STATE OF THE INDUSTRY
2015

ESSENTIAL INFORMATION:
FACTS AND FIGURES

Sustaining Australia
CHAIRMAN’S FOREWORD

This is the seventh edition of the AFGC’s annual State of the Industry series, providing key data on the food and grocery sector in order to inform rational and fact-based analysis and policy.

The food and grocery sector delivers the essentials of life to every Australian every day. From bread and milk to toilet paper and detergents, salads and chocolate bars, these are the products that stock our pantries and the ingredients that go into our breakfasts, lunch boxes and dinners.

They get there via a complex and increasingly efficient supply chain taking product from paddock to plate.

The data in this State of the Industry report continues to highlight the underlying strength of the sector, with export markets presenting the greatest opportunity for growth; but also reinforces the ongoing challenge of staying competitive in a country with high costs and low margins.

Despite the challenges facing Australian manufacturing, the food and grocery industry is growing, and so are the jobs, reversing the decline in industry employment of the last two years.

A real highlight for the sector in this report is the strong export growth in processed food and beverages, particularly to the United States, and a rising trade surplus in food. This trend is a welcome sign that the focus on market access and food export opportunities is paying off.

Of concern is the lack of growth in capital investment, at a time when we need an infusion of capital. Food and grocery processing relies heavily on patient capital investment and when there is a reluctance to re-invest regularly to keep pace with technology and its associated productivity improvements, a vicious circle can occur where re-investment lags and returns inch lower over time, making capital even harder to attract.

We need a step change in investment, which requires consideration of carefully focused investment allowances or incentives within the tax system for a period that will lift the sector’s capacity and provide an ongoing boost to activity, exports and jobs. A regulatory system that remains open to foreign investment will also play a key role in attracting the capital required to maintain the sector’s importance as Australia’s largest manufacturing sector.

In fact, as this report shows, food and grocery processing makes up almost one third of Australia’s total manufacturing sector, and directly employs more than 322,000 Australians, with over 40 per cent of those in rural and regional areas. It is vital to the nation’s health and economic wellbeing.

It’s also a growth sector for the future as the growing middle class in our trading partners across Asia look to buy premium, safe, high quality food. With the Australian economy adjusting to the decline in resource sector investment, new growth sectors will be vital to generate jobs for the future and the signs are now clear that the food and grocery sector will be crucial to ensuring ongoing economic growth.

As always, AFGC welcomes your input about this report and how we can make it even more useful and relevant to the food and grocery manufacturing sector in the future.

Terry O’Brien
Chairman
Australian Food and Grocery Council
This report ("Report") has been prepared jointly by the Australian Food and Grocery Council (AFGC) and EY. EY has prepared the analysis in relation to industry turnover, industry value-add, international trade, employment and capital investment. AFGC has provided insights in relation to each of these topics. The results of EY's analysis, including the assumptions and qualifications made in compiling the Report, are set out in the Report. In conducting its work and preparing the Report, EY has acted in accordance with the instructions of AFGC as set out in its engagement agreement dated 2 April 2015, and, in doing so, has prepared the Report for the benefit of the AFGC, and has considered only the interests of the AFGC. EY has not been engaged to act, and has not acted, as advisor to any other party in relation to this Report. Accordingly, EY makes no representations as to the appropriateness, accuracy or completeness of the Report for any other party's purposes. No reliance may be placed upon the Report or any of its contents by any party other than the AFGC ("Recipient"), for any purpose other than receiving this Report and any Recipient receiving a copy of the Report must make and rely on their own enquiries in relation to the issues to which the Report relates, the contents of the Report and all matters arising from or relating to or in any way connected with the Report or its contents.

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‘Sustaining Australia’

The Australian Food and Grocery Council (AFGC) is Australia’s peak national industry association, representing the nearly $119 billion food, beverage and grocery manufacturing industry.

As Australia’s largest manufacturing sector – accounting for almost one third of total manufacturing – the food and grocery manufacturing industry is a vital contributor to the wealth and health of our nation. The industry’s products are consumed by 23 million Australians every day of the year.

The AFGC’s aim is for the Australian food, beverage and grocery manufacturing industry to be world-class, sustainable, socially-responsible and competing profitably, both domestically and internationally. The AFGC represents one of the few manufacturing sectors in Australia that continues to grow and has significant potential for even further growth into the future.

We provide a strong, united voice from industry to government, NGOs, retailers/trading partners, industry groups and the media, as well as promoting the industry, for the benefit of members, across the wider community. The AFGC is respected for advancing scientific policies and research to support industry positions. As part of our advocacy role, we advance best practice policy, promote industry’s views, and make submissions to governments on the development of policy and regulation affecting members.

With industry facing many challenges, we help members stay competitive and well-informed on important issues including retailer relations, food regulation, labelling, supply chain and sustainability issues. The AFGC has been proudly representing the interests of Australia’s largest manufacturing sector since 1995. We are dedicated to keeping the industry strong, innovative and profitable.

For more information, visit www.afgc.org.au

EY

At EY, we are committed to building a better working world with increased trust and confidence in business, sustainable growth, development of talent in all its forms, and greater collaboration. We want to build a better working world through our own actions and by engaging with like-minded organisations and individuals. This is our purpose — and why we exist as an organisation.

Our 28 Regions are grouped under four geographic Areas: Americas; Europe, Middle East, India and Africa (EMEIA); Asia-Pacific; and Japan. This structure is streamlined allowing us to make decisions quickly, execute our strategy and provide exceptional client service wherever in the world our clients do business. We are not merely a loose collection of national practices – we are a global network of firms’, unified in our approach.

EY’s Agribusiness

Food companies face a challenging and volatile environment. Issues such as the need to understand changing consumer needs, innovate effectively, and put goods on the shelf at a price that works for producers, manufacturers and consumers continue to arise in today’s market. Ongoing commodity price volatility, fluctuating exchange rates and uncertain tax and regulatory environments, particularly in emerging markets, makes decision-making complex. As emerging markets leaders take their place on the global stage and start challenging for share in both developed and developing markets, food manufacturers are focusing more closely than ever on the need to maximise volume to maintain growth.

The Australian agricultural sector is a world leader in the provision of high quality food and fibre using innovative technologies and sustainable natural resource management. With the Australian Government’s whitepapers on Agricultural Competitiveness and Northern Australia, there is strong interest from both government and business for the growth of this industry. Whilst the sector’s longer-term fundamentals remain strong and the prospect of rapid increases in global demand continues, there are challenges for business and government to navigate along the way.

EY’s Food, Fibre, Agribusiness and Biosecurity practice brings together a worldwide team of professionals to help organisations achieve their goals. We are passionate about helping Australia create a vibrant future for the people and businesses involved in the production of food, fibre and agribusiness.

For more information, visit www.ey.com/AU/en/Industries/Consumer-Products/EY-consumer-products-agribusiness
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1 Summary: the essentials

1.1 The industry

Australia’s food and grocery sector turnover totalled $118.8 billion in 2013-14, a rise of 0.9 per cent in real terms (inflation adjusted), comprising:

- Food and beverage processing $97.4 billion (up 2.8 per cent);
- Grocery (non-food) manufacturing $15.7 billion (down 5.6 per cent); and
- Fresh produce (minimally transformed) $5.7 billion (down 11 per cent).

The defined industry represents 30.0 per cent of total Australian manufacturing by turnover with a combined value add\(^2\) of approximately $32.1 billion in 2013-14.

Labour productivity in the food, beverage and tobacco product manufacturing sector\(^3\) grew by 2.4 per cent, well above Australia’s long-term average of 1.5 per cent.

There were an estimated 26,551 businesses in the industry in 2014-15:

- 7,811 businesses in food and beverage processing (down 18 on 2013-14);
- 1,491 businesses in grocery manufacturing (down 14); and
- 17,249 businesses in the fresh produce sector (down 415).

1.2 International trade

The total value of international trade (imports plus exports) for the food and grocery sector in 2014-15 was $61.7 billion, a real increase of 12 per cent.

- Exports valued at $30.1 billion (real growth of 22 per cent);
- Imports valued at $31.6 billion (real growth of 4 per cent); and
- Trade deficit of $1.5 billion (down from $5.8 billion in 2013-14, a 75 per cent improvement).

Australia is a net exporter of processed food and beverages, and fresh produce, and a net importer of grocery (non-food) manufactured product.

Australia recorded a strongly growing trade surplus in processed food and beverage products:

- Exports of processed food and beverages increased by 28.3 per cent, or from $20.0 billion to $25.7 billion in 2014-15;
- Imports of processed food and beverages increased by 7 per cent to $15.3 billion; and
- Trade surplus in processed food and beverages increased by 81 per cent to $10.4 billion.

The fresh produce sector recorded export growth of 24.3 per cent to $1.1 billion and a trade surplus of $359 million, up 85 per cent.

The grocery (non-food) manufacturing sector recorded a decline in exports of 12.1 per cent to $3.3 billion and a trade deficit of $12.3 billion.

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1 Note that the most recent full year of data available is used for each subject area through this report, meaning some data is for the 2013-14 financial year and some for the 2014-15 financial year.

2 Industry value-add is a measure of the contribution of businesses within the sector to gross domestic product.

3 The split between beverage and tobacco product manufacturing was not available due to ABS reporting arrangements.
1.3 Employment

In 2014-15 the food and grocery sector employed 322,900 people, an increase of 3,183 or 1 per cent over 2013-14.

- 240,605 were employed in food and beverage processing;
- 28,550 were employed in grocery (non-food) manufacturing; and
- 53,745 were employed in the fresh produce sector.

1.4 Capital investment

In 2013-14 capital investment (gross fixed capital formation) in the food, beverage and tobacco manufacturing sector reached just over $3.0 billion, a decline of nearly 9 per cent from the previous year.

- Food product manufacturing investment dropped from $2.6 billion to $2.2 billion.
- Beverage and tobacco manufacturing investment grew from $744 million to $819 million.

1.5 What is covered by the Food and Grocery sector - the ‘defined industry’?

This is the seventh annual State of the Industry Report and prior to this series the industry sectors covered by the report had not previously been described collectively by industry or government agencies. Reflecting the membership of the AFGC, the sectors included in this report share a number of common features at product and/or operational levels and consequently also in the business environment in which they operate. The definition used to determine whether industry sectors should be included was:

*Those industries that provide value-add to agriculture, food and other products for the purpose of producing everyday fresh and processed food, beverages and grocery products consumed and used by Australians.*

The products encompassed include packaged, shelf stable food from all categories, fresh foods such as fruit and vegetables and non-food grocery products used by consumers for personal and home care. These products share a number of distinguishing characteristics that enable them to be sensibly aggregated:

- They are all (generally) presented to consumers meeting strict product specifications;
- Their integrity is assured through the use of sophisticated quality systems;
- They share the same supply chains; and
- They are purchased and used daily by consumers.

Commodities (e.g. grains, live animals etc.) not purchased by consumers directly were excluded from the report. As a result, three broad groupings were identified:

- Food and beverage manufacturing;
- Grocery (non-food) manufacturing; and
- Fresh produce production.

