Agriculture, Fisheries and Forestry in the Mackay region of Queensland, 2013

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About my region 13.29
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Contents

1 Regional overview .................................................................................................................. 1

   Employment ............................................................................................................................ 1

2 Agriculture sector .................................................................................................................. 3

   Value of agricultural production ............................................................................................. 3

   Number and type of farms ....................................................................................................... 3

   Farm financial performance—Queensland .............................................................................. 5

   Performance of broadacre farms—Queensland .................................................................... 5

   Performance of grains industry farms—Queensland .............................................................. 7

   Performance of beef industry farms—Queensland ............................................................... 8

   Performance of dairy industry farms—Queensland ............................................................... 8

3 Fisheries sector ...................................................................................................................... 10

4 Forestry sector ........................................................................................................................ 12

References .................................................................................................................................. 13

Tables

Table 1 Number of farms, by industry classification, 2010–11 ..................................................... 4

Table 2 Financial performance, Queensland broadacre industries, 2010–11 to 2012–13, average per farm .................................................................................................................................... 6

Table 3 Financial performance, Queensland dairy industry, 2010–11 to 2012–13, average per farm .................................................................................................................................... 9

Figures

Figure 1 Employment profile, Mackay region, August 2011 ....................................................... 2

Figure 2 Value of agricultural production, Mackay region, Queensland, 2010–11 ................. 3

Figure 3 Distribution of farms by estimated value of agricultural operations, Mackay region, Queensland, 2010–11 .................................................................................................................................. 4

Figure 4 Real farm cash income, broadacre industries, average per farm ............................. 4

Figure 5 Real farm cash income, grains industry, average per farm ...................................... 6

Figure 6 Real farm cash income, beef industry, average per farm ........................................ 7

Figure 7 Real farm cash income, dairy industry, average per farm ....................................... 8

Maps

Map 1 Mackay region of Queensland .......................................................................................... 1
1 Regional overview

The Mackay region of Queensland is located in the east of the state and includes the Whitsunday Islands (Map 1). The region comprises the three local government areas of Isaac, Mackay, and Whitsunday, and the major regional town of Mackay. The region covers a total area of around 90 100 square kilometres, or 5 per cent of Queensland’s total area, and is home to approximately 166 800 people (ABS 2011).

The total land held by farm businesses was estimated to be 8 million hectares in the Mackay region in 2010–11. Agricultural land in the region was mainly used for grazing (7.7 million hectares) and cropping (330 868 hectares), with some forestry (4177 hectares) also taking place. In addition, 165 723 hectares of land held by farm businesses was set aside for conservation (ABS 2012).

Map 1 Mackay region of Queensland

Employment

Australian Bureau of Statistics (ABS) census data from 2011 indicate that around 84 900 people were employed in the Mackay region. The Mackay region accounts for 4 per cent of total employment in Queensland and 7 per cent of all people employed in the Queensland agriculture, forestry and fishing sector.

Mining was the largest employing sector, employing 12 250 people (Figure 1), followed by construction (8241 people). Other important employment sectors in the region were retail trade
(8106 people), manufacturing (6677 people), and health care and social assistance (6447 people).

The agriculture, forestry and fishing sector employed 4142 people, representing 5 per cent of the region's workforce. Of this, 88 per cent were employed in agriculture, 8 per cent in support services for agriculture, forestry and fishing, 2 per cent in fishing, hunting and trapping and 1 per cent in aquaculture. In addition, an estimated 1783 people were employed in food product manufacturing and 189 people were employed in wood, pulp and paper product manufacturing in the region (included in manufacturing sector employment).

**Figure 1 Employment profile, Mackay region, August 2011**

*Source: Australian Bureau of Statistics*
2 Agriculture sector

Value of agricultural production

In 2010–11 the gross value of agricultural production (GVAP) in the Mackay region was $888 million, which was 9 per cent of the total gross value of agricultural production in Queensland ($9.5 billion) for 2010–11. This is the most recent year for which data are available from the ABS on GVAP by statistical area.

The Mackay region has a diverse and important agricultural sector. In 2010–11, the Mackay region accounted for around 59 per cent of the total value of Queensland capsicum production, 41 per cent of the total value of bean (French and runner) production, and 33 per cent of the total value of rice production.

