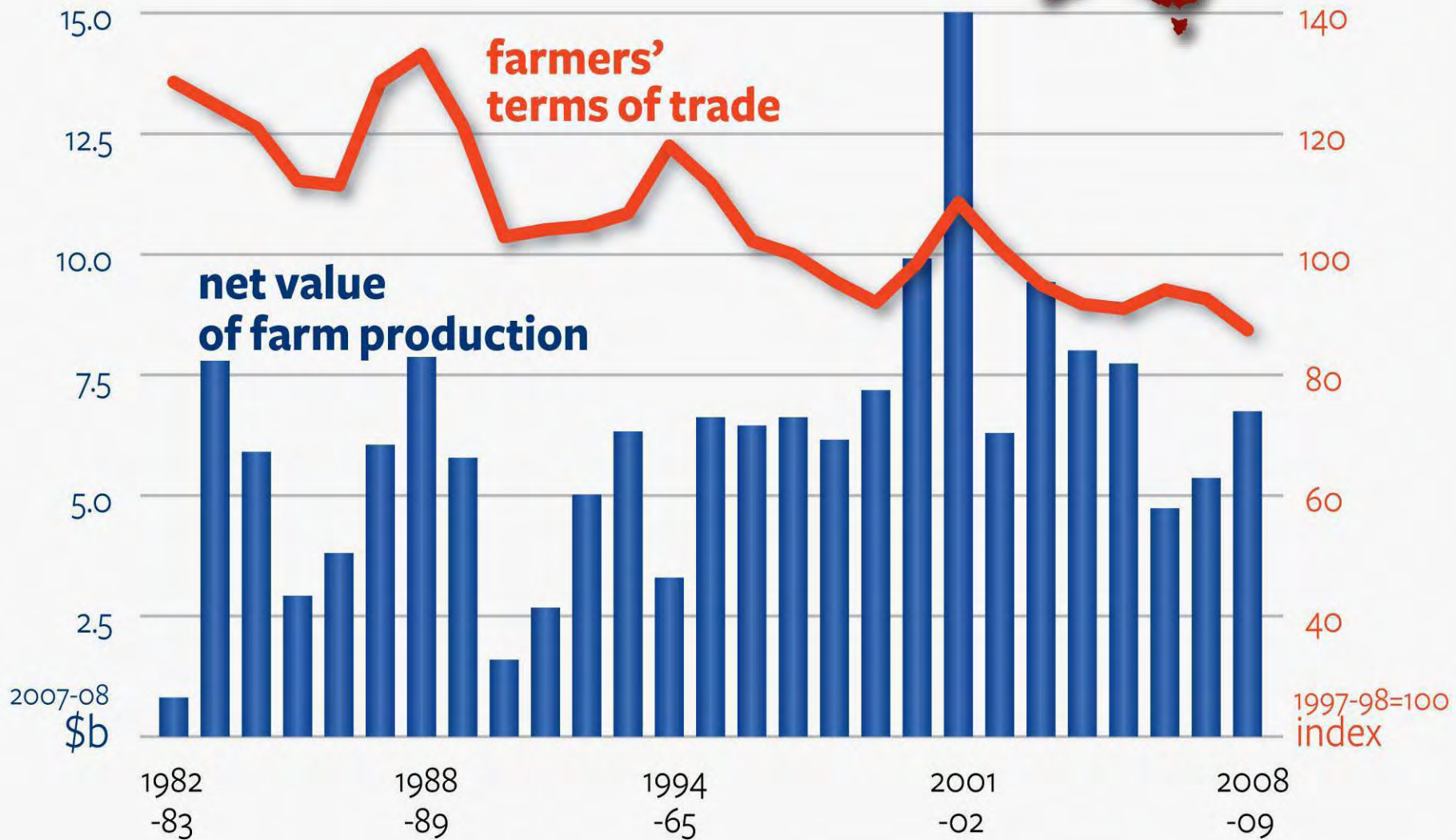
# Regional economic growth



# Australian exchange rate against US dollar



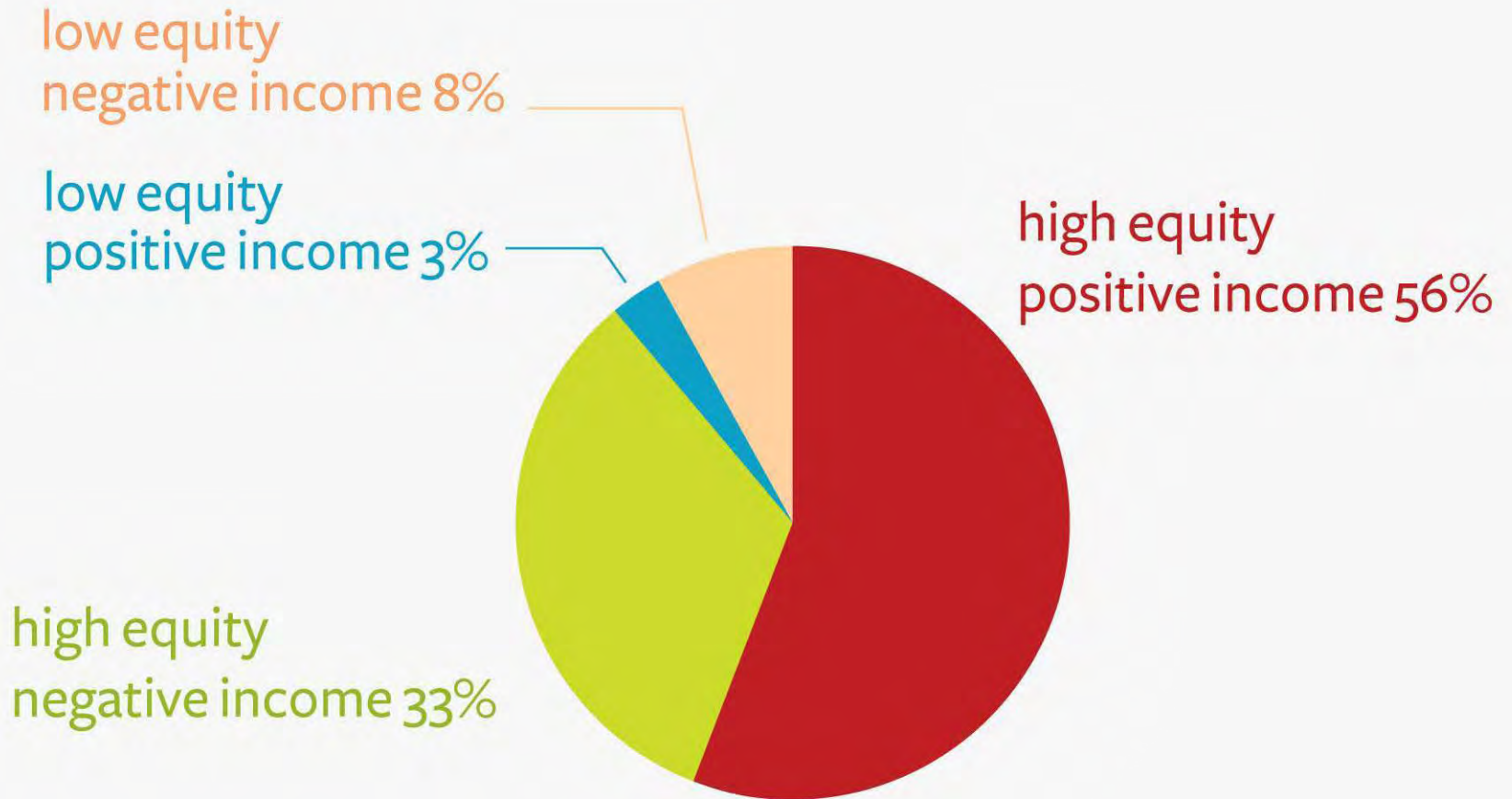
# Farm incomes



# Major agricultural exports



# Strong potential to recover further

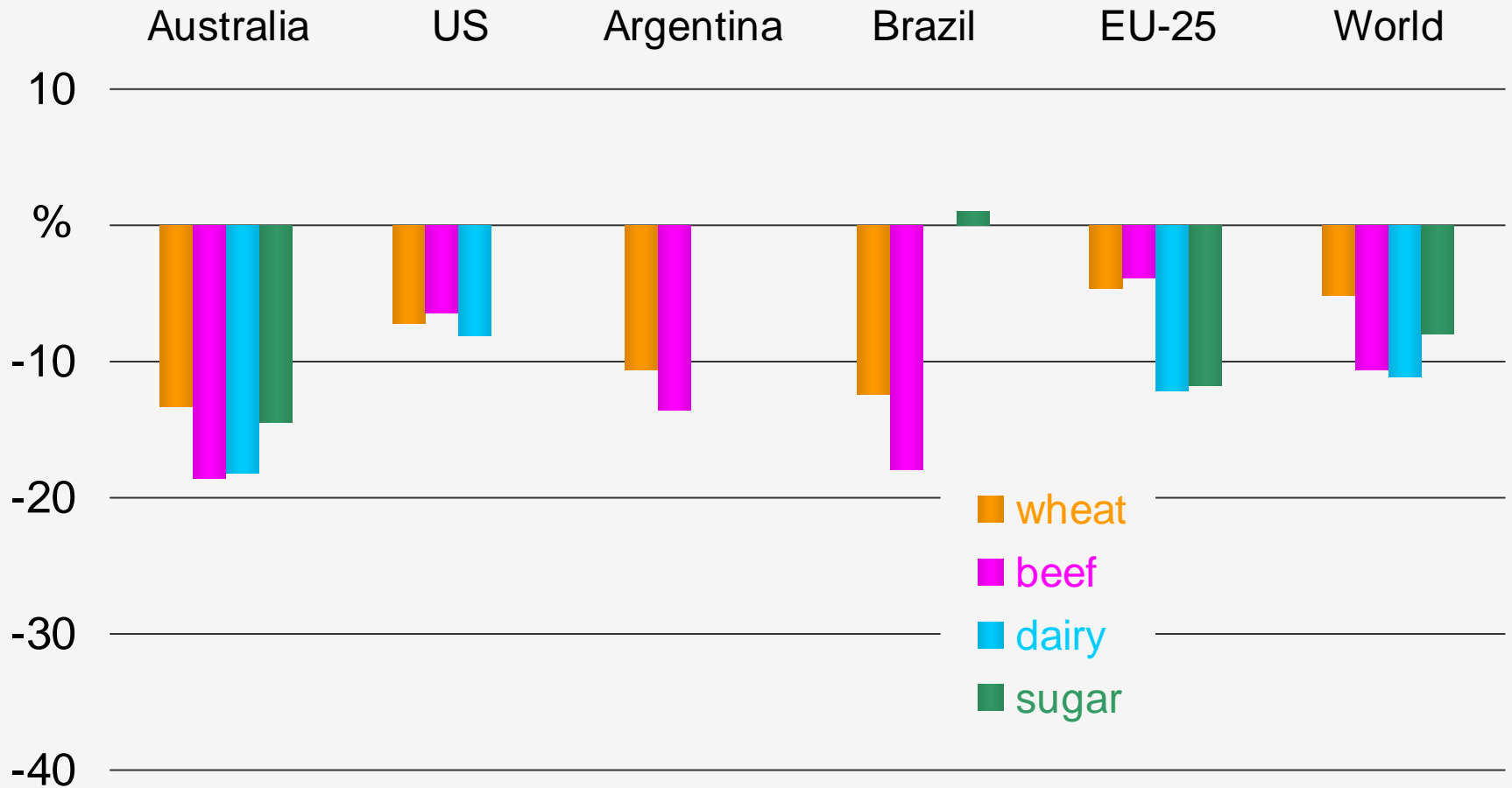


*High equity*  