For more detailed information on the industry definition and ANZSIC Codes, see the Appendix B Methodology.
2 Overview

This AFGC State of the Industry report is the seventh in the series. It consists of an extensive set of historical and updated data which collectively describes the broader food and beverage, grocery manufacturing and fresh produce sectors, as well as the important contribution they make to the Australian economy. Throughout this report, together the food and beverage, grocery and fresh produce sectors are classified as the ‘defined industry’.

2.1 The Australian story

The Australian economy is entering its 25th consecutive year of growth. This is the second longest continuous period of growth of any advanced economy in the world. Yet still, the Australian economy has not fully recovered from the impact of the Global Financial Crisis (GFC). Whilst it continues to slowly recover, in five of the past six years, the real economy has been below its long run average of 3.3 per cent real growth.

FIGURE 2.1: REAL AND NOMINAL GROSS DOMESTIC PRODUCT GROWTH (%)

[Image of a graph showing real and nominal GDP growth with long-run averages of 3.3% and 5.9%]

Source: Based on ABS, catalogue number 5204.0

The 2013-14 and 2014-15 financial years have been pivotal years for the Australian economy as it adjusts to the fall in investment in mining and resources and transitions to an economy where the gap is filled, and economic growth is driven by, the non-resource industries. In these years, Australia experienced gross national product (GDP) figures of $1,558 billion and $1,596 billion respectively. This was an expansion of the economy of 2.5 per cent in 2013-14 and 2.4 per cent in 2014-15.

The major contributors to this growth in 2013-14 were household expenditure (increasing 2.2 per cent and partially being driven by an increase in expenditure on food products of 3.1 per cent) and exports of goods and services (growing 5.8 per cent). Similarly, in
2014-15, major contributors to GDP growth were again household expenditure (increasing 2.5 per cent), dwelling capital investment, and exports of goods and services.\(^7\)

Australia’s terms of trade fell by 3.7 per cent in 2013-14 and then again in 2014-15 by 10.6 per cent. This means that Australia’s export prices have fallen significantly over the last two years relative to its import prices and potentially leading to the fact that exports have grown more rapidly than imports in volume terms.

Regarding employment, there were approximately 11,767,200 people employed at the end of June 2015. This was a growth of 1.9 per cent over the year. At the same time, there was a growth of 1.3 per cent in the number of unemployed persons in Australia with 753,800 Australians deemed unemployed at end June 2015. Over the course of the year, the unemployment rate remained stable at 6 per cent indicating no increase as expected by Treasury as the economy transitions towards non-mining led growth. Further remaining stable over the year was the participation rate at 64.8 per cent (a slight increase of 0.1 percentage points) meaning the percentage of people either in work or looking for work remains the same at around two thirds of the population.\(^8\)

From an industry perspective, the largest increase in value added was experienced by the mining industry in 2013-14 with a growth of 9.5 per cent (total gross industry value added of $129.2 billion) and the information media and telecommunications industry in 2014-15 with a growth of 9.1 per cent (total gross industry value added of $47.5 billion). The largest contraction in 2014-15 was experienced by the professional, scientific and technical services industry with a decline of 4.8 per cent. Looking at industry turnover, recent years have seen some key trends come to light. Namely, the mining and resources industry continues to grow its share of turnover as newly constructed mines commence operations whilst the manufacturing industry continues to stagnate and indeed contract in some years. “Manufacturers have blamed high labour costs, import competition and a strong local currency for their woes. The car manufacturing sector has been hit hard, with Holden set to stop making cars in Australia by 2017, and Ford by 2016.”\(^9\) Consequently, it has become imperative that those manufacturing sectors continuing to experience growth and that remain competitive continue to grow and become more dominant if Australia’s manufacturing industry is to shake the current trend


2.2 AFGC Insight

The food and grocery story

Australia’s food and grocery sector transforms the produce from our farms into the food and other essentials of life needed by every consumer, every day. We eat bread not wheat, steak not steers and we consume pasteurised milk and processed cheese and yoghurt not raw milk. Most of our food goes through some level of packaging and processing, from minimal to elaborate transformation.

The value-add delivered by food and grocery processing is considered a manufacturing process. The sector makes up almost one third of Australian manufacturing (30 per cent) and is growing, as the data in this report shows. Turnover of $118.8 billion in 2013-14 is up 0.9 per cent in real terms (inflation adjusted). Employment is also rising with an additional 3,183 people employed in 2014-15 to bring total sector employment to more than 322,000. Growth prospects for the future are strong, reflected in surging food exports in recent years. In 2014-15 processed food and beverage exports were up 28 per cent or almost $6 billion to $26 billion as shown below.

Imports and exports of substantially and elaborately transformed food products ($2014-15)

Four years ago the outlook for the food and grocery sector did not look bright. A 7 per cent contraction in turnover in 2010-11 reflected a ‘perfect storm’ of negative pressures on the industry. The high Australian dollar severely reduced export competitiveness and attracted cheaper food imports; intense retail competition between the supermarkets impacting through the supply chain; and high cost structures – particularly labour, energy and regulatory costs - were not able to be adjusted quickly. A number of processing companies shifted operations offshore to countries with lower costs, notably to New Zealand, in the face of this competitiveness challenge.

In responding to these multiple threats the Australian food and grocery sector has demonstrated considerable resilience as well as an ability to adjust and become more competitive. Sweeping cost reductions have included greater automation and energy efficiency measures to reduce labour and energy costs; the negotiation of the Food and Grocery Code of Conduct is restoring certainty and transparency to retailer-supplier relations; and diversification of markets has seen suppliers look to establish export customers.

Now the falling Australian dollar is providing a tailwind for those food and grocery manufacturers who have built an export base. Improved market access flowing from Australia’s free trade agreements (FTAs) is assisting. It is notable that 7 of the top 10 export destinations for Australian food and beverage exports are countries that have free trade agreements with Australia. The biggest export growth in 2014-15 was to the United States of America (USA), where the signing of the USA FTA ten years has seen progressive removal of tariffs over the past decade.

Future growth to fully capitalise on improved market access and growing demand from middle class consumers in the emerging economies of Asia and the Middle East will require a step change in investment in the food and grocery sector. Unfortunately as this report shows, overall capital investment is falling – down by 9 per cent to $3 billion in 2013-14 when a lift in investment is vital for the Australia sector to scale up and meet the opportunities of the future.

Gary Dawson
Chief Executive Officer
3 Industry turnover

- In 2013-14, the combined turnover of the industry was $119 billion and was the primary purpose for approximately 26,998 enterprises in Australia.\textsuperscript{10}
- The food and beverage sector grew by 2.8 per cent, while grocery contracted by 5.6 per cent and fresh produce was down 11 per cent.

The total turnover for the Australian food and beverage, grocery and fresh produce industry was $118.8 billion in 2013-14; a real increase of 0.9 per cent (see Figure 3.1). This means that industry turnover is continuing to increase and has steadied its path onto recovery following the near 7 per cent contraction in 2010-11. This recovery though, is largely being driven by the food and beverage sector with this sector being the only sector to experience real growth in 2013-14.

Of the three broad industry sectors, the food and beverage sector contributes the largest proportion to total industry turnover ($97.4 billion or 82 per cent), followed by the grocery sector ($15.7 billion or 13.2 per cent), and the fresh produce sector ($5.7 billion or 4.8 per cent). The food and beverage sector grew by 2.8 per cent, whilst the grocery sector and fresh produce sector contracted by 5.6 per cent and 11 per cent respectively.

**Figure 3.1: Composition of the defined industry’s turnover ($2013-14)**\textsuperscript{11}

Source: Based on ABS, catalogue number 8221.0, 8159.0 and 8155.0

The size of the defined industry relative to a subset of others is shown in Figure 3.2. It shows that whilst the defined industry is not an industry itself (i.e. its sectors are categorised by the ABS as falling within the Agriculture and Manufacturing industries), it is comparable to a host of other industries in terms of the size of its turnover indicating its importance to the Australian economy. Its turnover is larger than:

- Agriculture, fisheries and forestry
- Utilities
- Accommodation and services
- Information media and communication
- Rental hiring and real estate services
- Administrative services
- Public administration
- Education and training (private)
- Health care and social assistance
- Arts and recreation services.

\textsuperscript{10}This estimate is based on total 2013-14 enterprises from the most recent IBISWorld reports. Figures are available for 2014-15 and as such, there were 26,551 enterprises in the 2014-15 financial year.

\textsuperscript{11}As outlined in Appendix B, caution should be applied when comparing data before and after the 2006 ANZSIC code changes. Please consider this for all subsequent figures and tables within this report.
The manufacturing sector comprises a number of sub-sectors including the food, beverage and grocery sectors; the textile, leather, clothing and footwear manufacturing sector; and the wood product-manufacturing sector. The food, beverage and tobacco sector is a key sector of Australia’s manufacturing industry with a share of 26 per cent (see Figure 3.3). When the grocery sector is included into this analysis, the defined industry then increases its share of the manufacturing industry to 30 per cent.

Key Fact
The food and grocery sector is the largest manufacturing industry in the Australian economy, comprising 30 per cent of all manufacturing.

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12 The grocery sector is comprised of a number of classes that fall within the pulp paper and converted paper product sector, the basic chemical and chemical product sector or the polymer product and rubber product sector that all fit within the manufacturing industry.
3.1 Food and beverage sector

The food and beverage manufacturing sector in Australia comprises a large variety of product classes, each of which consists of a number of sub-classes. In 2013-14, the turnover of the food and beverage manufacturing sector was $97.4 billion; a real growth of 2.8 per cent.

Of the 12 product classes, six classes contracted by an average 2.4 per cent with the largest decline of 5.5 per cent in the wine and other alcohol beverage manufacturing class. This was in contrast to the 5.5 per cent average growth across the remaining six classes including meat and meat product manufacturing which had the largest real growth, increasing 9.1 per cent, which was closely followed by the seafood processing class which experienced real growth of 8.3 per cent. These real growth rates can be seen within the legend in Figure 3.4.

Figure 3.4 illustrates the turnover of each class in 2013-14 and the relative size with the percentage terms indicating what proportion of turnover that particular class contributes to the overall turnover of the food and beverage sector. Meat and meat product manufacturing continues to increase and comprises the largest share (26.2 per cent) of the total sector turnover. Dairy product manufacturing was the second largest at 13.9 per cent whilst seafood processing held the smallest share (1.3 per cent).

Importantly, meat and meat product manufacturing saw both the largest turnover amount and experiences the greatest real growth driving strong results for the food and beverage manufacturing sector.

