



Key facts:

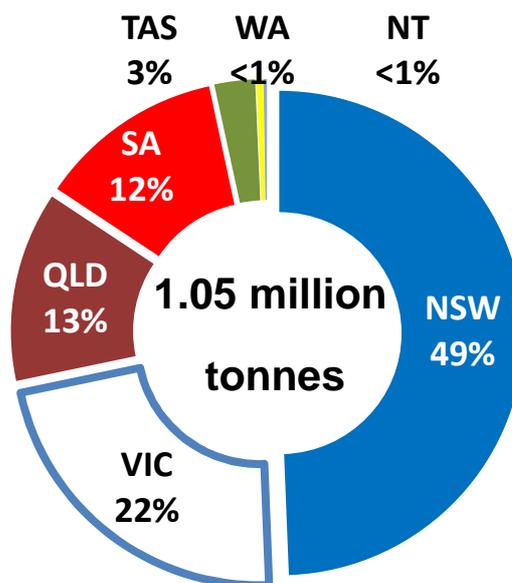
- * Australia produced **1.05 million tonnes** of lucerne hay for the year ending June 2013.
- * **New South Wales** is the largest producer of lucerne hay in Australia with almost **half** of national production, while **Tasmania** produces **2-3%**.
- * Australia exported **101,303 tonnes** of lucerne for the year ending June 2013. This included hay, chaff, meal and pellets.
- * Lucerne is a perennial legume grown throughout Australia for use in making hay, silage, manufactured stock feed and for livestock grazing.
- * Lucerne has strong links to the dairy and equine industries and is considered a high value stock feed.

Australian lucerne production

Lucerne is a perennial legume grown throughout Australia for use in making hay, silage, manufactured stock feed and for livestock grazing. It can easily be adapted to both dryland and irrigated operations and has the ability to achieve consistent yields across a number of soil types and topographical landforms. There are a large number of lucerne varieties available that are suited to a wide array of climates.

Australia has approximately **223,000 hectares** of lucerne under crop, producing **1.05 million tonnes** of hay annually.

Figure 1 National lucerne hay production — 1.05m tonnes



In 2012/13, New South Wales was the largest producer accounting for 49% of the total production volume, followed by Victoria (22%) and Queensland (13%), as seen in Figure 1. Most production is consumed domestically with an average of 13% of domestic production exported over the last 5 years.

Tasmanian lucerne production

There are around **28,000 tonnes** of lucerne hay produced in Tasmania annually, representing **2-3%** of national production. Lucerne is grown using both dryland and irrigated production systems.

Production of lucerne is spread broadly across Tasmania, with no large concentration of growers in any one region.

The majority of lucerne production in Tasmania is used for grazing or finishing stock during the summer months and will not be cut for hay. This allows livestock producers to either increase their carrying capacity or gain greater productivity from current herds.

Hay sales in Tasmania are largely driven by the equine industry which includes the racing, show jumping, equestrian and pony club markets. These sales will either be conducted on farm or through trading agents and retail stock feed providers.

International lucerne trade

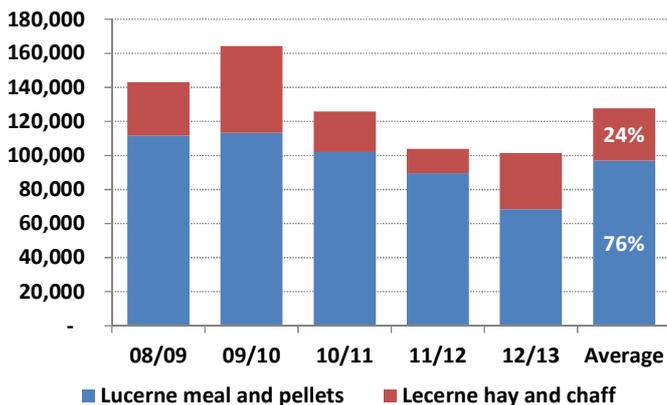
In 2012/13 Australia exported **101,303 tonnes** of lucerne or 10% of production (including hay, chaff, meal and pellets). This is less

than the 5 year average of **127,634** tonnes, as seen in Figure 2.