defined as greater than 70% equity in the farm business at 30 June 2007

# Climate change

# Climate change impacts on production at 2050, without mitigation or adaptation

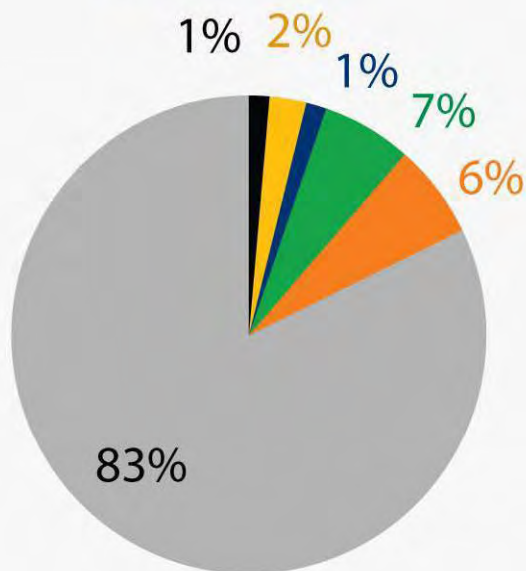
% change relative to the reference case



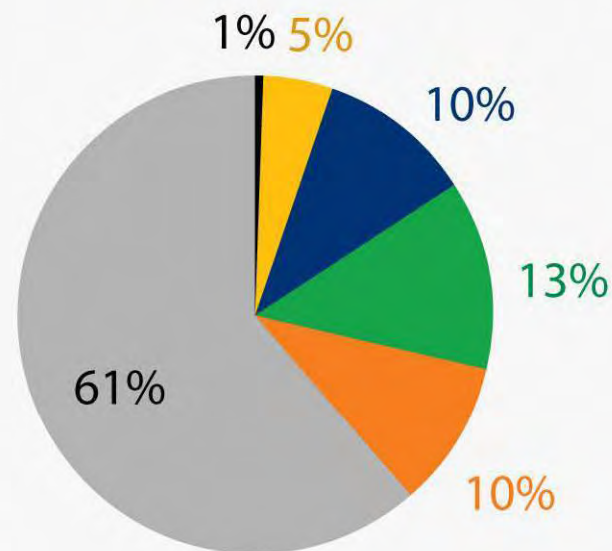
# Average share of emission intensive inputs in total costs