Figure 3.4: Turnover of the food and beverage manufacturing sector by product class ($2013-14)\(^\text{13}\)

![Pie chart showing distribution of turnover by product class](image)

- Meat and meat product mfg; +9.1%
- Dairy product mfg; +0.8%
- Fruit and vegetable processing; -2.9%
- Oil and fat mfg; -2.9%
- Bakery product mfg; +4.8%
- Grain mill and cereal product mfg; -0.4%
- Sugar and confectionery mfg; +5.6%
- Seafood processing; +8.3%
- Other food product mfg; -0.4%
- Soft drink, cordial and syrup mfg; -2.4%
- Beer and Spirit mfg; +4.2%

Source: Based on ABS, catalogue numbers 8155.0

3.1.1 Number of enterprises in the food and beverage sector

The food and beverage, grocery and fresh produce industry in Australia had approximately 26,998 businesses in operation during 2013-14. This dropped by 1.7 per cent to 26,551 in 2014-15 meaning there were 447 fewer businesses at the end of the year. Of these 26,551 businesses, approximately one third, were from the food and beverage manufacturing sector, however this sector only declined by 18 businesses or 0.2 per cent over the 2014-15 financial year (i.e. the drop in businesses was not driven by the food and beverage sector).

\(^{13}\)For all pie graphs throughout this report, please note that all dollar terms are in millions of dollars ($'000’000s).
Table 3.1 illustrates the number of enterprises operating in a number of food and beverage classes. Other food manufacturing had the largest number of enterprises in 2014-15 with 2,099 businesses but was closely followed by wine manufacturing which was the primary purpose for approximately 1,852 or 23.7 per cent of businesses in the food and beverage sector. Meat and meat product manufacturing and bakery product manufacturing accounted for around 14 per cent of businesses each.

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Source: Based on Number of Enterprises, IBIS World Reports C1111, C1112, C1113, C1131, C1132, C1133A, C1133B, C1133C, C1140, C1150, C1161, C1171, C1172, C1173, C1181, C1182, C1120, C1192, C1191, C1199, C1211A, C1211B, C1211C, C1212 and C1214.

### 3.2 Grocery sector

As shown in Figure 3.4, in 2013-14 the turnover of Australia’s grocery manufacturing sector was $15.7 billion. This means the grocery sector has seen a real decrease of 5.6 per cent from 2012-13 to 2013-14. The data indicates that human pharmaceutical and medicinal product manufacturing remained the largest contributor (55.6 per cent) to the total turnover for the grocery sector however it did experience a real decline of nearly 10 per cent over the previous year. This has been due to a number of reasons. Firstly, and similarly as for the global market, the Australian human pharmaceutical and medicinal product manufacturing industry was impacted by the “patent cliff” whereby since 2011, some of the world’s top selling medications have lost patent protection. Secondly, the Australian export market has been hampered by the closure of a number of domestic manufacturing facilities as they fail to compete against low cost Asia-Pacific pharmaceutical manufacturers. Thirdly, and at a more local level, ongoing reforms to Australia’s Pharmaceutical Benefits Scheme (PBS) has impacted industry participants whereby the introduction of price disclosure regulations has resulted in a downward pressure on the price of drugs.  

Contrary to last year, the polymer film and sheet packaging material manufacturing recorded the largest growth at 10.7 per cent or $210 million, nearly recuperating from the decline it experienced the prior year. Cleaning compound manufacturing experienced a decline for the third year in a row, decreasing a further 3.9 per cent. This drop can be somewhat explained by the movement of manufacturing facilities overseas to nearby Asian countries where costs are lower, falling demand for older/generic product lines and intense competitive pressures/market saturation.  

Figure 3.5 shows the turnover experienced by each class, the class’s share of the total grocery turnover, and the legend has each class’s real growth rate over 2013-14.

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15 IBISWorld, Industry Report C1851, January 2015
3.2.1 Number of enterprises in the grocery sector

There were a total of 1,491 enterprises in the grocery sector in 2014-15; a decline of nearly 1 per cent from 2013-14. The distribution of enterprises across the different product categories within the grocery sector is outlined in the table below. Proportions have remained relatively stable over previous years while the overall number has decreased slightly. The largest number of enterprises remains to be located within the cosmetic and toiletry preparation manufacturing class, which represented 31 per cent of the total number of enterprises in the grocery sector.

Table 3.2: Grocery manufacturing sector - number of enterprises

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Sanitary paper product manufacturing</td>
<td>40</td>
<td>41</td>
<td>45</td>
<td>48</td>
<td>47</td>
</tr>
<tr>
<td>Human pharmaceutical and medicinal product manufacturing</td>
<td>322</td>
<td>323</td>
<td>321</td>
<td>320</td>
<td>317</td>
</tr>
<tr>
<td>Cleaning compound manufacturing</td>
<td>404</td>
<td>390</td>
<td>408</td>
<td>401</td>
<td>390</td>
</tr>
<tr>
<td>Cosmetic and toiletry preparation manufacturing</td>
<td>487</td>
<td>486</td>
<td>467</td>
<td>464</td>
<td>462</td>
</tr>
<tr>
<td>Polymer film and sheet packaging material manufacturing</td>
<td>325</td>
<td>290</td>
<td>279</td>
<td>272</td>
<td>275</td>
</tr>
<tr>
<td>Total</td>
<td>1,578</td>
<td>1,530</td>
<td>1,520</td>
<td>1,505</td>
<td>1,491</td>
</tr>
</tbody>
</table>

Source: Based on IBISWorld Reports C1524, C1841, C1851, C1852, C1911

3.3 Fresh produce sector

The fresh produce sector recorded a turnover of approximately $5.7 billion in 2013-14. This represents a drop of 11 per cent on the previous year. All product classes with the exception of eggs saw a contraction in their growth with the tropical and other fruit category (including nuts, bananas, and berries) dropping the most and experiencing a decline of nearly 21 per cent. The egg class saw the only positive growth with 6 per cent.

Figure 3.6 shows the turnover experienced by each class, the class’s share of the total fresh produce turnover, and the legend has included each class’s real growth rate over 2013-14.
The largest contributor to turnover remained the vegetables product class with turnover of $2.6 billion, or 46 per cent of the fresh produce sector’s turnover. Within this product class, the largest growth was recorded in the capsicums category (45 per cent) along with growth also being seen in the mushrooms category (8.9 per cent) whilst the remaining sub-classes all experienced a negative growth rate.

In 2013-14, Queensland and Victoria accounted for the largest turnover of fresh produce - similar to last year - with market shares of 28 per cent and 30 per cent respectively. When compared with last year however, they have switched positions with Victoria now leading. Victoria has grown its market share by 4 per cent whilst Queensland’s market share has dropped by 4 per cent. All other states have stayed approximately equivalent to last year.

**Key Fact**
Fresh produce turnover saw declines in all subsectors in 2013-14 with the exception of eggs.
3.3.1 Number of enterprises in the fresh produce sector

Of the approximately 26,551 enterprises operating in the food and beverage, grocery and fresh produce industry in 2014-15, nearly two-thirds (65 per cent) were involved in the production of fresh produce. Specifically, there were 17,249 businesses operating in the fresh produce sector; a real decline of 2.3 per cent from 2013-14 figures. This decrease was reflected across all classes with classes experiencing a decline anywhere from 0.5 per cent (citrus, banana and other fruit growing) to 5.3 per cent (vegetable growing).

### Table 3.3: Fresh produce sector - number of enterprises

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Vegetable growing</td>
<td>4,234</td>
<td>4,331</td>
<td>4,062</td>
<td>3,788</td>
<td>3,588</td>
</tr>
<tr>
<td>Apple, pear and stone fruit growing</td>
<td>2135</td>
<td>2105</td>
<td>2007</td>
<td>1987</td>
<td>1965</td>
</tr>
<tr>
<td>Citrus, banana and other fruit growing</td>
<td>4529</td>
<td>4248</td>
<td>4337</td>
<td>4341</td>
<td>4320</td>
</tr>
<tr>
<td>Grape growing</td>
<td>8377</td>
<td>7984</td>
<td>7528</td>
<td>7361</td>
<td>7192</td>
</tr>
<tr>
<td>Egg farming</td>
<td>219</td>
<td>193</td>
<td>190</td>
<td>187</td>
<td>184</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>19,494</strong></td>
<td><strong>18,861</strong></td>
<td><strong>18,124</strong></td>
<td><strong>17,664</strong></td>
<td><strong>17,249</strong></td>
</tr>
</tbody>
</table>

Source: Based on IBISWorld Reports A0122, A0123, A0130, A0131, A0136, A0172

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3.4 AFGC insight

Policy Insight - DATA DISRUPTION: Getting ahead of the game

“The day is coming where one product may have a thousand or more different labels — where shoppers can choose the product information they want to see, from a source they trust. And that day is not far away.”

“Extended label information that can be personalised, organised and presented in real-time is both technologically feasible and available now”

This is the message from the AFGC’s “A Smart New World – Preparing for the mobile shopper”, developed in conjunction with our partners Telstra, GS1 Australia and Cadence Economics.

This development is not just about tailoring information to the individual — it’s also about who decides what is “important” and represents a shift in the balance of power from regulators and policymakers to consumers. The implications for government, industry and society are far-reaching.

A key point is that industry has effectively little choice in responding to this information revolution. Suppliers who fail to deliver in this new, information-rich world will find that non-authoritative, perhaps crowd sourced, information providers will fill the gap.

The AFGC has a proud history in information standardisation through its Product Information Form (PIF), providing manufacturers with a standardised industry-wide information set driven by a regulatory compliance agenda. The AFGC is now working to better standardise and implement the PIF data and its management through integration into commercial data system portals, avoiding the need for (and costs of) multiple manual handling points as the data flows from supplier to customer.

This work, though, will do more than just streamline PIF handling. By designing the data specifications with flexibility in mind, additional information can be included in retail product data to facilitate enhanced labelling experiences for consumers. The data specification is, in effect, the digital infrastructure necessary to enable manufacturers to engage in the smart new shopping world. If ‘A Smart New World’ answers the ‘why’ about being ahead of the game on data disruption, the AFGC’s electronic enhancement of the PIF answers the ‘what’ and the ‘how’.

Chris Preston
Director, Legal & Regulatory
4 Industry value-add

- In 2013-14, the combined industry value-add for the food and beverage, grocery and fresh produce was approximately $32.1 billion.

- Grocery value add increased by 5.6 per cent while fresh produce and the food and beverage sector value-add declined by 3 per cent and 2.2 per cent respectively.

- Labour productivity in the food, beverage and tobacco product manufacturing sector grew by 2.4 per cent, well above Australia’s long-term average of 1.5 per cent.

Industry value-add (IVA) is the measure of the contribution of businesses within each sector to overall gross domestic product. In 2013-14, the combined IVA from the defined industry was approximately $32.1 billion; a decline of 1.2 per cent from 2012-13.\(^\text{18}\) This means that for every dollar in turnover, 27 cents (or approximately one quarter) was in IVA or was contributing to growing Australia’s GDP. Food and beverage manufacturing contributed the most with $24.3 billion, grocery $4.6 billion and fresh produce $3.1 billion.

**Figure 4.1 Composition of the defined industry’s value-add ($2013-14)**

Source: Based on ABS, catalogue numbers 8155.0 as well as IBISWorld Industry reports A0122, A0123, A0130, A0331, A0339, A0172

The IVA of the defined industry relative to other Australian industries shows that whilst the defined industry is not an industry itself (i.e. its sectors are categorised by the ABS as falling within the agriculture and manufacturing industries), its contribution to Australia’s GDP is significant. Its contribution is either larger than, or equal to, that of the following industries:

- Agriculture, fisheries and forestry
- Accommodation and food services
- Information media and telecommunications
- Public administration
- Education and training (private)
- Arts and recreation services.