The most important commodity in the region, based on the value of agricultural output, was cattle and calves (Figure 2). In 2010–11, cattle and calves contributed 37 per cent ($328 million) to the total gross value of agricultural production in the Mackay region. Sugar cane accounted for 27 per cent ($240 million) and vegetables contributed 23 per cent ($208 million), with the main crops being tomatoes ($86 million), capsicums (excluding chillies, $49 million), and French and runner beans ($39 million).

Figure 2 Value of agricultural production, Mackay region, Queensland, 2010–11

Source: Australian Bureau of Statistics

Number and type of farms

ABS data indicate that in 2010–11 there were 2332 farms in the Mackay region with an estimated value of agricultural operations of more than $5000 (Table 1). The region contains 8 per cent of all farm businesses in Queensland.
Table 1 Number of farms, by industry classification, 2010–11

<table>
<thead>
<tr>
<th>Industry Classification</th>
<th>Mackay region</th>
<th>Queensland</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>no.</td>
<td>%</td>
</tr>
<tr>
<td>Sugar cane growing</td>
<td>1,025</td>
<td>44</td>
</tr>
<tr>
<td>Beef cattle</td>
<td>814</td>
<td>35</td>
</tr>
<tr>
<td>Other livestock</td>
<td>88</td>
<td>4</td>
</tr>
<tr>
<td>Vegetable</td>
<td>68</td>
<td>3</td>
</tr>
<tr>
<td>Fruit and nuts</td>
<td>60</td>
<td>3</td>
</tr>
<tr>
<td>Mixed grains and livestock</td>
<td>47</td>
<td>2</td>
</tr>
<tr>
<td>Grain growing</td>
<td>41</td>
<td>2</td>
</tr>
<tr>
<td>Other</td>
<td>188</td>
<td>8</td>
</tr>
<tr>
<td>Total Agriculture</td>
<td>2,332</td>
<td>100</td>
</tr>
</tbody>
</table>

Note: Where the estimated value of agricultural operations is more than $5000.

Source: Australian Bureau of Statistics

Farms are classified in Table 1 according to the activities that generate most of their value of production. Sugar cane growing (1025 farms) was the most common, accounting for 44 per cent of all farms in the Mackay region, and 33 per cent of all sugar cane farms in Queensland.

A large proportion of farms in the region are small in terms of their business size. Estimated value of agricultural operations (EVAO) is a measure of the value of production from farms and a measure of their business size, and is somewhat similar to turnover. Around 57 per cent of farms in the Mackay region had an EVAO of less than $150 000 (Figure 3). These farms accounted for only 10 per cent of the total value of agricultural operations in 2010–11. In comparison, 23 per cent of farms in the region had an EVAO of more than $350 000 and accounted for an estimated 76 per cent of the total value of agricultural operations in the region in 2010–11.

Figure 3 Distribution of farms by estimated value of agricultural operations, Mackay region, Queensland, 2010–11

Source: Australian Bureau of Statistics
Farm financial performance—Queensland

Each year, ABARES interviews Australian broadacre and dairy producers as part of its annual survey program. Broadacre industries covered in this survey include the grains, grains–livestock, sheep, beef and sheep–beef industries. The information collected is a basis for analysing the current financial position of farms in these industries and expected changes in the short term. This paper uses data from the ABARES Australian agriculture and grazing industries survey (AAGIS) and Australian dairy industry survey (ADIS) to compare estimates of financial performance indicators (Box 1) for broadacre and dairy farms in Queensland.

Box 1 Definitions

<table>
<thead>
<tr>
<th>Major financial performance indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>• <strong>Total cash receipts</strong>: total revenues received by the business during the financial year.</td>
</tr>
<tr>
<td>• <strong>Total cash costs</strong>: payments made by the business for materials and services and for permanent and casual hired labour (excluding owner manager, partner and family labour).</td>
</tr>
<tr>
<td>• <strong>Farm cash income</strong>: total cash receipts – total cash costs</td>
</tr>
<tr>
<td>• <strong>Farm business profit</strong>: farm cash income + changes in trading stocks – depreciation – imputed labour costs</td>
</tr>
<tr>
<td>• <strong>Profit at full equity</strong>: return produced by all the resources used in the business, farm business profit + rent + interest + finance lease payments – depreciation on leased items</td>
</tr>
<tr>
<td>• <strong>Rate of return</strong>: return to all capital used, profit at full equity * 100 / total opening capital</td>
</tr>
<tr>
<td>• <strong>Equity ratio</strong>: Farm capital minus farm debt expressed as a percentage of farm capital</td>
</tr>
</tbody>
</table>

Industry types

• **Grains**: farms mainly engaged in producing broadacre crops such as wheat, coarse grains, oilseeds and pulses, and including farms running sheep and/or beef cattle in conjunction with substantial broadacre crop activity.
• **Sheep**: farms mainly engaged in running sheep.
• **Beef**: farms mainly engaged in running beef cattle.
• **Dairy**: farms mainly engaged in milk production.

