Unveiling the Economic Impact of Australia's Nursery Industry

A recent report by ACIL Allen, based on the levy-funded *Economic Contribution of Australian Horticulture project* (MT21010) and developed in consultation with industry, sheds light on the direct and indirect contributions of the nursery industry to Australia's economy. The report was undertaken as part of the Levy funded Nursery Industry Statistics 2020/21–2024/5 project which has been running since 2015 (NY17008).

The nursery industry is a cornerstone of the horticultural sector and has the highest farmgate value. The report, *Economic Contribution of Australia's Nursery Industry* (the report), outlines the projected economic impact of the nursery industry for the financial years (FY) 2022 to 2030. It presents current and projected economic contributions under three scenarios: low, central and high.

The report draws from data from the Centre for International Economics (CIE) report titled *Contribution of the Australian Horticulture Industry: A General Equilibrium Analysis Full Report (2023)*, the *Down To Earth Research (DTER) Nursery Industry Statistics* (NY21000) project spanning FY2018 to FY2022. The amalgamation of data and insights within the economic contribution report offers a comprehensive depiction of the nursery sector's pivotal role.

Key takeaways from the report

- The Australian nursery industry had an estimated farmgate value of **$2.78 billion** in FY2022.

- The Australian nursery industry is forecast to **grow by 14.1%** between FY2022 and FY2030*.

- The industry is estimated to have directly and indirectly supported **12,506 full time equivalent (FTE) employees** in FY2022.

- Post farmgate, is estimated to have directly and indirectly **added $2.49 billion to the economy**.

* Under the CIE's central scenario

Snapshot of the Nursery Industry in 2022

The nursery industry makes a significant contribution to Australia's economy. In FY2022, the CIE estimated the industry had a farmgate gross value of production (GVP) of $2.78 billion, directly and indirectly supported 12,506 FTEs, and directly and indirectly value added $2.49 billion to Australia's economy.

Gross value added refers to payments to labour, capital and land used to produce products in the nursery industry.

	NEW SOUTH WALES/ACT	QUEENSLAND	VICTORIA	WESTERN AUSTRALIA	SOUTH AUSTRALIA	NORTHERN TERRITORY	TASMANIA
$ GVP	$832.6M	$832.6M	$777.1M	$221.1M	$55.5M	$36.1M	$19.4M
Employment	3,610 FTE	3,738 FTE	3,758 FTE	829 FTE	323 FTE	140 FTE	108 FTE
GVA	$753.6M	$705.4M	$758.6M	$154.1M	$66.0M	$29.5M	$19.8M

What this means for the Australian nursery industry

The report was a year in the making and presents complex data in an accessible format that is easy for the industry to use.

That's according to Jan Paul van Moort, Executive Director of ACIL Allen who developed the report.

"It's incredibly important the nursery industry has a clear picture of the contribution it makes to the Australian economy, as this can support its continued development and foster future growth," said Mr van Moort.

"The report projects potential growth by state across a range of areas including employment and gross value of production."

The report's value goes beyond just showcasing the industry's value and potential growth by highlighting risks it may face and starting a conversation about how to approach potential challenges.

"The report also included surprising findings. Notably, the value of the industry was much higher than expected by Industry and showed remarkable growth," said Mr van Moort.

The report offers insights into where the industry might grow in the future.

"While it's is not a crystal ball, the report sheds light on where the industry may be heading," said Mr van Moort.

"The sector is expected to sustain steady growth, with a projected gross production value of $3.2 billion by 2030, according to the CIE. Nurseries are at a pivotal juncture, and their continued participation in this growth is key.

"The economic contributions analysis report works hand in hand with the Nursery Industry Benchmarking Tool, as it uses the same data. The tool was developed to allow nurseries to compare themselves financially. So, if you want to delve deeper into how to best apply the findings from the report in your own business, make sure you are using the benchmarking tool, too."

Moving forward the ACIL Allen team intends to further their research on environmental instability and its potential effects on the nursery sector.

"Next year the project team (NY21000) will update the environmental scan, uncovering what the real natural forces are that might affect the industry and how industry can prepare for a changing climate.

"The report will be announced next year, so make sure to keep up to date on project findings," said Mr van Moort.