\(^\text{18}\) Though noting in nominal terms this was an increase of 1.3 per cent.
The manufacturing sector is comprised of a number of classes including the food, beverage and grocery sectors; the textile, leather, clothing and footwear manufacturing sector; and the wood product-manufacturing sector. When looking within the manufacturing sector, it is clear that the food, beverage and tobacco sector is a key sector of this industry with a share of 27.4 per cent of IVA (see Figure 4.2).

When the grocery sector is included into this analysis, the defined industry then increases its share of the manufacturing industry to 29.7 per cent. The data indicates that the defined industry contributes more to the IVA of the manufacturing sector than turnover; that is, the value added to goods by the defined industry, or created, is greater than other manufactured products.

Figure 4.2: Manufacturing sector IVA analysis ($2013-14)

Source: Based on ABS, catalogue number 8155.0

4.1 Food and beverage sector

In 2013-14, the food and beverage sector contributed $24.3 billion (75.8 per cent) to the defined industry’s total value-add. This represented a 2.2 per cent decrease (or $540 million) in IVA for the food and beverage sector on the previous year. Of the 12 product classes, all but 2 contracted by an average 9.6 per cent. The core classes driving the increase in the value-add of the food and beverage sector were meat and meat product manufacturing with growth of 14.4 per cent and sugar and confectionary manufacturing with growth of 8.1 per cent. Four classes all experienced a decline over 10 per cent with these being the oil and fat manufacturing, seafood processing, fruit and vegetable processing and bakery product manufacturing. Figure 4.4 shows each class’s IVA, its share of the total food and beverage IVA, and real growth rate over 2013-14 (shown in the legend).

Key Fact

The data indicates that the food and beverage sector contributes more to the value-add for manufacturing than other products in the manufacturing sector.

The split between beverage and tobacco manufacturing was not available.

The grocery sector is comprised of classes that fall within the pulp paper and converted paper product sector, the basic chemical and chemical product sector or the polymer product and rubber sector that all fit within the manufacturing industry.
4.2 Grocery sector

In 2013-14, the grocery sector had an IVA of $4.6 billion and represented 14.4 per cent of the total defined industry’s value-add (0.6 per cent more than 2012-13). This equates to a real growth of 5.6 per cent or $245 million. In 2013-14, 52 per cent of IVA for the grocery sector was from the human pharmaceutical and medicinal product manufacturing class, which recorded a growth of 3.2 per cent. Conversely to the food and beverage sector (and from last year’s results), all classes within the grocery sector saw IVA growth with the highest growth being experienced by the cosmetic and toiletry preparation manufacturing class with 21.6 per cent. This suggests that the grocery sector is starting to readjust and develop its competitive advantage after moving some of its manufacturing activities offshore over the last five years to locations such as China and Singapore where costs are lower.\(^{22}\)

**Key Fact**

The grocery sector saw the biggest growth in industry value add with a real increase of 5.6 per cent, suggesting that competitive advantage is beginning to be restored in the sector.

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\(^{21}\) IVA of the beer manufacturing sector was not available due to ABS reporting arrangements. Therefore, the value was approximated by using the historic average relative to the wine and other alcoholic beverage manufacturing sector over the preceding five periods respectively in line with prior year’s reports.

4.3 Fresh produce sector

In 2013-14, the IVA for the fresh produce sector was $3.1 billion, which was a contraction of 3 per cent or nearly $100 million from 2012-13. Similar to 2012-13, growth was driven by the two largest classes being vegetable growing, experiencing growth of 1.6 per cent (46.2 per cent share), and citrus, banana and other fruit that increased by 3.6 per cent (30 per cent share). For another year, grape growing saw a contraction experiencing the largest decline of all classes of 20.6 per cent.

Figure 4.5: IVA of the fresh produce sector by product class ($2013-14)

Source: Based on IBISWorld Reports A0122, A0123, A0130, A0131, A0139, and A0172.

4.4 Productivity

In 2013-14, the food, beverage and tobacco product manufacturing sector experienced labour productivity growth\(^\text{23}\) of approximately 2.4 per cent; above the long term Australian industry average of 1.5 per cent and above the productivity level experienced in 2012-13 of 0.6 per cent.

Figure 4.6 illustrates the increasing level of gross value added per hour of labour worked since 2010-11 (orange bars). That is, for every hour worked by an employee in the sector, the dollar value of output produced has been increasing each year. It also shows that with the exception of 2010-11, each year shown has seen a positive growth rate meaning labour productivity has been consistently increasing.

\(^{23}\) An approximate labour productivity value for the food and beverage manufacturing sector has been determined using the food product manufacturing IVA data and a proxy for hours worked by the food product manufacturing sector.
When compared to Australia’s industries, the food, beverage and tobacco manufacturing sector performed relatively well over 2013-14 with 7 industries experiencing greater growth but 13 experiencing less. The figure indicates that the sector is on par with the labour productivity growth seen in the retail trade industry and health care and social assistance industry.

Note: Manufacturing overall experienced near negligible growth of -0.01 per cent and thus no bar appears on the graph.
4.4 AFGC insight

Food Safety Auditing – an AFGC project to streamline processes and enhance food safety outcomes

The Australian food production, manufacture and retail supply chain comprises a complex network of suppliers and customers. Products and production systems must meet regulatory requirements and customer specifications described in regulation, general industry standards, and/or bespoke company standards.

Compliance with regulations and other standards is demonstrated through the auditing of company operations. In essence, the audits seek to confirm adherence to food safety and quality procedures, and that those procedures are adequate to assure the safety and quality of food products.

Auditing may be conducted by certification bodies\(^24\) (CBs) i.e. a third party audit, or alternatively a customer may audit a supplier directly i.e. a second party audit. CBs can be engaged to conduct second party audits.

In Australia, the major retailers, quick service restaurants, food service companies and major manufacturers commission a large number of audits of suppliers of fresh products, ingredients and finished retail ready products. Regulatory agencies (Commonwealth, State and Territory and local government) also conduct food safety audits. Industry surveys indicate that there is appreciable overlap between audits – that is individual companies may be audited multiple times over short time periods on behalf on different customers. A substantial commonality of elements between audits, particularly for food safety matters and a lack of cross-recognition of audit reports represents a significant, and in many case unnecessary, cost burden on the companies, which in aggregate across the supply chain is substantial, running to many millions of dollars.

To address this issue the AFGC has been consulting with all the stakeholders in the food value chain to explore options to improve food safety standards while alleviating some of the cost burden. Discussions with stakeholders indicate that better outcomes can be achieved through:

- identifying the critical food safety elements of regulatory requirements and industry standards and ensuring they are common to all of those used;
- standardising audit reporting documentation enabling use across a range of industry standards;
- establishing principles and agreements for cross-recognition of food safety elements of audit reports; and
- promoting consistency and confidence in audit outcomes through establishing audit and auditor competency standards and skill sets appropriate for harmonised and aligned product categories.

An initial AFGC scoping study funded by Food Innovation Australia Ltd. and AusIndustry conducted earlier this year has confirmed that better coordination across the food industry would benefit all parts of the supply chain, and contribute to higher levels of product integrity. The study is being used to inform on going work and projects in this area.

Dr Geoffrey Annison
Deputy Chief Executive Officer

\(^{24}\) Certification Bodies are independent companies accredited by government agencies in the jurisdictions in which they operate.
5 International trade

- Strong growth in food and beverage exports (up 28 per cent), and fresh produce exports (up 24 per cent) has seen the trade deficit narrow even further in 2014-15.

- Australia remains a heavy importer of grocery (non-food) products.

In 2014-15, Australia’s total international trade (exports plus imports) in the defined industry increased by 12 per cent to $61.7 billion. Whilst both imports and exports have grown, the increase in trade has been dominated by the growth in exports with the food and beverage sector seeing real growth of 28 per cent to its exports. Whilst both the food and beverage and fresh produce sectors have seen dramatic growth in their volume traded internationally (20 per cent and 17 per cent respectively), the grocery sector contracted, seeing a real decline in total trade of 2 per cent. This drop was caused by the reduction in the level of its exports.

Export volume growth has been driven by the devaluation of the Australian dollar meaning export prices have been steadily dropping since 2010-11 and making Australian products cheaper – or more price competitive - relative to other countries’ exports. This has enabled Australia to take advantage of market access provisions permitted under free trade agreements with our key trading partners.

The key data points of the defined industry’s total trade are provided in Table 5.1. Figure 5.1 illustrates these figures and highlights that the grocery sector is driving the overall trade deficit.

Table 5.1: Industry sector imports and exports ($2014-15, millions)

<table>
<thead>
<tr>
<th>Sector</th>
<th>Imports</th>
<th>Exports</th>
<th>Total Trade</th>
<th>Deficit/Surplus</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food and beverage</td>
<td>15,256.9</td>
<td>25,685.3</td>
<td>40,942.2</td>
<td>10,428.4</td>
</tr>
<tr>
<td>Grocery</td>
<td>15,574.6</td>
<td>3,321.8</td>
<td>18,896.4</td>
<td>-12,252.8</td>
</tr>
<tr>
<td>Fresh produce</td>
<td>740.4</td>
<td>1,099.0</td>
<td>1,839.3</td>
<td>358.6</td>
</tr>
<tr>
<td>Total</td>
<td>31,571.9</td>
<td>30,106.0</td>
<td>61,677.3</td>
<td>-1,465.9</td>
</tr>
</tbody>
</table>
In 2014-15, the real value of industry imports increased by 4 per cent to $31.6 billion. At the same time, industry exports increased by 22 per cent to $30.1 billion. This resulted in a real contraction of 75 per cent in the overall trade deficit in the defined industry from $5.8 billion in 2013-14 to $1.5 billion in 2014-15. The strong increase in exports demonstrates the sector’s improving global competitiveness, supported by a weaker Australian dollar and growing global demand.

In total, Australia’s top 10 trading partners account for 64.7 per cent of exports and 53.4 per cent of imports of the defined industry. The USA remained Australia’s largest overall trading partner having a total trade figure of just under $9.6 billion. Further, for the second year running, the largest increase in exports to a single country was for the USA where exports rose by $2.2 billion to $5.4 billion. This means that in 2014-15, the USA accounted for 17.8 per cent of total exports; a growth on last year of 6 per cent. Most of this increase occurred in the meat processing industry for which exports to the USA expanded 110 per cent to $4.1 billion, attributable to factors such as increasing demand and shortage in cattle herd supply in the USA, a depreciating Australian dollar and agricultural conditions (such as drought requiring the release of stock) increasing Australian supply. With the exception of the USA, the defined industry’s largest import market was New Zealand with over 9 per cent of the industry’s imports coming from New Zealand.
Australia’s top 10 trading partners for the defined industry in 2014/15 have diverged from the top trading partners that have remained in place since 2012/13. Whilst the top four remain in the same position the remaining six have moved (see Table 5.2). France has dropped off the list and Vietnam has taken its place as one of Australia’s top trading partners with a difference in total trade of just under $70 million.