Performance of broadacre farms—Queensland

Farm cash income for Queensland broadacre farms is projected to increase from an estimated average of $95 500 per farm in 2011–12 to an average of $101 000 per farm in 2012–13. If achieved, the 2012–13 farm cash income would be around 25 per cent above the average farm cash income recorded for the 10 years to 2011–12 (Table 2, Figure 4).

The projected increase in average broadacre farm cash income is mainly a consequence of increased crop receipts, particularly in central Queensland, combined with increased receipts from sale of beef cattle in some regions.
Overall, production of winter crops in 2012–13 is estimated to have been similar to 2011–12, but production of summer crops is projected to decline significantly. However, the reduction in overall crop production is projected to be more than offset by higher grain prices to result in crop receipts increasing, on average. Significant differences are expected across regions with the largest increase in crop receipts occurring in central Queensland.

Figure 4 Real farm cash income, broadacre industries, average per farm

Note: p Preliminary estimate. y Provisional estimate.

Receipts from beef cattle typically account for around 70 per cent of average total cash receipts in Queensland. Overall receipts from beef cattle are projected to decline slightly due to lower saleyard prices and despite an increase in turnoff in most inland regions resulting from drier seasonal conditions and increased availability of sale cattle following above average seasonal conditions in 2010–11 and 2011–12.

Table 2 Financial performance, Queensland broadacre industries, 2010–11 to 2012–13, average per farm

<table>
<thead>
<tr>
<th>Performance indicator</th>
<th>units</th>
<th>2010–11</th>
<th>2011–12p</th>
<th>RSE (%)</th>
<th>2012–13y</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total cash receipts</td>
<td>$</td>
<td>375150</td>
<td>360400</td>
<td>(4)</td>
<td>365000</td>
</tr>
<tr>
<td>Total cash costs</td>
<td>$</td>
<td>287450</td>
<td>265000</td>
<td>(5)</td>
<td>263000</td>
</tr>
<tr>
<td>Farm cash income</td>
<td>$</td>
<td>87700</td>
<td>95500</td>
<td>(9)</td>
<td>101000</td>
</tr>
<tr>
<td>Farms with negative farm cash income</td>
<td>%</td>
<td>26</td>
<td>28</td>
<td>(13)</td>
<td>28</td>
</tr>
<tr>
<td>Farm business profit</td>
<td>$</td>
<td>32160</td>
<td>33800</td>
<td>(26)</td>
<td>23000</td>
</tr>
<tr>
<td>Profit at full equity - excluding capital appreciation</td>
<td>$</td>
<td>80940</td>
<td>80200</td>
<td>(12)</td>
<td>66000</td>
</tr>
<tr>
<td>Farm capital at 1 July a</td>
<td>$</td>
<td>5131190</td>
<td>5255200</td>
<td>(7)</td>
<td>na</td>
</tr>
<tr>
<td>Farm debt at 30 June b</td>
<td>$</td>
<td>585060</td>
<td>569700</td>
<td>(10)</td>
<td>573000</td>
</tr>
<tr>
<td>Equity ratio b</td>
<td>%</td>
<td>88</td>
<td>89</td>
<td>(1)</td>
<td>na</td>
</tr>
<tr>
<td>Rate of return - excluding capital appreciation c</td>
<td>%</td>
<td>1.6</td>
<td>1.5</td>
<td>(12)</td>
<td>1.3</td>
</tr>
<tr>
<td>Off-farm income of owner manager and spouse b</td>
<td>$</td>
<td>23650</td>
<td>30400</td>
<td>(11)</td>
<td>na</td>
</tr>
</tbody>
</table>

Note: a Excludes leased plant and equipment. b Average per responding farm. c Rate of return to farm capital at 1 July.
p ABARES preliminary estimates. y ABARES provisional estimates. na Not available. RSE Relative standard errors, expressed as a percentage of the estimate provided.
Average total cash costs are projected to decline around 1 per cent in 2011–12, mainly due to a further reduction in beef cattle purchases expenditure combined with lower expenditure on interest payments.