NURSERY INDUSTRY GVP, AUSTRALIA, $M
PROJECTED VALUE 2030
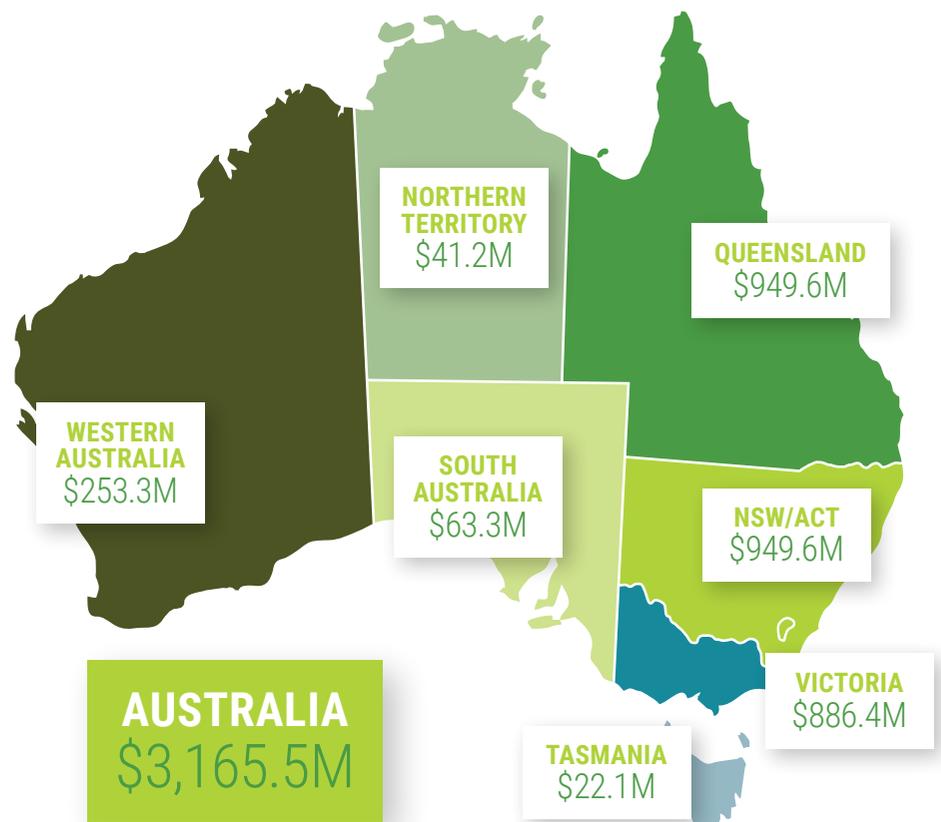
NORTHERN TERRITORY $41.2M

QUEENSLAND $949.6M

WESTERN AUSTRALIA $253.3M

SOUTH AUSTRALIA $63.3M

NSW/ACT $949.6M

VICTORIA $886.4M

TASMANIA $22.1M

AUSTRALIA $3,165.5M

Source: CIE. 2023. Contribution of Australian horticulture industry, A General Equilibrium Analysis. Figures included in this summary reflect CIE's Central Scenario.

How does the nursery industry compare with other horticulture sectors?

The Australian horticulture industry was estimated to be worth $17.2 billion in FY2022, directly and indirectly supporting 80,744 FTE employees, and adding $12.6 billion to the Australian economy.

The CIE estimates that with a farmgate GVP of $2.8 billion, the nursery industry is the largest of Australia's horticulture industries at 16.2% of its total size.

GVP BY HORTICULTURAL COMMODITY, AUSTRALIA, $M

Commodity	Value
Nursery	$2,775M
Other vegetables	$1,287M
Potatoes	$766M
Almonds	$687M
Rubus	$647M
Grapes – table and other	$620M
Frozen potatoes	$619M
Apples	$619M
Bananas	$578M
Orange and other juice	$570M
Tomatoes – fresh	$510M
Avocados	$479M
Processed fruits and jams	$466M
Strawberries	$395M
Oranges	$390M
Mushrooms	$359M
Summerfruit	$338M
Other processed vegetables	$337M
Cultivated turf	$306M
Mandarins	$294M

EMPLOYMENT BY HORTICULTURAL COMMODITY, AUSTRALIA, FTEs

Commodity	FTEs
Nursery	12,506FTE
Other vegetables	6,786FTE
Potatoes	4,122FTE
Rubus	3,923FTE
Grapes – table and other	3,414FTE
Cut flowers	3,246FTE
Mushrooms	3,019FTE
Almonds	2,798FTE
Tomatoes – fresh	2,640FTE
Strawberries	2,394FTE
Bananas	2,363FTE
Frozen potatoes	2,177FTE
Apples	1,970FTE
Orange and other juice	1,948FTE
Avocados	1,900FTE
Processed fruits and jams	1,794FTE
Cultivated turf	1,672FTE
Oranges	1,571FTE
Carrots	1,516FTE
Broccoli	1,351FTE