Australia, 2005-06

## livestock



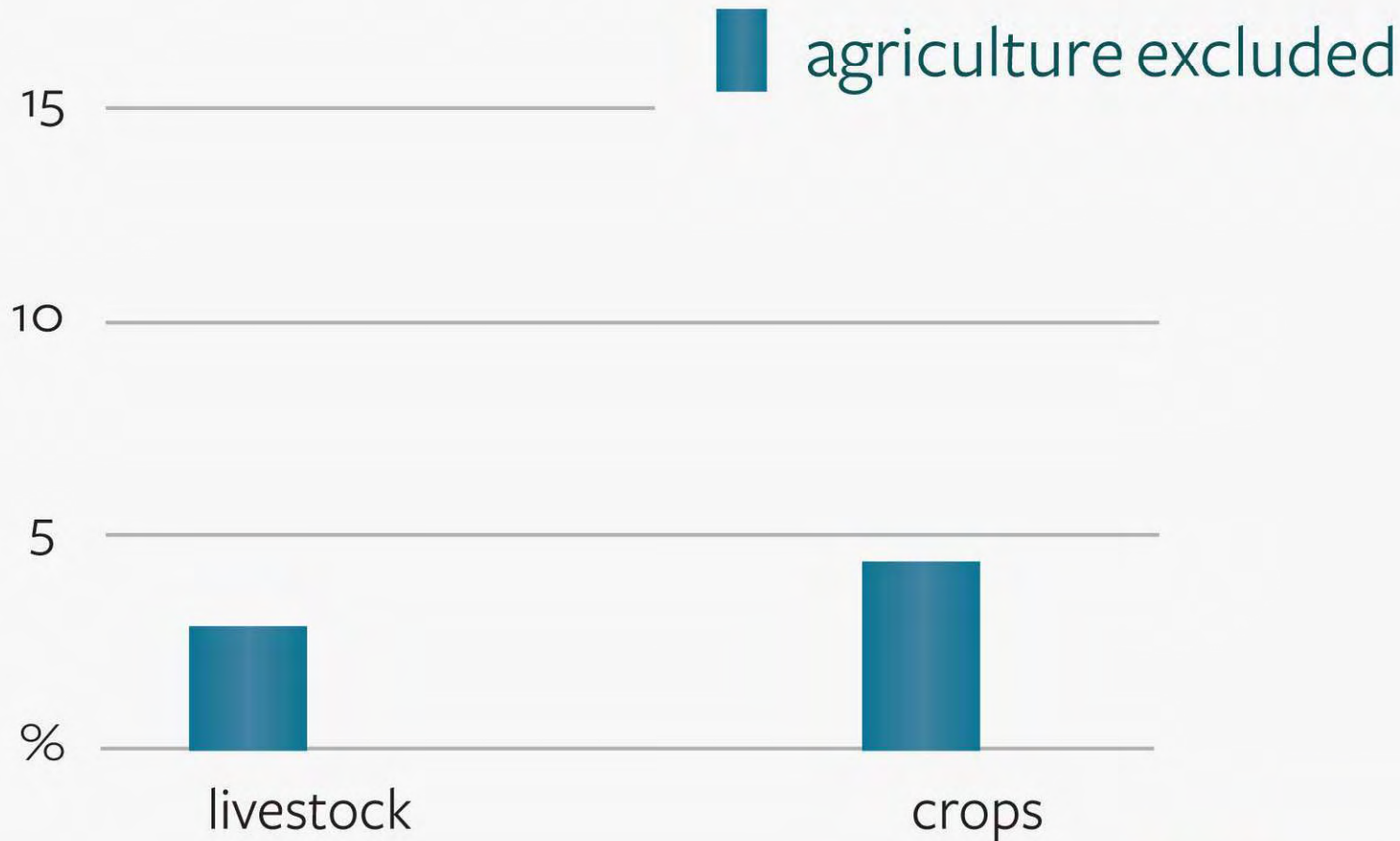
## cropping



- electricity
- freight
- chemicals
- fertiliser
- fuel
- other expenses

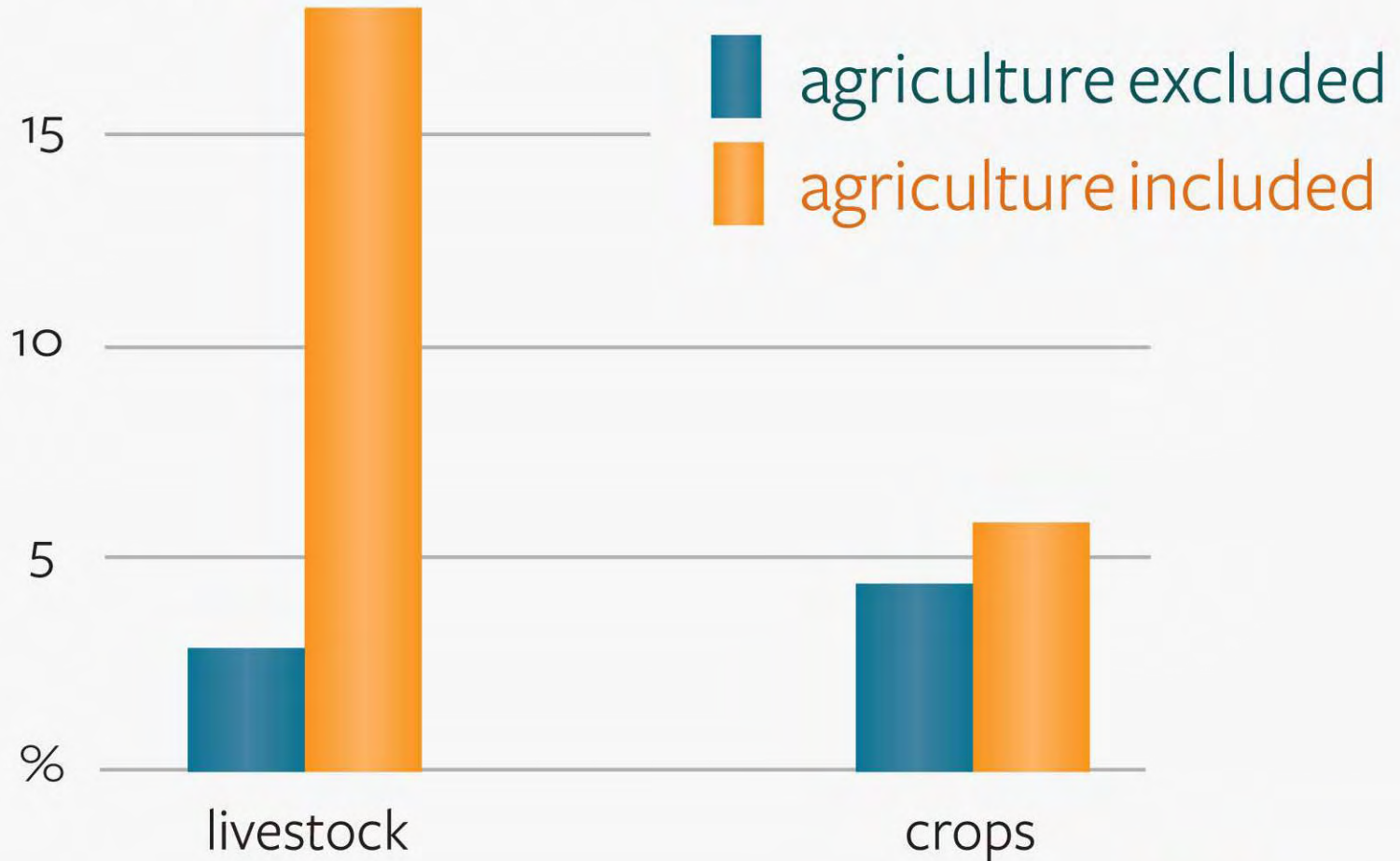
# Impacts of a carbon penalty of \$40/t CO<sub>2</sub>-e on agricultural production costs