Despite an increase in average farm cash income, average farm business profit is projected to decline as the rate of increase in beef cattle numbers slows and as stocks of grain on-farm are reduced relative to those held in 2011–12.

**Performance of grains industry farms—Queensland**

Average farm cash receipts increased, on average, for Queensland grains industry farms in 2011–12 as a result of larger summer and winter crop harvests. Total cash costs also increased in 2011–12 due to higher expenditure on fertiliser, crop chemicals, fuel and costs associated with harvesting a larger crop compared with 2010–11. Average farm cash income for grains industry farms in Queensland increased to around $107,600 per farm in 2011–12 (Figure 5).

In 2012–13, average farm cash income for grains industry farms in Queensland is projected to increase further to average around $139,000 per farm in 2012–13, around 63 per cent above the industry average for the previous 10 years (Figure 5).

While Queensland’s winter crop production is estimated to have remained largely unchanged in 2012–13 compared with 2011–12, the area planted to summer crops in Queensland is forecast to decline by around 11 per cent in 2012–13, reflecting the very dry start to the summer cropping season. With lower yields also expected, total summer crop production is forecast to fall by 14 per cent. However, lower overall crop production is expected to be more than offset by higher grain prices to result in a small increase in average cash receipts for grains industry farms. The increase in crop receipts is expected to be only partly offset by increased cash costs, mainly resulting from increased expenditure on repairs and maintenance, fertiliser and hired labour compared with 2011–12, and despite a reduction in interest expenditure.

**Figure 5 Real farm cash income, grains industry, average per farm**

![Graph showing real farm cash income, grains industry, average per farm from 2000-01 to 2012-13.](image)

*Note: p Preliminary estimate. y Provisional estimate.*
Performance of beef industry farms—Queensland

In 2011–12, beef cattle turnoff was reduced on Queensland beef industry farms and cattle numbers increased. Average beef cattle receipts declined by 5 per cent despite an increase of around 2 per cent in average sale prices received for beef cattle. The decline in farm receipts was more than offset by a large reduction in expenditure on beef cattle purchases as cattle purchase numbers were reduced from the very high numbers in 2010–11. This reduction, together with reduced interest payments, resulted in average farm cash income for beef industry farms increasing slightly to an average of $95 700 per farm in 2011–12 (Figure 6).

In 2012–13 drier seasonal conditions and high beef cattle numbers in northern Australia are projected to lead to an increase in beef cattle turnoff and a slowing in the rate of increase in herd sizes in Queensland. Lower average sale prices for beef cattle are projected to more than offset the increase in turnoff to result in a decline in average beef cattle receipts for Queensland beef industry farms. However, further reductions in expenditure on the purchase of beef cattle together with lower interest expenditure is projected to more than offset the reduction in beef cattle receipts and result in average farm cash income for Queensland beef industry farms increasing slightly to average $96 000 per farm in 2012–13. If achieved this would be around 17 per cent above the average for the previous 10 years, in real terms.

The slow-down in growth of beef herds resulting from increased cattle turnoff will reduce the the build-up in trading stocks on Queensland beef industry farms. As a consequence, farm business profit for the Queensland beef industry is projected to decline from an average of $32 800 per farm in 2011–12 to $26 000 per farm in 2012–13.

Performance of dairy industry farms—Queensland

In 2011–12, average farm cash incomes declined slightly for Queensland dairy farms, mainly as a result of increased cash costs and despite an increase of around 1 per cent in average milk prices received. Overall, average farm cash income for Queensland dairy farms averaged $106 200 per farm in 2011–12 (Table 3, Figure 7), around 19 per cent above the industry average for the previous 10 years.
In 2012–13, a reduction in average farmgate milk prices received of around 5 per cent, combined with a reduction of around 3 per cent in milk production, together with an increase of around 3 per cent in total cash costs are projected to result in reduced financial performance. Farm cash income for Queensland dairy farms is projected to decline to average $58 000 per farm, around 40 per cent below the average for the 10 years ending 2011–12.