**Table 5.2: Top 10 trading partner’s movement**

<table>
<thead>
<tr>
<th>Country</th>
<th>2013-14</th>
<th>2014-15</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>China</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>New Zealand</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Japan</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>UK</td>
<td>6</td>
<td>5</td>
</tr>
<tr>
<td>Korea</td>
<td>7</td>
<td>6</td>
</tr>
<tr>
<td>Germany</td>
<td>9</td>
<td>7</td>
</tr>
<tr>
<td>Singapore</td>
<td>5</td>
<td>8</td>
</tr>
<tr>
<td>Thailand</td>
<td>8</td>
<td>9</td>
</tr>
<tr>
<td>Vietnam</td>
<td>-</td>
<td>10</td>
</tr>
</tbody>
</table>

The total value of international trade in the defined sector was $61.7 billion. When compared to total manufacturing, mining or agriculture, the sector has a fairly even balance of imports and exports, even though manufacturing overall is characterised by significant imports.
Figure 5.3: International trade, sector comparison ($2014-15)

Source: Based on ABS catalogue 5368.0 and ABS customised report

The food and beverage and grocery\textsuperscript{25} sector’s contribution to the manufacturing sector’s international trade is 18.2 per cent. When their contribution to the manufacturing sector is broken into its components, the data indicates that the industry makes up 30.1 per cent of the manufacturing industry’s exports and 13.3 per cent of the manufacturing industry’s imports. This demonstrates the importance of the defined industry to manufacturing’s overall level of exports.

5.1 Transformed food and beverage imports and exports

Food and beverage imports and exports can be classified by the degree of transformation the product undergoes prior to consumption. This distinction is reflected in the Australian data published annually by the Australian Government Department of Agriculture in Australian Food Statistics.

Australia’s food exports and imports are categorised into three main categories:

- ‘minimally transformed’ (such as fresh produce);
- ‘substantially transformed’ (such as meat, dairy products, sugar, beverages and malt); and
- ‘elaborately transformed’ (such as biscuits and confectionary).

According to the Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) a significant proportion of Australia’s food exports consists of unprocessed or minimally transformed food products, such as wheat, coarse grains, oilseeds, live animals and fish and shell fish, which have relatively low unit values. In contrast to Australia’s food exports, the substantially and elaborately transformed products with much higher unit values comprise most food imports. The substantially and elaborately transformed food products typically comprise processed meat, processed seafood, dairy, processed fruit and vegetables, oil and fat, flour mill and cereal food, bakery products, sugar and confectionary.

As discussed in Appendix B (and in previous editions), unprocessed food and fibre commodities (e.g. wheat, coarse grains, live animals, etc.) not purchased directly by consumers have not been included in industries covered by this report. Therefore, the minimally transformed category is equivalent to the fresh produce sector of the industry definition used in this report. Similarly, substantially and elaborately transformed categories are equivalent to the food and beverage sector of the industry definition. The

\textsuperscript{25} The grocery sector is comprised of classes that fall within the pulp paper and converted paper product sector, the basic chemical and chemical product sector or the polymer product and rubber sector that all fit within the manufacturing industry.
figures below show the imports and exports of food and beverage and fresh produce products by level of transformation.\textsuperscript{26}

In 2014-15, exports in minimally transformed food products increased by 24.3 per cent to $1.1 billion. This outpaced that of minimally transformed imports of which also saw real growth albeit at a lower rate of 7.3 per cent. These results caused a near doubling of the trade surplus of which improved by 85 per cent, from $194 million to $359 million in real terms. This improvement was driven by significant growth across all classes with all fresh produce classes experiencing real growth well above 10 per cent.

Figure 5.4 illustrates that since 2012-13, the growth of minimally transformed food product exports has outpaced that of minimally transformed imports in real terms. This indicates that Australia is becoming more of a global player when it comes to this type of food product and is a net contributor rather than taker globally speaking.

Figure 5.4: Imports and exports of minimally transformed food products ($2014-15)

![Graph showing imports and exports of minimally transformed food products (2010-11 to 2014-15)]

Source: Based on ABS customised report

Trade in substantially and elaborately transformed food products (essentially the food and beverage sector) is at much higher levels than those of minimally transformed food products (the fresh produce sector).

Exports in substantially and elaborately transformed food products increased by 28.3 per cent during 2014-15 to $25.7 billion, while imports also increased by 7.1 per cent to $15.3 billion. Similarly as for the minimally transformed goods, these trade balances resulted in the trade surplus increasing significantly to $10.4 billion (80.7 per cent real growth). This was primarily driven by growth in exports of the meat and meat product manufacturing sector (further discussed in Section 5.2 below).

Since 2010-11 (when trade surplus in substantially and elaborately transformed food products was at its lowest over the last 10 years in real terms), the real value of the trade surplus has been continuing to steadily increase due to the faster pace of growth in exports relative to imports (refer Figure 5.5). In real growth terms, since 2010-11, the surplus has been growing at approximately 54 per cent annually.

\textsuperscript{26} I.e. the grocery sector has not been included within this analysis consistent with other and prior analyses.
5.2 Exports

In 2014-15, the real value of industry exports increased by 22 per cent to $30.1 billion – an expansion of $5.4 billion in real terms from the previous year. The real value of food and beverage exports increased by 28.3 per cent ($20.0 billion to $25.7 billion) and that of fresh produce exports increased by 24.3 per cent ($884 million to $1.1 billion) whereas grocery exports decreased by 12.1 per cent ($3.8 billion to $3.3 billion) compared to 2012-13.

Australia’s top 10 export markets for each of the food and beverage, grocery and fresh produce sectors in 2014-15 accounted for a combined 70 per cent of Australia’s total industry exports. It can be seen that whilst the countries change ranking, the same key traders factor across all three sectors (such as USA, China, Japan and New Zealand). Further, the top 10 countries are near identical for both the food and beverage and grocery sectors with the exception of Indonesia and Malaysia. Alternatively, for the fresh produce sector, countries such as India and UAE enter as one of the top 10 destination countries for exports (albeit at much lower levels).
Table 5.3: Australia’s top 10 export markets ($2014-15)

<table>
<thead>
<tr>
<th>Food and beverage</th>
<th>Grocery</th>
<th>Fresh</th>
</tr>
</thead>
<tbody>
<tr>
<td>Country</td>
<td>$’000</td>
<td>Country</td>
</tr>
<tr>
<td>USA</td>
<td>5,037,420</td>
<td>New Zeal.</td>
</tr>
<tr>
<td>Japan</td>
<td>3,290,139</td>
<td>Korea</td>
</tr>
<tr>
<td>China</td>
<td>2,442,943</td>
<td>USA</td>
</tr>
<tr>
<td>Korea</td>
<td>1,714,883</td>
<td>China</td>
</tr>
<tr>
<td>New Zeal.</td>
<td>1,239,819</td>
<td>Hong Kong</td>
</tr>
<tr>
<td>Vietnam</td>
<td>1,037,999</td>
<td>UK</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>934,070</td>
<td>Singapore</td>
</tr>
<tr>
<td>Singapore</td>
<td>931,751</td>
<td>Malaysia</td>
</tr>
<tr>
<td>Indonesia</td>
<td>743,976</td>
<td>Vietnam</td>
</tr>
<tr>
<td>UK</td>
<td>646,102</td>
<td>Japan</td>
</tr>
<tr>
<td>Total</td>
<td>18,019,102</td>
<td>Total</td>
</tr>
</tbody>
</table>

Source: Based on ABS customised report

Victoria and Queensland are the defined industry’s top two exporting states. Looking at each sector, these states remain dominant however the proportions widely change (excluding Queensland in relation to the grocery sector where it only contributes 6 per cent to exports). Of particular note is Victoria which contributes 52 per cent towards fresh produce exports. For the grocery sector, New South Wales plays a bigger role but with re-exports claiming the biggest proportion of a third of all grocery exports.

Figure 5.7: Food and beverage sector exports by state of origin ($2014-15)

Key Fact
Australia has signed free trade agreements with all but 4 of our top ten export markets across the sub-sectors (including through the ASEAN FTA), with the China FTA in the process of parliamentary approval. This demonstrates the importance of market access to export success.

Source: Based on ABS customised report
Total food and beverage, grocery and fresh produce exports for 2013-14 were 20.8 per cent of total industry turnover for the same year. During this year:

- food and beverage sector exports represented 20.5 per cent of that sector’s turnover
- grocery manufacturing exports represented 24.1 per cent of that sector’s turnover
- fresh produce sector exports represented 15.5 per cent of that sector’s turnover.

Hence, 84.5 per cent of all fresh produce grown in Australia went to the domestic market during 2013-14.
Table 5.4 and Table 5.5 show the industries with the 10 largest changes to export and import values in 2014-15, both by percentage and dollar terms. In absolute terms, meat processing expanded most significantly by $4.1 billion or 43.1 per cent. A key driver for this expansion was the increase in demand for beef and veal by China and - most importantly - the USA and higher production and steady supply from Australia. Meat exports to the USA more than doubled (110 per cent real growth) with a value of $4.1 billion.

Human pharmaceutical and medicinal product manufacturing saw the largest decline in dollar terms dropping by nearly $600 million or 18.5 per cent. This drop may be the continuation of what was experienced in 2013-14 whereby the human pharmaceutical and medicinal product manufacturing industry was hampered by the closure of a number of domestic manufacturing facilities and the opening of new facilities within the Asia-Pacific: “exports are contracting as a proportion of industry revenue, as Australian manufacturers fail to successfully compete against low cost Asia-Pacific pharmaceutical manufacturers.”

The greatest absolute change regarding imports was fruit and vegetable processing with an increase of over $225 million. In growth terms however, apple and pear growing experience the biggest change with an increase in imports of just over 70 per cent.