% change relative to the reference case

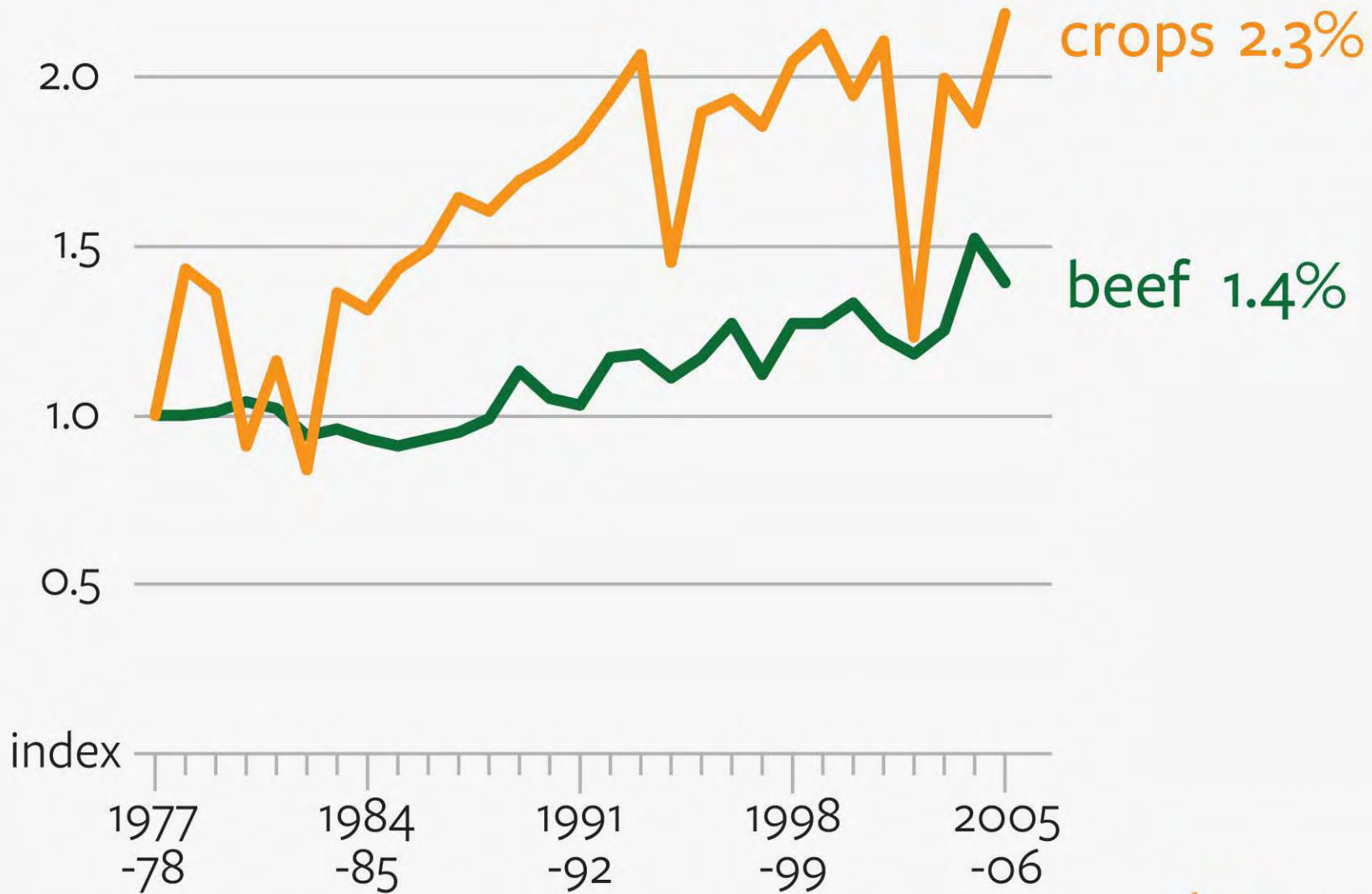


# Impacts of a carbon penalty of \$40/t CO<sub>2</sub>-e on agricultural production costs