Figure 7 Real farm cash income, dairy industry, average per farm

![Real farm cash income graph]

Note: p Preliminary estimate. y Provisional estimate.

Table 3 Financial performance, Queensland dairy industry, 2010–11 to 2012–13, average per farm

<table>
<thead>
<tr>
<th>Performance indicator</th>
<th>units</th>
<th>2010–11</th>
<th>2011–12p</th>
<th>RSE (%)</th>
<th>2012–13y</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total cash receipts</td>
<td>$</td>
<td>477210</td>
<td>482700</td>
<td>(3)</td>
<td>444000</td>
</tr>
<tr>
<td>Total cash costs</td>
<td>$</td>
<td>361560</td>
<td>376500</td>
<td>(4)</td>
<td>386000</td>
</tr>
<tr>
<td>Farm cash income</td>
<td>$</td>
<td>115650</td>
<td>106200</td>
<td>(16)</td>
<td>58000</td>
</tr>
<tr>
<td>Farms with negative farm cash income</td>
<td>%</td>
<td>5</td>
<td>11</td>
<td>(51)</td>
<td>24</td>
</tr>
<tr>
<td>Farm business profit</td>
<td>$</td>
<td>15500</td>
<td>20400</td>
<td>(81)</td>
<td>-46000</td>
</tr>
<tr>
<td>Profit at full equity - excluding capital appreciation</td>
<td>$</td>
<td>36550</td>
<td>45300</td>
<td>(34)</td>
<td>-23000</td>
</tr>
<tr>
<td>Farm capital at 1 July a</td>
<td>$</td>
<td>3307960</td>
<td>3125700</td>
<td>(9)</td>
<td>na</td>
</tr>
<tr>
<td>Farm debt at 30 June b</td>
<td>$</td>
<td>220330</td>
<td>272500</td>
<td>(15)</td>
<td>270000</td>
</tr>
<tr>
<td>Equity ratio b</td>
<td>%</td>
<td>93</td>
<td>91</td>
<td>(2)</td>
<td>na</td>
</tr>
<tr>
<td>Rate of return - excluding capital appreciation  c</td>
<td>%</td>
<td>1.1</td>
<td>1.5</td>
<td>(38)</td>
<td>-0.7</td>
</tr>
<tr>
<td>Off-farm income of owner manager and spouse b</td>
<td>$</td>
<td>10680</td>
<td>7500</td>
<td>(32)</td>
<td>na</td>
</tr>
</tbody>
</table>

Note: a Excludes leased plant and equipment. b Average per responding farm. c Rate of return to farm capital at 1 July.
p ABARES preliminary estimates. y ABARES provisional estimates. na Not available. RSE Relative standard errors, expressed as a percentage of the estimate provided.
3 Fisheries sector

Mackay is a key port for commercial and recreational fishing. The East Coast Trawl Fishery is the largest of Queensland’s commercial fisheries operating in the region targeting mostly prawns, but also harvesting bugs, squid, and scallops. Other commercial species harvested by Queensland fisheries in the region include shark, crab, mackerel, mullet and barramundi.

Recreational fishing is popular amongst Mackay region residents — 28 per cent of the population fish at least once each year, significantly higher than the state average of 17 per cent (Taylor et al. 2012). They fish in local coastal waters and adjacent reefs within the Great Barrier Reef Marine Park for reef species such as cod, sweetlips, stripey snapper, red emperor and barred javelin. In the central coast catchment there is recreational fishing in estuaries and freshwater reaches of rivers for mud crab, bream, whiting and barramundi. Most of the fishing effort is reported by boat fishers in marine waters. This region is a popular destination for fishers travelling from other regions of Queensland and elsewhere in Australia.

In 2010–11, the Mackay area contributed $8 million of Queensland's total value of aquaculture production ($86.3 million), accounting for 9 per cent of the total value of production (Wingfield 2012). The Mackay area produced 501 tonnes of aquaculture production accounting for 7 per cent of the volume of Queensland aquaculture production, utilising 178 hectares of ponds. The aquaculture industry in the area employed approximately 41 persons in 2010–11. Aquaculture species produced in the Mackay area include prawns and barramundi.

In 2010–11 the total gross value of Queensland’s fisheries production was $271 million, a decrease of 16 per cent ($51 million) from 2009–10. Queensland contributed 12 per cent of the total value of Australian fisheries production in 2010–11. In value terms, the wild-catch sector accounted for 70 per cent ($189 million) of the state’s total production and the aquaculture sector accounted for the remaining 30 per cent ($83 million).