Source: Based on ABS catalogue number 8155.0 and ABS customised report

### Table 5.4: Top 10 Changes in Export Value ($2014-15)

<table>
<thead>
<tr>
<th>Industry</th>
<th>$’000s</th>
<th>FY 2013/14</th>
<th>FY 2014/15</th>
<th>Change ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Meant Processing</td>
<td>9,562,245</td>
<td>13,681,113</td>
<td>4,118,868</td>
<td></td>
</tr>
<tr>
<td>Human Pharmaceutical and Medicinal Product Manufacturing</td>
<td>3,070,524</td>
<td>2,503,285</td>
<td>567,239</td>
<td></td>
</tr>
<tr>
<td>Cheese and Other Dairy Product Manufacturing</td>
<td>2,295,104</td>
<td>2,208,780</td>
<td>-86,323</td>
<td></td>
</tr>
<tr>
<td>Other Food Product Manufacturing</td>
<td>540,254</td>
<td>894,200</td>
<td>353,946</td>
<td></td>
</tr>
<tr>
<td>Fruit and Vegetable Processing</td>
<td>1,436,754</td>
<td>1,790,306</td>
<td>353,552</td>
<td></td>
</tr>
<tr>
<td>Wine and Other Alcoholic Beverage Manufacturing</td>
<td>1,687,770</td>
<td>1,990,536</td>
<td>302,766</td>
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</tr>
<tr>
<td>Seafood Processing</td>
<td>785,486</td>
<td>966,165</td>
<td>180,679</td>
<td></td>
</tr>
<tr>
<td>Other Fruit and Tree Nut Growing</td>
<td>199,523</td>
<td>292,572</td>
<td>93,049</td>
<td></td>
</tr>
<tr>
<td>Grain Mill Product Manufacturing</td>
<td>1,451,679</td>
<td>1,527,291</td>
<td>75,612</td>
<td></td>
</tr>
<tr>
<td>Milk and Cream Processing</td>
<td>181,793</td>
<td>258,827</td>
<td>77,033</td>
<td></td>
</tr>
<tr>
<td>Largest percentage change</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Poultry Farming (Eggs)</td>
<td>1,546</td>
<td>2,959</td>
<td>91.3%</td>
<td></td>
</tr>
<tr>
<td>Other Food Product Manufacturing</td>
<td>540,254</td>
<td>894,200</td>
<td>65.5%</td>
<td></td>
</tr>
<tr>
<td>Other Fruit and Tree Nut Growing</td>
<td>199,523</td>
<td>292,572</td>
<td>46.6%</td>
<td></td>
</tr>
<tr>
<td>Berry Fruit Growing</td>
<td>2,941</td>
<td>2,167</td>
<td>-26.3%</td>
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<tr>
<td>Meat Processing</td>
<td>9,562,245</td>
<td>13,681,113</td>
<td>43.1%</td>
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<tr>
<td>Milk and Cream Processing</td>
<td>181,793</td>
<td>258,827</td>
<td>42.4%</td>
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<tr>
<td>Kiwi Fruit Growing</td>
<td>1,933</td>
<td>2,697</td>
<td>39.6%</td>
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<tr>
<td>Human Pharmaceutical and Medicinal Product Manufacturing</td>
<td>3,070,524</td>
<td>2,503,285</td>
<td>-18.5%</td>
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</tr>
<tr>
<td>Apple and Pear Growing</td>
<td>13,720</td>
<td>18,462</td>
<td>34.6%</td>
<td></td>
</tr>
<tr>
<td>Poultry Processing</td>
<td>98,549</td>
<td>128,977</td>
<td>30.9%</td>
<td></td>
</tr>
</tbody>
</table>

Source: Based on ABS customised report
Table 5.5: Top 10 Changes in Import Value ($2014-15)

<table>
<thead>
<tr>
<th>Industry</th>
<th>$'000s</th>
<th>FY 2013/14</th>
<th>FY 2014/15</th>
<th>Change ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fruit and Vegetable Processing</td>
<td>2,247,988</td>
<td>2,473,345</td>
<td></td>
<td>225,357</td>
</tr>
<tr>
<td>Human Pharmaceutical and Medicinal Product Manufacturing</td>
<td>10,814,453</td>
<td>10,486,159</td>
<td></td>
<td>-328,294</td>
</tr>
<tr>
<td>Polymer Film and Sheet Packaging Material Manufacturing</td>
<td>1,665,911</td>
<td>1,822,762</td>
<td></td>
<td>156,851</td>
</tr>
<tr>
<td>Other Food Product Manufacturing</td>
<td>1,480,377</td>
<td>1,619,176</td>
<td></td>
<td>138,799</td>
</tr>
<tr>
<td>Meat Processing</td>
<td>634,925</td>
<td>772,333</td>
<td></td>
<td>137,408</td>
</tr>
<tr>
<td>Confectionery Manufacturing</td>
<td>1,018,305</td>
<td>1,126,041</td>
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<td>107,735</td>
</tr>
<tr>
<td>Grain Mill Product Manufacturing</td>
<td>516,238</td>
<td>615,859</td>
<td></td>
<td>99,621</td>
</tr>
<tr>
<td>Oil and Fat Manufacturing</td>
<td>1,037,798</td>
<td>1,128,284</td>
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<td>90,486</td>
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<tr>
<td>Soft Drink, Cordial and Syrup Manufacturing</td>
<td>1,058,563</td>
<td>1,144,506</td>
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<td>85,943</td>
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<tr>
<td>Cosmetic and Toiletry Preparation Manufacturing</td>
<td>1,548,617</td>
<td>1,620,761</td>
<td></td>
<td>72,144</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Industry</th>
<th>FY 2013/14</th>
<th>FY 2014/15</th>
<th>Change (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apple and Pear Growing</td>
<td>3,414</td>
<td>5,834</td>
<td>70.9%</td>
</tr>
<tr>
<td>Meat Processing</td>
<td>634,925</td>
<td>772,333</td>
<td>21.6%</td>
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<tr>
<td>Kiwifruit Growing</td>
<td>45,857</td>
<td>55,346</td>
<td>20.7%</td>
</tr>
<tr>
<td>Grain Mill Product Manufacturing</td>
<td>516,238</td>
<td>615,859</td>
<td>19.3%</td>
</tr>
<tr>
<td>Cured Meat and Smallgoods Manufacturing</td>
<td>49,588</td>
<td>58,099</td>
<td>17.2%</td>
</tr>
<tr>
<td>Mushroom Growing</td>
<td>18,091</td>
<td>20,875</td>
<td>15.4%</td>
</tr>
<tr>
<td>Sugar Manufacturing</td>
<td>111,723</td>
<td>128,199</td>
<td>14.7%</td>
</tr>
<tr>
<td>Vegetable Growing (Outdoors)</td>
<td>159,775</td>
<td>182,112</td>
<td>14.0%</td>
</tr>
<tr>
<td>Ice Cream Manufacturing</td>
<td>74,044</td>
<td>62,588</td>
<td>-15.5%</td>
</tr>
<tr>
<td>Sanitary Paper Product Manufacturing</td>
<td>556,753</td>
<td>622,069</td>
<td>11.7%</td>
</tr>
</tbody>
</table>

Source: Based on ABS customised report
5.2.1 Food and beverage exports

The majority of the defined industry exports continue to be from the food and beverage manufacturing sector, which accounted for 85.3 per cent or $25.7 billion of the industry’s total export value in 2014-15. Australia had a trade surplus of $10.4 billion in the food and beverage manufacturing sector in 2014-15. This was a $4.7 billion increase from the real trade surplus of $5.8 billion in 2013-14.

In 2014-15, the meat processing, cheese and other dairy product manufacturing and wine manufacturing sectors remained (for another year) the top export activities by value in the food and beverage sector. Meat processing exports grew 43 per cent to $13.7 billion, and comprised 55.8 per cent of total food and beverage exports. Whilst the cheese and other dairy product manufacturing sector was the second largest exporter in the sector, it was the only class to experience a decline in its value of exports, with a decline of 3.8 per cent. Figure 5.11 shows the real growth rates experienced by each of the classes within the legend.

Figure 5.11: Australia’s top 10 food and beverage exports by value ($2014-15)

Source: Based on ABS customised report

As shown in Figure 5.12, USA overtook Japan as the largest importer of Australia’s meat, capturing 30 per cent of the class’s exports in 2014-15. The USA was also the largest importer of wine and other alcoholic beverage products from Australia in the same year but Japan was the largest importer of Australia’s cheese and other dairy products.
Figure 5.12: Australia’s top three food and beverage exports and share of exports by country ($2014-15)

Meat processing

Cheese and other dairy product manufacturing
### 5.2.2 Grocery exports

The value of Australia’s exports of goods from the grocery sector was a total of $3.3 billion in 2014-15. This was a real decline of 12.1 per cent from the real value of grocery exports in 2013-14 of $3.8 billion. Similarly as for prior years, total grocery exports were dominated by the high value of human pharmaceutical and medicinal products which stood at $2.5 billion. Whilst this class made up the bulk of grocery exports (75 per cent), it was the only class to experience a real decline in 2014-15 with a rate of 18.5 per cent. Consequently, even though all other product classes within the sector experienced an increase in exports, this drove the overall contraction of the sector. Indeed, both the cleaning compound manufacturing class and polymer film and sheet packaging material manufacturing class experienced real growth rates above 28 per cent.

Figure 5.13 shows the real growth rates experienced by each of the classes within the legend.

**Figure 5.13: Australia’s grocery exports by value ($2014-15)**

- **Human Pharmaceutical and Medicinal Product Manufacturing:** -18.5%
- **Cosmetic and Toiletry Preparation Manufacturing:** +9.1%
- **Cleaning Compound Manufacturing:** +30.2%
- **Polymer Film and Sheet Packaging Material Manufacturing:** +26.4%
- **Sanitary Paper Product Manufacturing:** +16.1%

Source: Based on ABS customised report
In 2014-15, New Zealand was a key importer of Australia’s grocery exports, demanding 13 per cent of Australia’s human pharmaceutical and medicinal products and 33 per cent of cosmetic and toiletry preparation products. Compared to 2013-14, both New Zealand and the Republic of Korea have overtaken China as the biggest consumer of the sector’s pharmaceutical and medicinal products.

**Figure 5.14: Australia’s top two grocery exports and share of exports by country ($2014-15)**

**Human pharmaceutical and medicinal product manufacturing**

- **New Zealand**: 13%
- **Republic of Korea**: 14%
- **China**: 11%
- **USA**: 10%
- **United Kingdom**: 4%
- **Vietnam**: 3%
- **Malaysia**: 3%
- **Hong Kong**: 3%
- **Others**: 39%

**Cosmetic and toiletry preparation manufacturing**

- **New Zealand**: 33%
- **Hong Kong**: 13%
- **Singapore**: 7%
- **United Kingdom**: 7%
- **United States**: 6%
- **China**: 5%
- **Saudi Arabia**: 3%
- **Republic of Korea**: 4%
- **Others**: 22%

*Source: Based on ABS customised report*
5.2.3 Fresh produce exports

The total value of fresh produce exports increased in real terms by 24.3 per cent from 2013-14 to 2014-15 (from $884 million to $1.1 billion). This was driven by an expansion across the board with all fresh produce classes experiencing real growth well above 10 per cent (Figure 5.15 shows the real growth rates experienced by each of the classes within the legend). The largest value of fresh produce exports from Australia was from fruit growing exports, which accounted for 28.7 per cent of total fresh produce sector exports and increased by a significant 44.8 per cent to $316 million in 2014-15.

Figure 5.15: Australia’s fresh produce exports by value ($2014-15)

- Fruit growing n.e.c.; +44.8%
- Vegetable growing; +21.1%
- Grape growing; +16.1%
- Stone fruit growing; +20.6%
- Citrus fruit growing; +13.8%
- Other fruit and nut growing*; +35.4%

*The Other fruit and nut growing category is comprised of the remainder of the exports in the fresh produce sector.