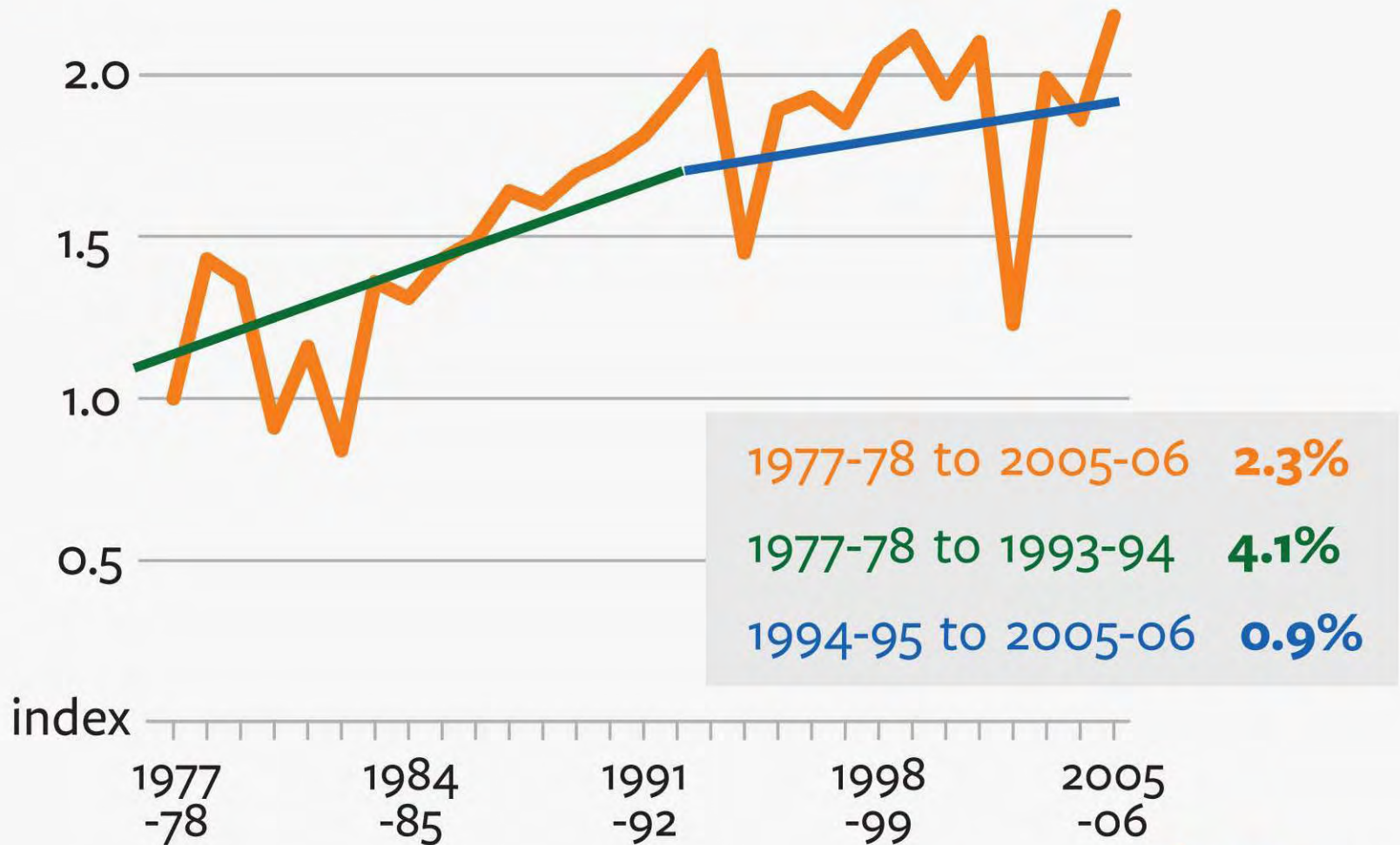
% change relative to the reference case



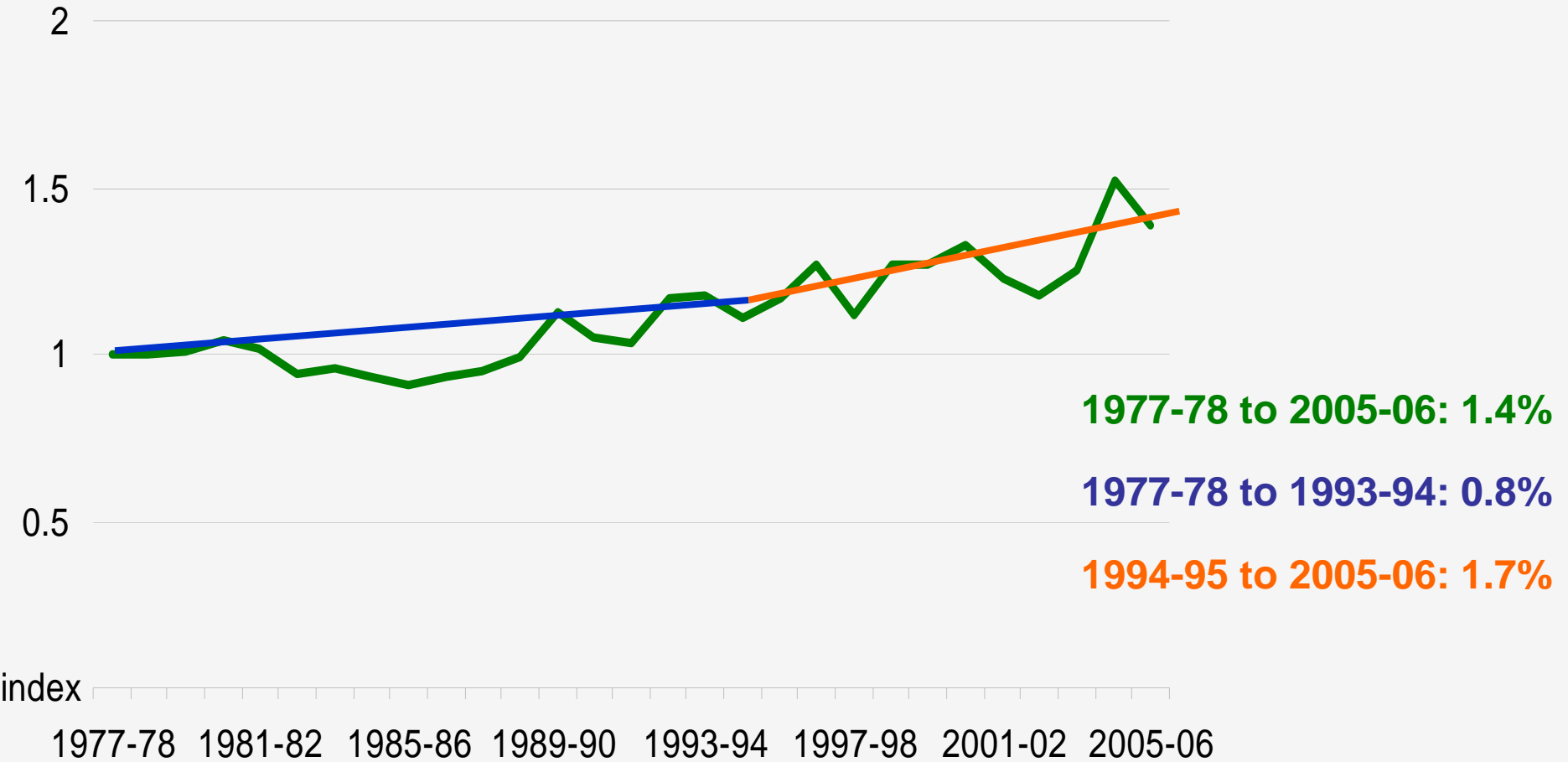
# productivity growth



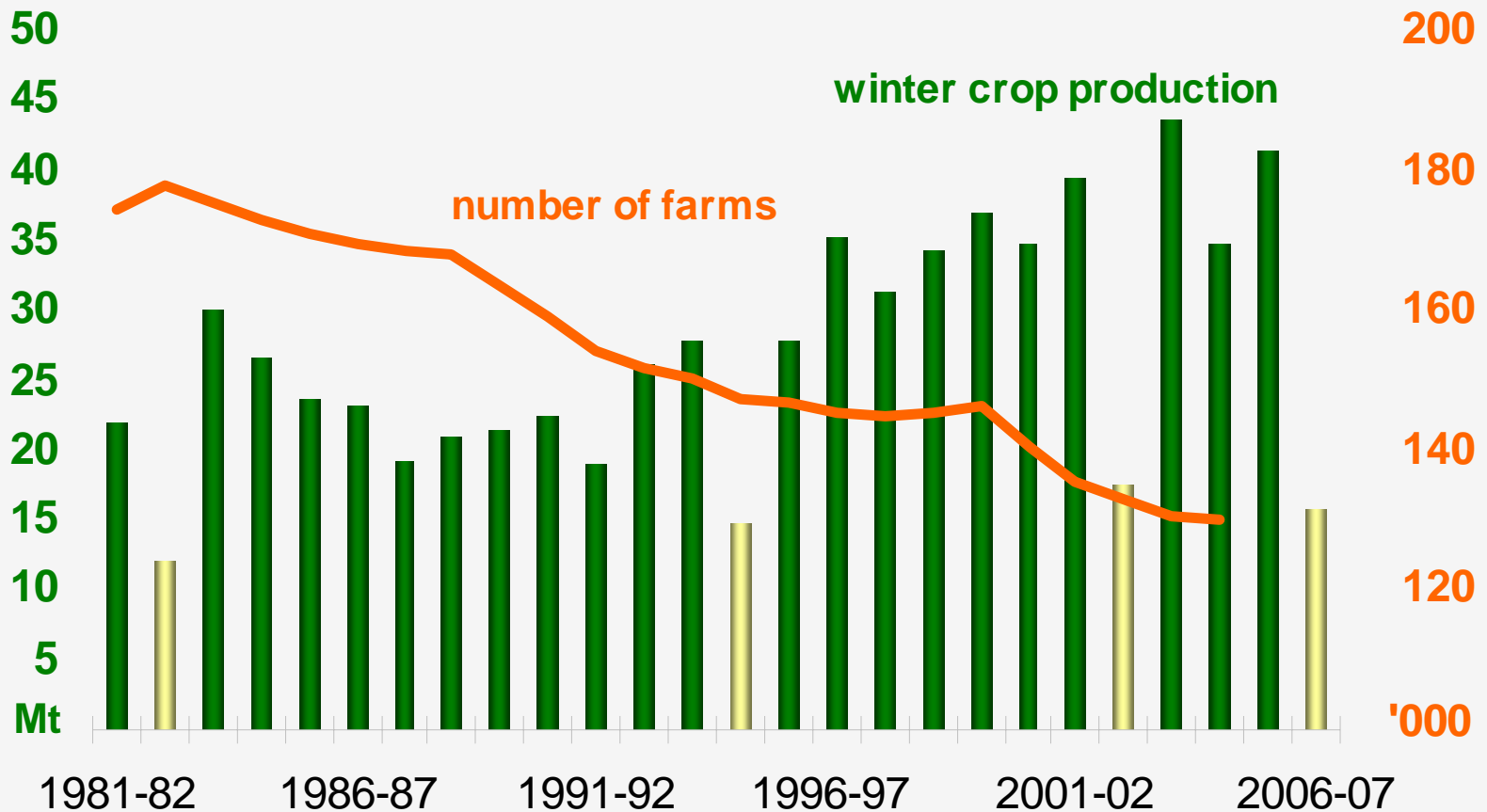