VALUE ADDED BY HORTICULTURAL COMMODITY, AUSTRALIA, $M

Commodity	Value
Nursery	$2,487M
Other vegetables	$754M
Rubus	$669M
Almonds	$606M
Potatoes	$574M
Apples	$551M
Grapes – table and other	$442M
Bananas	$395M
Oranges	$325M
Cultivated turf	$298M
Avocados	$295M
Tomatoes – fresh	$290M
Frozen potatoes	$283M
Strawberries	$264M
Summerfruit	$263M
Mandarins	$254M
Orange and other juice	$248M
Mushrooms	$245M
Cherries	$237M
Processed fruits and jams	$231M

Source: CIE. 2023. Contribution of Australian horticulture industry, A General Equilibrium Analysis. Figures included in this summary reflect CIE's Central Scenario.
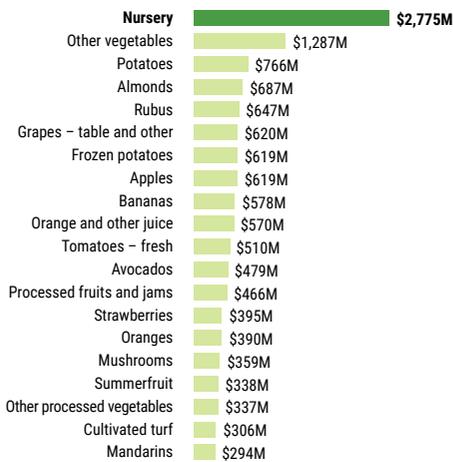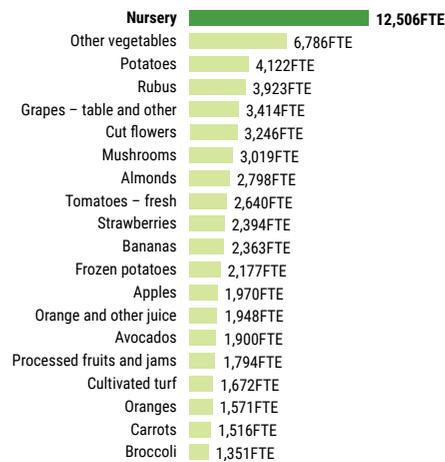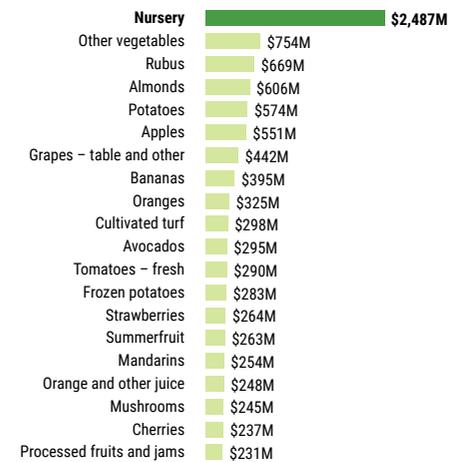
Nursery industry employment

The Australian nursery industry, like many other agricultural industries, faces major challenges around high staff turnover and an inability to attract and retain qualified people via offering attractive career pathways.

In FY2022, the nursery industry is estimated to have directly and indirectly supported 12,506 FTE employees. This accounts for 15.5% of total employment across the horticultural sector under a central scenario.

The report estimates that by FY2030, the nursery industry will directly and indirectly support 12,987FTEs* including:

- direct employment of 9,981 FTEs
- indirect employment of 2,997 FTEs.

* Under the CIE's central scenario

This would account for 13.8% of total employment across the horticulture sector under the central case.

Gross value added by the nursery industry

In FY2022, the CIE estimates that the nursery industry value added $2.49 billion to the Australian economy, accounting for 19.8% of the horticulture sector's total value added under the central case. This comprised:

- direct value added $1.80 billion
- indirect value added $0.69 billion.

Looking ahead to FY2030, the CIE estimates that the industry will value add $2.84 billion under the central case, comprising:

