

NURSERY PAPERS

JULY
2024

Uncover business insights with data

Production nurseries sold an estimated 2.26 billion plants worth approximately \$2.78 billion in 2022-23, down from 2.83 billion in 2021-22.

That's according to the recently released levy funded 2022-23 *Production Nursery Data Capture Report* developed under the Nursery industry statistics 2020-21 to 2024-25 (NY21000) project which assessed data from a near-record 303 growers surveyed across Australia.

For the seventh year in a row, a strategic, levy-funded project has surveyed the greenlife industry to measure production nursery sales, sentiment, employment and investment. The project is funded via the nursery levy through Hort Innovation.

The results provide valuable information to both growers and the broader sector. This can assist with decision making, resource prioritisation, investment evaluation and strategic planning.

The project team also uses the data to develop of a business benchmarking data tool which they make available to levy payers. Even better? The team has improved the tool, so this year, you can more effectively use it to assess core aspects of your business against others operating in similar markets or segments.

SUMMARY

- The levy-funded *Nursery Industry Statistics 2020-21 to 2024-25* (NY21000) project tracks vital sector data over five years; this project follows on from two earlier successful projects: the Nursery Industry Statistics 2017-21 (NY17008) project, and NY16004.
- Greenlife Industry Australia (GIA) manages the project, in collaboration with Down to Earth Research (DTER) and ACIL Allen (AA) conducting data collection and analysis.
- The data and insights support crucial decision making for individual nurseries and the sector.
- The nursery sector benchmarking tool enables nurseries to compare financial performance, productivity, sentiment, sales, employment and investment with similar turnover ranges and sector trends.
- If you are a levy payer, we encourage you to register for access to the benchmarking tool.

BACKGROUND & METHODOLOGY

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2.26 billion plants were introduced into our communities, workplaces and homes, equal to the previous year



\$2.78 billion were made in sales



80% of growers are confident about the future of the sector



54% of growers are investing in infrastructure, technology and training



DATA DEEP DIVE

Industry snapshot

In 2022–23, the demand for greenlife remained steady and the outlook for the sector is positive, which is consistent with results from previous years.

The Australian nursery sector employs almost 25,000 people across every state and territory and is currently valued at approximately \$2.78 billion. While confidence in the sector's future remains high, there is growing concern that demand will be impacted by climate and a slowing economy. Combined with rising operating costs this may reduce sector expansion and investment.



Plants sold by category

The survey asked growers to categorise the plants they sold, and the findings reveal that all plant categories experienced growth in 2022–23, with an estimated 2.26 billion plants sold.

The most popular plant categories were perennials, trees and shrubs (45% of total plants sold), propagation (12% of total plants sold), and indoor (12% of total plants sold).

Nursery sector threats

The data revealed 68% of growers view severe weather as a threat to their nurseries. Additionally, 66% are worried about biosecurity challenges, and 58% are concerned about labour shortages.

Each of these issues impact between 60% and 70% of businesses to varying degrees. Notably, however, compared to 12 months ago, significantly fewer respondents reported severe weather and labour shortages as having a major impact.

Labour shortages continue to affect a greater proportion of large businesses compared to their small to medium counterparts, with 77% of large businesses saying these shortages are having a minor or major impact (down slightly from 83% in 2022).

Productivity

Respondent data suggests that production businesses continue to generate substantial turnover (approximately \$456,000 of turnover per hectare). This is consistent with results from 2021–22.

Sentiment and future business investment

Sector confidence remains buoyant with 80% of respondents feeling positive about the sector's future. However, the downwards trend since 2020 is notable (90% in 2020, 88% in 2021, 84% in 2022).

While this trend is evident across each business size, most large businesses (89%) remain positive, the very positive (23%) proportion of large businesses has decreased significantly over the past two years (33% in 2022 and 49% in 2021).

Demand for greenlife products remains the most mentioned driver of positivity (mentioned by 61% of all respondents). Conversely, concerns that demand will decrease due to a slowing economy or dry weather conditions is the key driver of negativity, mentioned by one in 10 (11%) respondents.

Technology

Almost nine in 10 businesses (87%) have adopted automation technology but this varies by business size, from 96% of large enterprises to 78% of small.

On average, one type of automation technology has been installed, but this increases to two among operators with turnover between \$2 and \$4 million, and three among businesses with turnover exceeding \$4 million.

Human resources

Respondent data suggests the nursery production workforce is between 22,000 and 25,000 people, which equates to approximately 20,000 full-time equivalent (FTE) employees. This represents a slight decrease of about 2.4% from approximately 20,500 FTEs in 2022.

On average, business turnover per FTE has remained similar over the past two financial years, with approximately \$177,000 in 2022–23 compared to \$178,000 in 2021–22. This reflects a 0.6% decrease. The average wage paid per FTE, including owners, is approximately \$63,000, which is a 6.8% increase from \$59,000 in 2020–21.



BENCHMARKING TOOL UPDATE

The benchmarking data tool seeks to empower growers to make informed strategic and operational decisions for their businesses by allowing them to leverage robust data.

With seven years' worth of data available for analysis, this tool is a powerful resource for nursery industry participants. The tool lets them measure performance against surveyed peers, comparing sales values and volumes by product type and market segment within the sector.

The data is categorised into four turnover ranges:

- <\$500,000 per annum (p.a.)
- \$500,000 – \$2 million p.a.
- \$2 million to \$4 million p.a.
- >\$4 million p.a.

Additionally, the tool can be used by growers to assess their position within the sales value, employment, wages and cost metrics ranges, as well as to gauge business sentiment around profitability and the sector's future.

This tool provides a valuable foundation for business owners to overlay their own data and make well-informed decisions for the future.

As in previous years, the benchmarking tool is made up of four key components:

- an overview of the 2022–23 results and trends over time
- sales – you can input your own data for comparison
- employment and costs – you can input your own data for comparison
- sector sentiment – you can input your own data for comparison.

Who is using the benchmarking tool?

Nationally, almost one in five (17%) respondents or someone within their business has used the benchmarking data tool.

Notably, this varies from 7% of small operators to a significantly higher proportion (31%) of large businesses.

Among those using the tool, most (65%) say it has influenced decision making either a lot (9%) or a little (56%).



SUMMARY

The report findings not only offer compelling evidence to individual production nurseries, showcasing the industry's health, resilience and strength, but they also provide the broader industry with a powerful dataset for shaping industry growth and development.

To get the most of this project, we encourage you to actively harness the benchmarking tool by applying the findings to your nursery operations. Doing so provides deeper insights into past performance, paving the way for a more prosperous future.

Don't miss out. If you're a production nursery, email info@greenlifeindustry.com.au for access to the 2024 tool.





Want to know how your production nursery stacks up?

Check out the Nursery Industry Business Benchmarking Tool to measure your performance against your peers. To find out more, please contact Celeste Cook, GIA's Extension Officer TAS/SA at: celeste.cook@greenlifeindustry.com.au



MORE INFORMATION

For more information, see:

The 2022-23 Production Nursery Data Capture Report – www.greenlifeindustry.com.au/static/uploads/files/2022-23-nursery-industry-statistics-survey-report-wpfijnzevvr.pdf

Past nursery papers – www.greenlifeindustry.com.au/communications-centre

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Hort Innovation NURSERY FUND

 Greenlife Industry Australia