# Productivity growth cropping sector



# Productivity growth beef sector



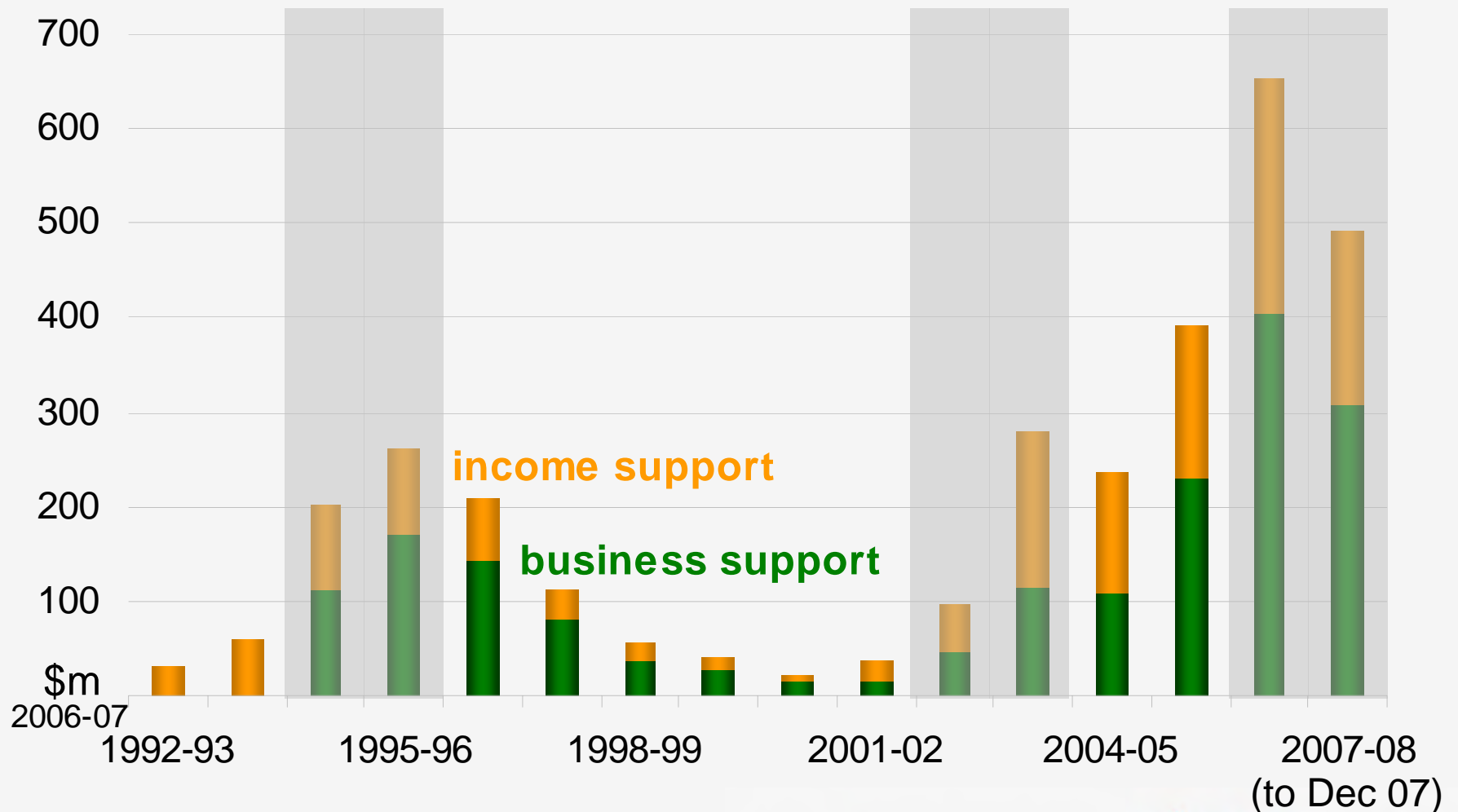
# Variability and adjustment in agriculture