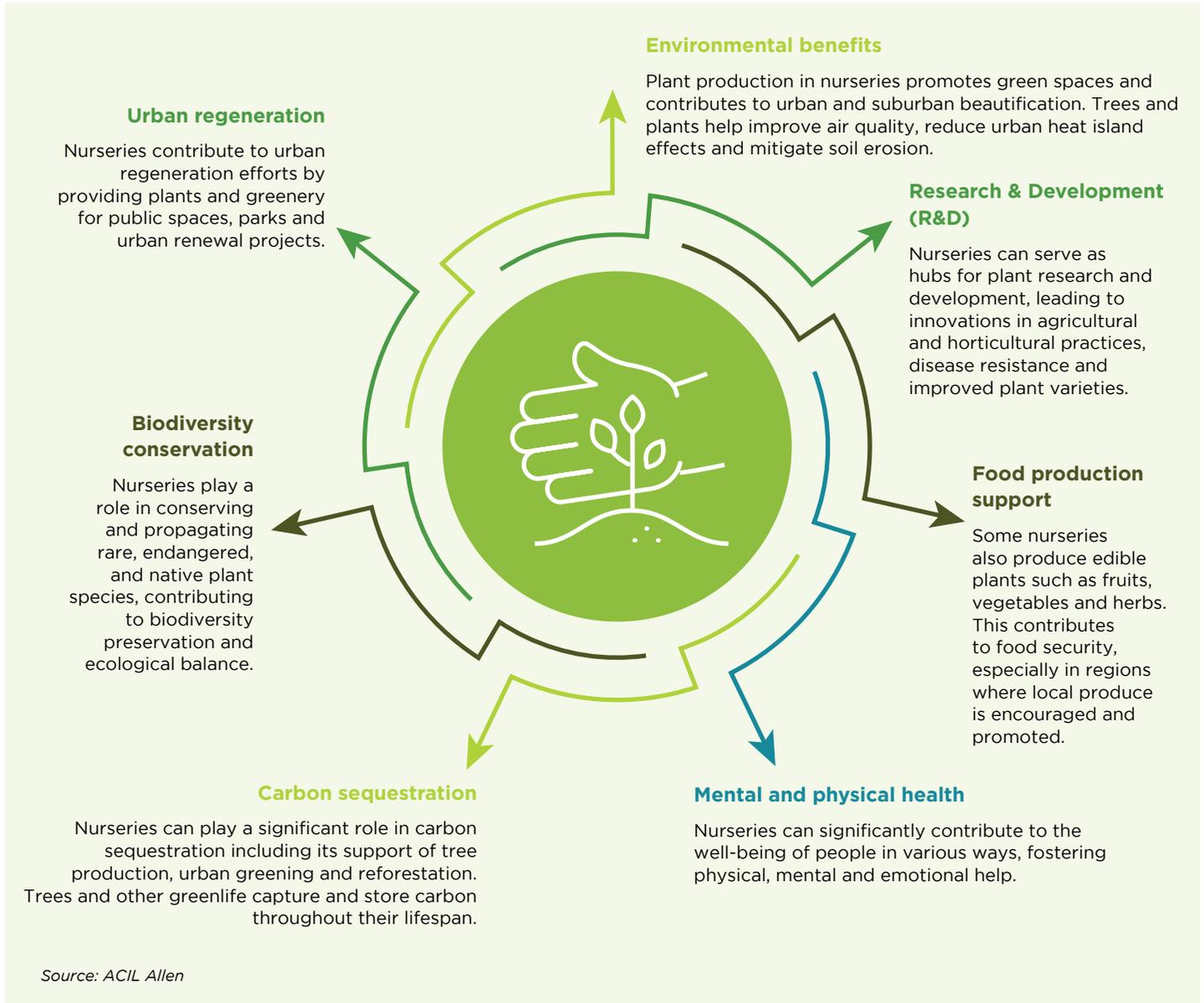- direct value add of $2.05 billion
- indirect value add of $0.79 billion.

This would represent 17.9% of the total value added from the horticulture sector.

Other industry contributions

In addition to making a strong contribution to Australia's economy, the nursery industry contributes to Australian communities across seven other main areas.

In this study, these contributions have not been quantified, however, they include the enhancement of community wellbeing, sustainable development, environmental stewardship, mental and physical well-being, urban regeneration, and biodiversity conservation.

Environmental benefits

Plant production in nurseries promotes green spaces and contributes to urban and suburban beautification. Trees and plants help improve air quality, reduce urban heat island effects and mitigate soil erosion.

Urban regeneration

Nurseries contribute to urban regeneration efforts by providing plants and greenery for public spaces, parks and urban renewal projects.

Research & Development (R&D)

Nurseries can serve as hubs for plant research and development, leading to innovations in agricultural and horticultural practices, disease resistance and improved plant varieties.

Biodiversity conservation

Nurseries play a role in conserving and propagating rare, endangered, and native plant species, contributing to biodiversity preservation and ecological balance.

Food production support

Some nurseries also produce edible plants such as fruits, vegetables and herbs. This contributes to food security, especially in regions where local produce is encouraged and promoted.

Carbon sequestration

Nurseries can play a significant role in carbon sequestration including its support of tree production, urban greening and reforestation. Trees and other greenlife capture and store carbon throughout their lifespan.

Mental and physical health

Nurseries can significantly contribute to the well-being of people in various ways, fostering physical, mental and emotional help.

Source: ACIL Allen

MORE INFORMATION

Economic contributions analysis report: *https://www.greenlifeindustry.com.au/communications-centre/economic-contributions-analysis-report*

Past Nursery Papers: *https://www.greenlifeindustry.com.au/communications-centre*

Email us at *info@greenlifeindustry.com.au* for access to the 2023 Nursery Industry Statistic Benchmarking tool.