Source: Based on ABS customised report
Policy Insight: Trade Negotiations

Australia has a long and proud history of trade liberalisation, and the last 12 months have highlighted the wide range of views on free trade. Australia’s trade agreements with Japan and Korea have been implemented with benefits flowing to Australia’s food and beverage exporters [while Australia’s trade agreement with China remains subject to a final decision by the Australian Parliament – a landmark agreement that has the potential to position Australia for long term prosperity].

The Australia New Zealand Trade Agreement was signed in 1983 and remains an international benchmark of a comprehensive and liberalising agreement which provides significant benefits to both countries. The benefits of trade agreements were clearly illustrated this year with the 10 year anniversary of the Australia US Free Trade Agreement. A review of the facts highlights that 90 per cent of Australia’s exports to the US now enter tariff free or at preferential rates under the agreement.

The Australia US Free Trade Agreement supported an increase in Australia’s food, beverage and grocery exports of $2.9 billion ($3.2 billion in nominal terms) to a total of just under $5.4 billion in 2014-15. The increase is primarily driven by Australia’s beef exports where the US overtook Japan to become Australia’s largest beef export market in 2013-14. The trade has continued to grow in 2014-15, fuelled by increased demand for manufacturing beef, used in hamburgers, sausages and other processed products. The Australia US Trade Agreement supports the trade relationship with our largest food and beverage market.

The Australian Government maintains an intense trade agenda with regional negotiations continuing with the Trans Pacific Partnership and Regional Comprehensive Economic Partnership countries, and efforts to restart negotiations with the Gulf Cooperation Council. Bilateral negotiations also continue with India and Indonesia, along with early discussions with the European Union.

In an ideal world, a multilateral agreement in the World Trade Organisation would eliminate much of the complexity of overlapping bilateral and regional agreements. Given the lack of agreement amongst the 161 members of the WTO, it is essential that Australia continues to pursue trade liberalisation wherever it can be found. The overlapping bilateral and regional agreements do create complexity; and companies must fully consider the relevant detail of each agreement to maximise the benefits of these deals.

For current negotiations, the Regional Comprehensive Economic Partnership and India negotiations are expected to begin substantive market access discussions by the fourth quarter of 2015, providing an opportunity for companies to provide their priorities into each market. The Department of Foreign Affairs and Trade seeks specific commercial input to inform Australia’s trade negotiations.

The reduction in tariffs and quotas through trade agreements has highlighted the significant impact of non-tariff barriers, such as regulation, labelling, and quarantine issues, on Australia’s agri-food exports. Trade agreements do not address non-tariff barriers but can provide a framework for discussions and engagement. The AFGC has developed a report on the impact of non-tariff barriers on Australia’s agri food exports to inform government and provide a basis for government/industry collaboration.

Australia’s long history of trade liberalisation is paying dividends, evidenced by the 28 per cent, or $5.7 billion, increase in Australia’s food and beverage exports in 2014/15. Exporting provides companies with the opportunity to generate returns from premium markets by taking advantage of the opportunities under trade agreements, and meeting the regulatory requirements and precise consumer demands in particular markets.

Michael Rogers
Manager – Agribusiness Forum
<table>
<thead>
<tr>
<th>Partner</th>
<th>Title of Agreement</th>
<th>Active</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Zealand</td>
<td>Australia-New Zealand Closer Economic Relations Trade Agreement (ANZCERTA)</td>
<td>1983</td>
</tr>
<tr>
<td>Singapore</td>
<td>Singapore-Australia Free Trade Agreement (SAFTA)</td>
<td>2003</td>
</tr>
<tr>
<td>USA</td>
<td>Australia-United States Free Trade Agreement (AUSFTA)</td>
<td>2005</td>
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<tr>
<td>Thailand</td>
<td>Thailand-Australia Free Trade Agreement (TAFTA)</td>
<td>2005</td>
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<tr>
<td>Chile</td>
<td>Australia-Chile Free Trade Agreement (ACIFTA)</td>
<td>2009</td>
</tr>
<tr>
<td>ASEAN</td>
<td>Agreement Establishing the ASEAN-Australia-New Zealand Free Trade Area (AANZFTA)</td>
<td>2010</td>
</tr>
<tr>
<td>Malaysia</td>
<td>Malaysia-Australia Free Trade Agreement (MAFTA)</td>
<td>2013</td>
</tr>
<tr>
<td>Korea</td>
<td>Korea-Australia Free Trade Agreement (KAFTA)</td>
<td>2014</td>
</tr>
<tr>
<td>Japan</td>
<td>Japan-Australia Economic Partnership Agreement (JAEPA)</td>
<td>2015</td>
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<tr>
<td><strong>Awaiting Approval</strong></td>
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<tr>
<td>China</td>
<td>China Australia Free Trade Agreement (ChAFTA)</td>
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<td><strong>Under Negotiation</strong></td>
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<tr>
<td>(TPP)²⁸</td>
<td>Trans-Pacific Partnership Agreement (TPP)</td>
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<tr>
<td>(RCEP)²⁹</td>
<td>Regional Comprehensive Economic Partnership Agreement (RCEP)</td>
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<tr>
<td>Indonesia</td>
<td>Indonesia-Australia Comprehensive Economic Partnership Agreement (IA-CEPA)</td>
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<tr>
<td>(Pacific Islands)³⁰</td>
<td>Pacific Agreement on Closer Economic Relations (PACER) Plus negotiations</td>
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<tr>
<td>India</td>
<td>Australia-India Comprehensive Economic Cooperation Agreement</td>
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<tr>
<td><strong>Possible Future Negotiating Partners</strong></td>
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</tr>
<tr>
<td>European Union</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taiwan</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

²⁸ Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the United States and Vietnam
²⁹ ASEAN (Brunei, Myanmar, Cambodia, Indonesia, Laos, Malaysia, the Philippines, Singapore, Thailand, Vietnam) and China, India, Japan, South Korea and New Zealand
³⁰ Cook Islands, Federated States of Micronesia, Fiji, Kiribati, Nauru, New Zealand, Niue, Palau, Papua New Guinea, Republic of Marshall Islands, Samoa, Solomon Islands, Tonga, Tuvalu, and Vanuatu
5.4 Imports

The total value of industry imports in 2014-15 was $31.6 billion, an increase of 3.6 per cent from the real value of imports in 2013-14 of $30.5 billion. The food and beverage and grocery sectors accounted for a majority of imports accounting for 48.3 and 49.3 per cent respectively with the fresh produce sector only accounting for only 2.3 per cent of total imports of the defined industry. Similarly as for last year, the highest amount of imported products were grocery products; significant given its relative size when compared to the food and beverage sector.

In 2014-15, the real value of food and beverage imports increased by 7.1 per cent ($14.2 billion to $15.3 billion) and fresh produce imports increased by 7.3 per cent ($690 million to $740 million). Grocery imports however, remained fairly flat with a real growth of a minimal 0.3 per cent ($15.5 billion to $15.6 billion) when compared to 2013-14. The stagnation in the grocery sector has thus been a core driver of the relatively smaller real growth of imports overall when compared to exports of the defined industry.

Figure 5.16: Australia’s imports of the defined industry ($2014-15)

In 2014-15, Australia’s top 10 import markets for each of the food and beverage, grocery and fresh produce sectors accounted for a combined 68 per cent of Australia’s total industry imports. Within the three sectors, the level of products imported from the top 10 countries varied widely. Namely, the food and beverage and grocery sectors imported 64 and 70 per cent of goods from the top 10 respectively suggesting a wider range of supplier markets. Whilst in the fresh produce sector imports accounted for a significantly higher 85 per cent of goods from the top 10 suggesting a more condensed supplier market. This is unlike the results for exports where each of the three sectors is similar and sees around 70 per cent of their products being exported to the top 10 countries.

Further, in contrast to Australia’s top 10 export markets which are predominantly based in the Asia Pacific region, the top 10 import supplier countries across all three product categories includes a number of European countries and even South America. The USA and New Zealand however, continue to dominate as the top two supplier countries for imports into Australia accounting for more than a fifth of all imports with the USA explaining $4.2 billion of the industry’s imports (13.4 per cent) and New Zealand $2.6 billion (8.1 per cent). China however, is following closely behind accounting for 7.4 per cent of the total industry’s imports.
Overall, the value of the defined industry imports as a proportion of industry turnover remained almost unchanged at 25 per cent in 2013-14 (there was a slight increase of less than 2 per cent). This means, that across the combined sectors, imports stood at a quarter of the value of turnover. This was driven by the grocery sector whereby the sector’s imports, as a proportion of market turnover, was nearly 98 per cent indicating the bulk of goods sold by the sector are in fact imported rather than manufactured here in Australia. Alternatively, the food and beverage and fresh produce sectors had import to turnover ratios of 14.4 and 11.9 per cent respectively indicating that a bulk of the goods are locally grown or manufactured.

**Figure 5.17: Imports versus sector turnover ($2013-14)**

```
0 10,000 20,000 30,000 40,000 50,000 60,000 70,000 80,000 90,000 100,000
Fresh Produce
Grocery
Food and Beverage

Imports
Industry Turnover

$ million

Source: Based on ABS customised report
```
5.4.1 Food and beverage imports

The total value of food and beverage imports in 2014-15 was $15.3 billion (a real growth of 7 per cent) and accounting for nearly 49 per cent of the total defined industry’s imports. This growth however, was outpaced by the sector’s growth in exports contributing towards the narrowing of the industry’s trade deficit.

Processed fruit and vegetable products remained the largest import category for another year running and amounted to nearly $2.5 billion in 2014-15 (16.2 per cent of total import value for this sector). For the second year, the seafood processing class was the second largest importer accounting for $1.7 billion or 11 per cent of total import value for this sector. This however, was a real contraction of 2 per cent when compared to 2013-14. Interestingly, the biggest growth in imports was seen in the processed meats sector which experienced real growth of 22 per cent resulting in a value of total imported goods of $772 million. Figure 5.18 shows the real growth rates experienced by each of the classes within the legend.