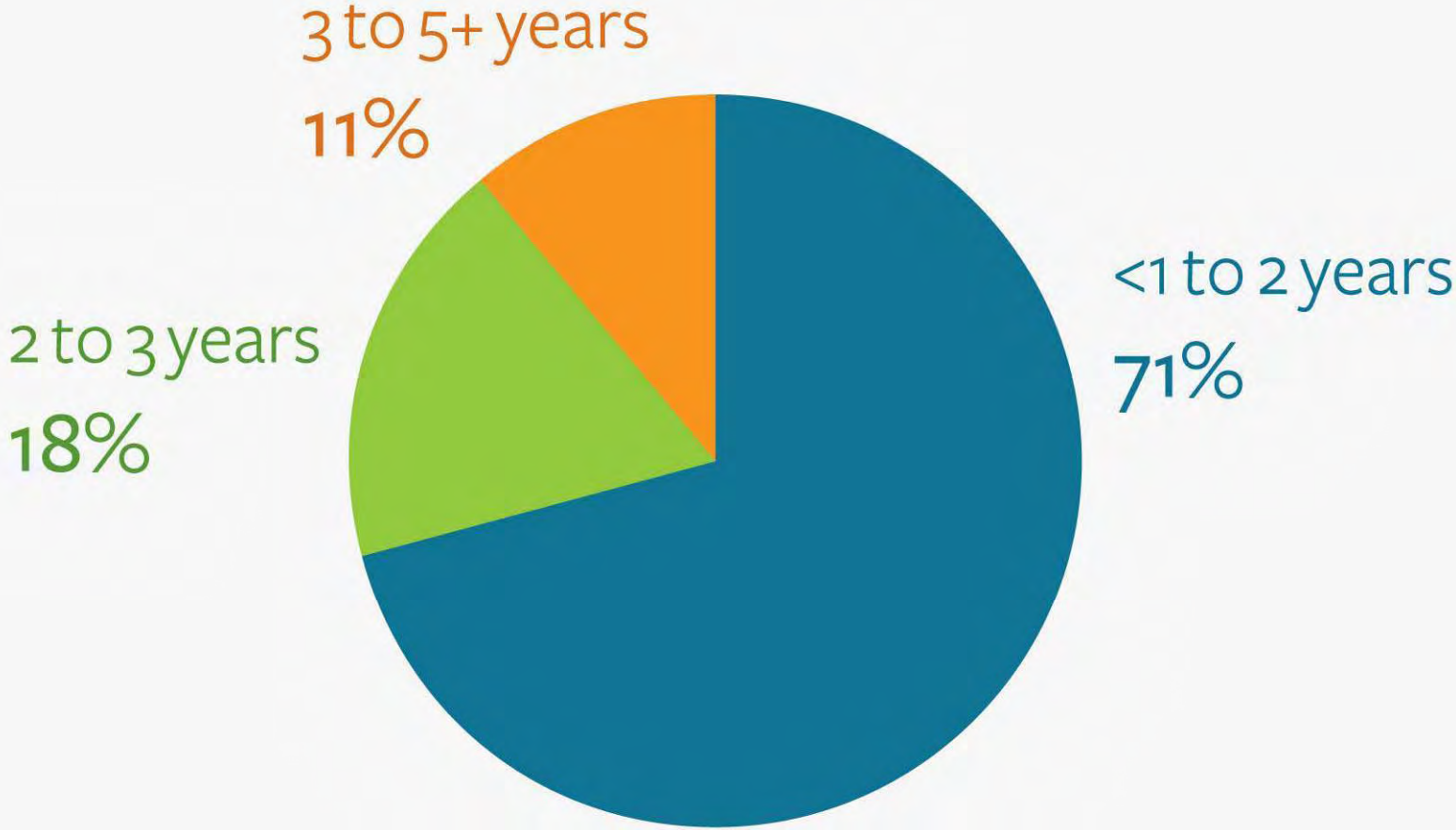
# Do government policies support productivity growth?

- drought policy
- research and development
- water allocation and markets
- infrastructure
- red tape
- education and skills base
- coordination within and between governments

