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Lifting productivity could unlock billions across Australia's food system

Productivity has become one of Australia's most important economic challenges, but new ANZ research suggests some of the biggest opportunities may lie across the food, beverage and agribusiness sector.

Published in the latest editions of ANZ's Agri InFocus and Food for Thought reports, the research examines productivity from farm production through food manufacturing, processing, transport, and retail supply chains.

ANZ Executive Director, Food, Beverage and Agribusiness Insights, Michael Whitehead, said productivity was increasingly about creating more value from existing production and infrastructure rather than producing more.

"When people hear productivity, they often think about producing more output. In food and agriculture, it is increasingly about reducing bottlenecks, improving utilisation and extracting more value from what we already produce," Mr Whitehead said.

"Our analysis suggests that a one per cent productivity improvement across Australian farm production and food and grocery manufacturing activity would equate to around A\$2.6 billion in additional value each year.

"In a sector where farm production exceeds A\$100 billion annually and food manufacturing generates around A\$173 billion in turnover, even small improvements can have a significant economic impact."

Mr Whitehead said many of the next productivity gains may come from beyond the farm gate.

A bumper grain harvest creates less value if storage, rail or port infrastructure cannot move grain efficiently to market. A meat processing plant creates stronger returns when operating closer to capacity. Better forecasting and inventory management can reduce waste and help products reach consumers with more shelf life.

"Artificial intelligence, automation and improved use of data are also creating new opportunities to improve maintenance schedules, predict demand, reduce downtime and make better use of labour, infrastructure and capital."

While the ANZ Food for Thought report explores productivity across the broader food system, the ANZ Agri InFocus report examines how Australian agriculture has become one of the country's strongest long-term productivity performers.

ANZ Associate Director, Agribusiness Insights, Madeleine Swan, said agriculture had quietly been one of Australia's productivity success stories.

"Australian agriculture has significantly outperformed many other sectors of the economy in productivity terms over recent decades, despite operating in an environment shaped by seasonal variability, global competition and changing market conditions," Ms Swan said.

"The cropping sector has seen particularly strong gains through improvements in machinery, seed genetics and fertiliser application, while productivity improvements across livestock industries have also been supported by advances in genetics, pasture management, animal health and farm business practices.

"What is particularly interesting is that productivity growth is not always about producing more. In many cases it comes from producing the same output with fewer inputs, whether that is labour, fuel, fertiliser, feed or capital.

"As Australia looks to improve productivity growth across the broader economy, there are valuable lessons from a sector that has spent decades adapting, innovating and finding ways to do more with less."

The reports conclude that future productivity gains are likely to come from a combination of innovation, technology, automation, artificial intelligence and stronger coordination across the entire food value chain.

Further insights can be found in the Q3 2026 edition of ANZ's Food for Thought report.

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