Queensland’s wild-catch fisheries sector provides a range of fisheries products. The highest contribution is from prawns, which account for 35 per cent of the total value of wild-catch fisheries with a value of $65 million, followed by crabs (16 per cent; $29 million), coral trout (14 per cent; $26 million) and bugs ($13 million; 7 per cent). Over the last decade the value of Queensland’s wild-caught fisheries products has reduced from $337 million (2000–01) to $188 million (2010–11; in 2010–11 terms). Prawns and coral trout, showed the largest decline in the real value of production over the past decade, reducing by $43 million and $54 million respectively. A large proportion of prawns and coral trout is exported and the appreciation of the Australian dollar since 2000–01 has had a significant effect on the value of exports of these products. Competition from imported prawns in the domestic market has also placed significant downward pressure on prices in recent years.

The value of Queensland’s aquaculture production has declined by 17 per cent from $99 million in 2009–10 to $82 million in 2010–11. Prawn and barramundi farming account for the largest share of production by value, with prawns accounting for 67 per cent, and $56 million of production, followed by barramundi (26 per cent; $21 million).

Commonwealth fisheries active in Queensland include the Commonwealth Eastern Tuna and Billfish fishery (mainly supplying export markets with tuna), the Coral Sea Fishery, and the Northern Prawn Fishery. The Torres Strait fisheries for prawns, finfish, prawns and beche-de-mer and trochus are also active in the Queensland region.
In 2011–12, Queensland’s fisheries product exports were valued at $143 million. The main export products include live and fresh, chilled or frozen fish, prawns and rocklobster. Hong Kong, Japan and the United States are the major destinations for Queensland fisheries exports, accounting for 53 per cent, 20 per cent and 7 per cent of the total value of exports in 2011–12, respectively. Other major export destinations include Vietnam (5 per cent) and China (4 per cent).

Recreational fishing is popular in Queensland, with approximately 700,000 Queenslanders going recreational fishing, crabbing or prawning in Queensland in the 12 months prior to July 2010 (QDAFF 2013). Total expenditure in the sector was estimated to be between $350 million and $420 million in 2008–09 (DEEDI 2009). The tropical waters of Queensland are also a key area for tourism, attracting anglers from around the world and Australia. Popular target species include crabs, prawns and a range of finfish species including cods and groupers, coral trout, redthroat emperor, rosy snapper, and mackerel. For freshwater activity some key species caught include barramundi, eels, silver perch, and yabby and blueclaw crayfish.
4 Forestry sector

In 2010–11, the total plantation area in the Mackay Region was approximately 5900 hectares, comprised of around 800 hectares of softwood plantations and 5100 hectares of other plantations. In the Northern Queensland National Plantation Inventory (NPI) region the main hardwood species planted is Dunn’s white gum (*Eucalyptus dunnii*) and teak (*Tectona grandis*). The main softwood species planted is Caribbean pine (*Pinus caribaea*) and hoop pine (*Araucaria cunninghamii*). Total log supply from plantations in the Northern Queensland NPI region is forecast to increase to 298 000 cubic metres a year for the 2015–19 period, producing mainly softwood sawlogs (80 per cent).

In 2008, there were around 4 million hectares of native forests in the Mackay region, comprised mainly of eucalyptus medium woodland (3 million hectares), eucalypt medium open (517 000 hectares) and acacia (448 hectares) forest types. The majority of the native forests are leased (3 million hectares) or managed privately (862 000 hectares) and 200 000 hectares are managed for nature conservation. Approximately 180 000 hectares are multiple use forests available for timber production. Major timber processing industries in the Mackay region are located at Proserpine.

Queensland’s forest and wood product industry generated around $4 billion of sales and service income in 2010–11. Most of the income was generated from the sale of wood products (such as structural wood and woodchips) estimated at around $3 billion. The remaining $1 billion was generated from the sale of paper and paper products. Despite being Australia’s largest wood product export state, Queensland is a relatively small exporter of woodchips. In 2010–11, Queensland exported 63 000 tonnes of woodchips, valued at $11 million. In 2011–12, woodchip exports from the state declined to 52 000 tonnes, valued at around $8 million.
References