Over the last 5 years, **76%** of the export volume was generated by manufactured lucerne meal and pellets, while **24%** was exported as hay or chaff.

Interest in Australian lucerne exports is growing in Asian markets, where the product provides a stock feed option for the region's expanding dairy industry.

Figure 2 Annual lucerne exports (tonnes)



Lucerne uses

Lucerne is viewed by producers as a premium feed for livestock, both as fresh and conserved fodder, providing a higher quality supplement than most other plant species. Lucerne hay promotes greater animal vigor in terms of growth rates, milk production and reproductive response. For these reasons it is in demand by livestock producers, most notably those in the dairy and equine industries.



Livestock producers incorporate lucerne into their systems through a number of practices including grazing, hay making, silage and pellets. The level of use of these practices depends on a number of factors within the enterprise including seasonal risk management practices and the type and intensity of the production systems.

Livestock producers will incorporate lucerne for a number of reasons, such as providing a supplement feed during weaning or reproduction and finishing animals (placing an animal on a high protein diet prior to sending it to market).

Lucerne also plays an important role within cropping enterprises, as it is often used as a "phase legume" within cropping rotations. This means it is incorporated into a set rotation in order to improve disease/pest resistance or build-up, and to replace nitrogen levels and improve soil structures.

Lucerne sales and demand

The majority of sales are conducted on farm by the producer to a number of market segments, which include:

- Graziers, dairy and equine operators seeking feed for their livestock.
- Stock feed manufacturers using lucerne as the basis for a number of feed products.
- Produce merchants/agents who typically deal directly with smaller farms. Produce merchants or agents are estimated to move 5% to 10% of the volume.

The majority of the manufactured stock feed volume is used in the equine industry, but some specialist processed lucerne hay products (e.g. lucerne pellets) are also produced for the pig and poultry industry. These product forms sold through specialised markets earn greater value than bales.

Prices are seasonal, with peaks occurring in winter months when alternative feeds are in short supply. Winter demand is also stimulated by the winter horse racing industry and the agricultural show circuit. Winter prices can be up to double those available in summer for the better grades of lucerne hay.

Lucerne production for seed provides opportunities to further develop value for the industry. However, lucerne production for seed is sensitive to climatic conditions and will therefore face challenges in some regions.

The lucerne seed industry has grown in recent years as a result of strong export demand (particularly to the United States). At

present, more than **80%** of Australia's lucerne seed production occurs in South Australia and the majority of Australia's seed production is exported.

Outlook for sector

- All indications point to continued demand for lucerne. It provides good summer forage for livestock enterprises, promoting improved production vigour within livestock systems.
- Supply is likely to be maintained due to the benefits lucerne provides to intensive cropping rotations, by adding nutrients and improving soil structure.
- Dairy production is one of the largest users of lucerne and the expansion of dairy operations will be an influence on any further growth in demand.
- The demand for lucerne seed may warrant exploring further, particularly in regards to whether Tasmanian conditions offer a suitable production climate.

Information in this publication is intended for general information only and does not constitute professional advice and should not be relied upon as such. No representation or warranty is made as to the accuracy, reliability or completeness of any information in this publication. Readers should make their own enquiries and seek independent professional advice before acting or relying on any of the information provided. The Crown, its officers, employees and agents do not accept liability however arising, including liability for negligence, for any loss resulting from the use of or reliance upon information in this publication.

Data sources

- DFAT import and export data
- ABARES
- ABS
- Freshlogic ThruChain™ models

Further information

1. Tasmanian Institute of Agriculture (TIA)

<http://www.tia.tas.edu.au> Ph. +613 6226 6368

2. Freshlogic

www.freshlogic.com.au Ph. +613 9818 1588

3. Australian Bureau of Agriculture and Resource Economics and Science (ABARES)

www.daff.gov.au/abares Ph. +612 6272 3933

4. Australian Bureau of Statistics (ABS)

www.abs.gov.au Ph. +612 9268 4909

5. Australian Department of Foreign Affairs and Trade (DFAT)

www.dfat.gov.au Ph. +612 6261 1111

Disclaimer