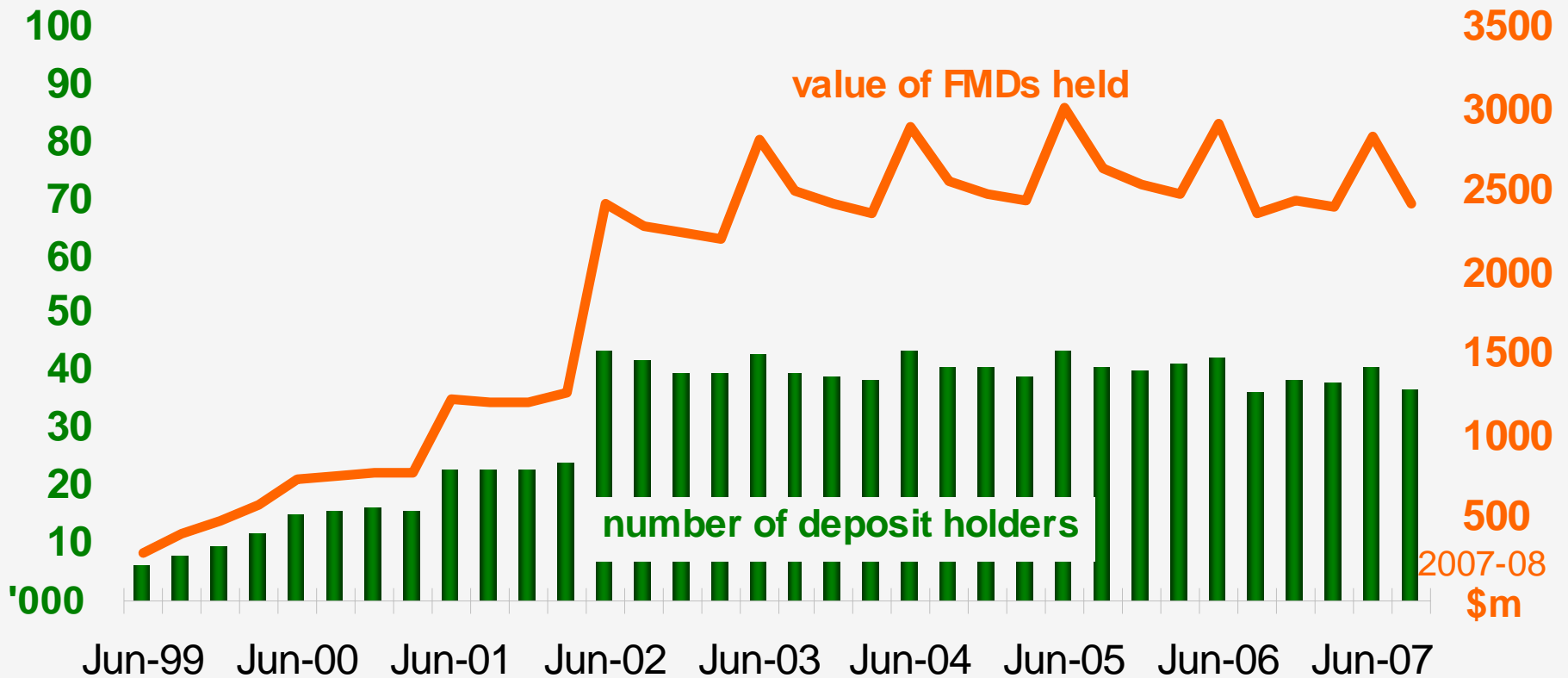
# Drought assistance expenditure



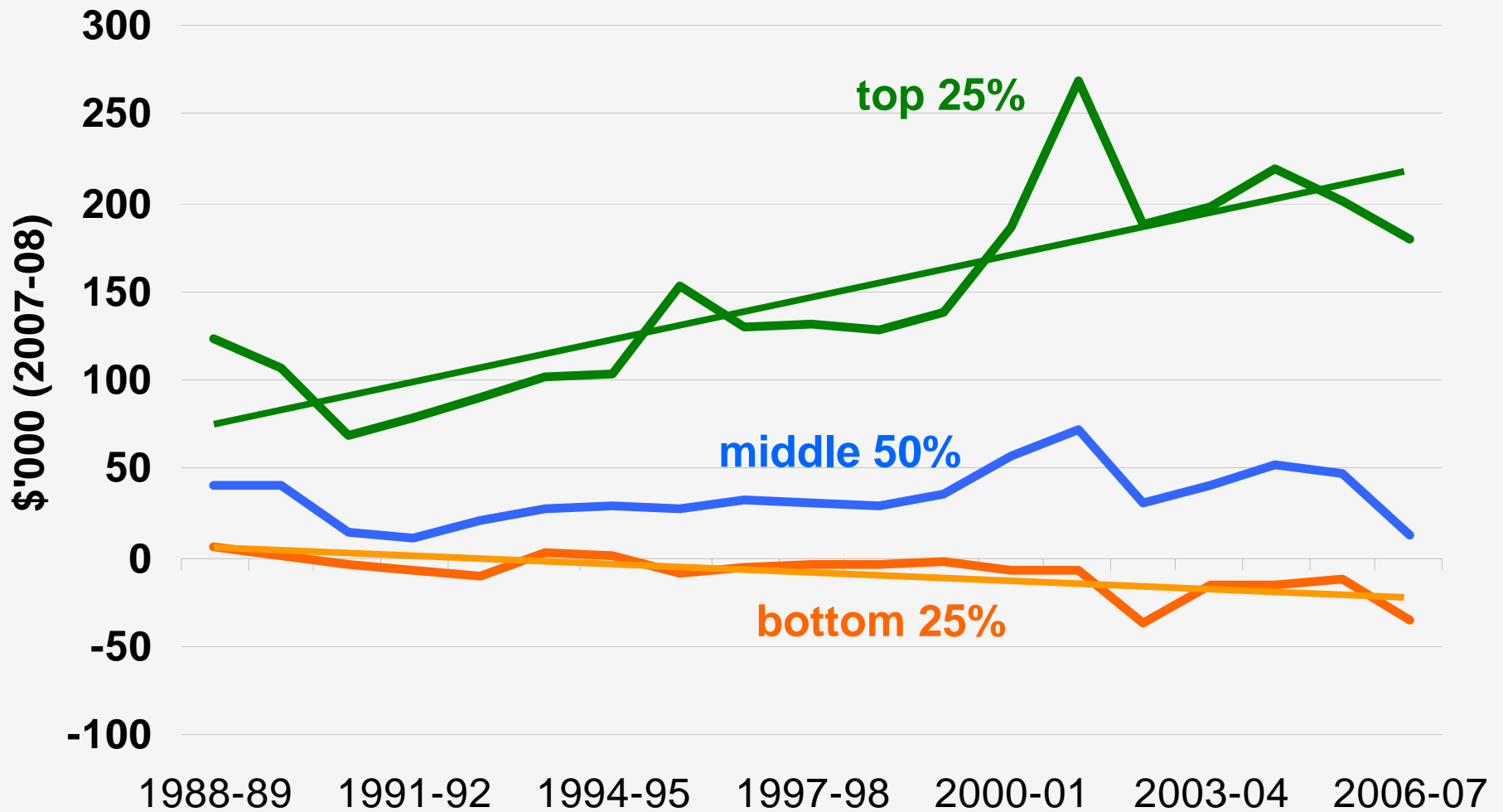
# Length of continuous assistance



# Use of farm management deposits



# Broadacre farm incomes



# Conclusions

- positive medium term outlook
- climate change policy is an immediate pressure which requires:
  - an even greater productivity performance from farmers
  - an even greater productivity performance from government

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innovation in economics