Figure 5.18: Australia’s top 10 food and beverage imports by value ($2014-15)

2,473.3 ; 20%
1,693.0 ; 14%
1,619.2 ; 13%
1,126.0 ; 9%
1,128.3 ; 9%
1,144.5 ; 10%
771.4 ; 6%
772.3 ; 6%
890.3 ; 7%
1,126.0 ; 9%
771.4 ; 6%

Fruit and Vegetable Processing; +10.0%
Seafood Processing; -1.8%
Other Food Product Manufacturing n.e.c.; +9.4%
Soft Drink, Cordial and Syrup Manufacturing; +8.1%
Oil and Fat Manufacturing; +8.7%
Confectionery Manufacturing; +10.6%
Cheese and Other Dairy Product Manufacturing; +3.7%
Meat Processing; +21.6%
Wine and Other Alcoholic Beverage Manufacturing; -2.4%
Spirit Manufacturing; +3.1%

Source: Based on ABS customised report

2014-15 remained relatively unchanged with regard to the top countries supplying goods to the food and beverage sector. Australia primarily obtained its processed fruit and vegetable products and other food products from New Zealand, the USA and China whilst its processed seafood imports came predominantly from Southeast Asian countries such as Thailand, China and Vietnam.
Figure 5.19: Australia’s top three food and beverage imports and share of imports by country ($2014-15)

**Fruit and vegetable processing**

- New Zealand: 16%
- USA: 11%
- China: 11%
- Italy: 7%
- Thailand: 7%
- Vietnam: 6%
- Turkey: 4%
- Chile: 3%
- Others: 35%

**Seafood processing**

- Thailand: 25%
- China: 17%
- Vietnam: 14%
- New Zealand: 7%
- Malaysia: 6%
- Indonesia: 5%
- Norway: 4%
- Denmark: 3%
- Others: 19%

**Other food product manufacturing**

- USA: 14%
- New Zealand: 14%
- China: 9%
- Netherlands: 8%
- Switzerland: 7%
- Italy: 5%
- Thailand: 5%
- Germany: 5%
- Others: 33%

Source: Based on ABS customised report
5.4.2 Grocery imports

While the grocery sector only accounted for a small part of the defined industry’s turnover, it was responsible for 49.3 per cent of the defined industry’s imports. This highlights the high dependence on imports to meet the demand for grocery products in Australia. Overall, grocery imports stagnated in 2014-15, remaining flat with 0.3 per cent real growth and a value of $15.6 billion. Within the sector itself however, all classes - with the exception of human pharmaceutical and medicinal products - saw real growth ranging from 5 to 12 per cent. However, given human pharmaceutical and medicinal products was the largest import category, accounting for 67.3 per cent of total sector imports or $10.5 billion, it negated this growth with its real contraction rate of 3 per cent.

Figure 5.20: Australia’s grocery imports by value ($2014-15)

Source: Based on ABS customised report

In 2013-14, Australia continued to import a higher proportion of cosmetic and toiletry preparation products and human pharmaceutical and medicinal products than it produced domestically whereby:

- cosmetic and toiletry preparation product imports were valued at 170 per cent of the class’s turnover; and
- human pharmaceutical and medicinal product imports were valued at 122 per cent of the class’s turnover.

Unlike food and beverage imports, approximately half of the human pharmaceutical and medicinal products were imported from European countries with all top suppliers being European with the exception of the USA. Alternatively, the top suppliers for the polymer film and sheet packaging material class where (predominately) Asian countries.
Figure 5.21: Australia’s top two grocery imports and share of exports by country ($2014-15)

Human pharmaceutical and medicinal product manufacturing

Source: Based on ABS customised report

Polymer Film and Sheet Packaging Material Manufacturing

Source: Based on ABS customised report
5.4.3 Fresh produce imports

The total value of fresh produce imports increased in real terms by 7.3 per cent from 2013-14 to 2014-15 (from $690 million to $740 million). The increase in imports for the sector was spread across all categories except grape imports which decreased 1.1 per cent, and stone fruit imports which decreased by 9.2 per cent. Fruit and vegetable imports were the leaders of the sector regarding import growth with real growth of 15.5 and 14 per cent respectively. (Figure 5.22 shows the real growth rates experienced by each of the classes within the legend). The largest value of fresh produce imports into Australia was other fruit and nut imports, which accounted for nearly 30 per cent of total fresh produce sector imports.

Figure 5.22: Australia’s fresh produce imports by value ($2014-15)

*The Other fruit and nut growing category is comprised of the remainder of the imports in the fresh produce sector.

Source: Based on ABS customised report
We have been debating the Asian Dining Boom for what seems like a decade. The latest trade data reveals that the dining boom is here. Australia’s food and beverage exports have increased by 28 per cent or $5.7 billion in the last 12 months (over 2014-15). Now is the time to talk about the next growth phase in Australian agri food.

The food, beverage and grocery manufacturing sector is Australia’s largest manufacturing sector, employing over 320,000 Australians, often in rural and regional communities. The sector also enables a wide range of agricultural exports including beef, dairy and grains, through processing and manufacturing.

The jump in food and beverage exports is the result of significant demand in Asia meeting capacity in the Australian food and beverage manufacturing sector. But while exports have surged, employment and investment have been falling. The surge in exports have largely utilised existing capacity in food and beverage manufacturing and a new phase of investment is required to avoid capacity constraints and position Australia for growth over the longer term.

While Australia’s agri-food exports continue to be underpinned by the meat sector, with meat recording over 40 per cent growth, broader food manufacturing is recording the largest percentage increases in exports. A broad category of ingredients, seasoning, and prepared meals experienced growth of nearly 66 per cent in the past year, the highest growth of any food category. The projected demand for higher value foods in our exports is beginning to be realised.

In order to capitalise on the dining boom and support growth, jobs and prosperity, the Australian food, beverage and grocery sector needs:

- Immediate implementation of the China Australia Free Trade Agreement;
- Implementation of the Trans-Pacific Partnership;
- Significant new domestic and foreign investment into all parts of the agri-food supply chain; and
- A new commitment from Government to ensure all current and future regulation is rigorously assessed against legitimate public policy objectives, impact on business and Australia’s economic prosperity.

Michael Rogers
Manager – Agribusiness Forum
6 Employment

- The food and beverage, grocery and fresh produce industry in Australia employed 322,900 people in 2014-15, an increase of 1 per cent or 3,183 employed people compared to the previous year.

Employment in the defined industry has grown by over 3,000 people or 1 per cent in 2014-15 to 322,900 people. The largest number of jobs were located within the food and beverage manufacturing sector, which employed 240,605 people. This was followed by the fresh produce sector which employed 53,745 people and the grocery sector with approximately 28,550 employees. Whilst the sector has not experienced sustained or increasing growth, the data indicates that the defined industry is generally resilient to wider economic shocks with relatively stable levels of employment over the last seven years.

Figure 6.1: Employment in each of the industry sectors

![Employment in each of the industry sectors](image)

Source: Based on ABS, catalogue number 6291.0, 8155.0 and IBISWorld Reports C1524, C1841, C1851, C1852, C1911, A0122, A0123, A0130, A0131, A0139, A0172.

The number of people employed by the defined industry relative to other Australian industries is shown in Figure 6.2. It shows that the defined industry employs a significant proportion of Australians, employing more than industries such as the mining industry and the information media and telecommunications industry.

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31 Employment refers to the number of all persons employed irrespective of whether they are full-time, part-time or casual employees.

32 Food and beverage employment was recorded as of May 2015 and was apportioned to classes based on 2013-14 data.
Within the manufacturing sector, it is clear that the food, beverage and tobacco sector is a key employer of this industry employing 28 per cent of the industry’s workers (see Figure 6.3). When the grocery sector is included into this analysis, the defined industry then increases its share of the manufacturing industry’s workers to 31 per cent.

Source: Based on ABS, Catalogue number 6291.0

More than half of all jobs were located in New South Wales (28 per cent) and Victoria (30 per cent), followed by Queensland (19 per cent) and South Australia (9 per cent).

33 The split between beverage and tobacco manufacturing was not available
34 The grocery sector is comprised of a number of classes that fall within the pulp paper and converted paper product sector, the basic chemical and chemical product sector or the polymer product and rubber product sector that all fit within the manufacturing industry.
means the share of workers within New South Wales and Victoria has remained steady over the last two years at 58 per cent. The proportions were fairly consistent across the sectors but with the food and beverage and grocery sectors having closer alignment (i.e. the spread of employees across states within each sector is near identical). For the fresh produce sector, both Victoria and NSW employed equal proportions of the industry with 25 per cent each.

**Figure 6.4: Employment by State/Territory (May quarter, 2014-15)**

![Graph showing employment by state/territory](source: Based on ABS catalogue number 6291.0 (data approximated at three digit ANZSIC06 code level))

Approximately 41 per cent of all employed persons in the defined industry worked in non-metropolitan areas in 2014-15. This is a decline from 45 per cent the year before. The split of employment by state and territory indicates that Queensland and Tasmania are the only states that have a higher number of food, beverage, grocery and/or fresh produce workers in non-metropolitan areas.

**Figure 6.5: Employment by metro vs. non-metro area (May quarter, 2014-15)**

![Graph showing metro vs. non-metro employment](source: Based on ABS catalogue number 6291.0 (data approximated at three digit ANZSIC06 code level))

### 6.1 Food and beverage

The food and beverage sector employed approximately 240,605 people across Australia in 2014-15, accounting for three-quarters of the defined industry. This constituted a 1.7 per cent increase relative to 2013-14; or an additional 4,000 workers. The largest employers in the sector were the bakery product manufacturing class (employing 27.6 per cent of workers) and the meat and meat product manufacturing class (employing 25.5 per cent of workers). Overall, the food classes saw growth of 1.4 per cent whilst the beverage classes experienced growth of 3.7 per cent.
Figure 6.6: Employment in the food and beverage sector by product class (2014-15)\textsuperscript{35}

Source: Based on ABS catalogue number 6291.0 and 8155.0 (data approximated at three digit ANZSIC06 code level)

6.2 Grocery

The grocery sector employed approximately 28,550 people in 2014-15, which was a contraction of 390 people or 1.3 per cent less when compared to 2013-14. Human pharmaceutical and medicinal product manufacturing continued to account for the largest proportion of employment in the grocery sector and in fact grew its share of employees by nearly 2 per cent. The class employed about 14,075 people or 49.3 per cent of the total number of people working in the grocery sector in 2014-15.

Of the five classes, cosmetic and toiletry preparation saw the largest decline in employment, contracting by 2.4 per cent (75 workers). Alternatively, the polymer film and sheet packaging material manufacturing class experienced the greatest growth of 0.5 per cent (25 workers).

Figure 6.7: Employment in the grocery sector by product class (2014-15)

Source: Based on IBISWorld Reports C1524, C1841, C1851, C1852, C1911

\textsuperscript{35} Food and beverage employment was recorded as of May 2015.
### 6.3 Fresh produce

In 2014-15 approximately 53,745 people were employed within the fresh produce sector. This was 0.8 per cent less than at the end of 2013-14 (or 446 people). Although the fresh produce sector was the smallest contributor (4.8 per cent) to the total industry’s turnover, it provided a significant 16.6 per cent of all jobs within the industry, which was more than the grocery sector.

All classes (with the exception of egg farming) contributed over 20 per cent of jobs each with the apple, pear and stone fruit growing class employing the most workers at 31 per cent of the sectors workers. The apple, pear and stone fruit growing class was also the class that experienced the greatest growth, expanding its number of employees by 1.4 per cent or 225 people. Conversely, egg farming experienced the greatest drop in growth terms suffering a 5.2 per cent reduction in employees whilst grape growing experienced the biggest loss in terms of numbers of workers, reducing its number by 373 workers to 10,810.

#### Figure 6.8: Employment in the fresh produce sector by product class (2014-15)\(^{36}\)

- Vegetable growing: -2.0%
- Apple, pear and stone fruit growing: +1.4%
- Citrus, banana and other fruit growing: +0.4%
- Grape Growing: -3.3%
- Egg Farming: -5.2%

Source: Based on IBISWorld Industry Reports A0122, A0123, A0130, A0131, A0139, A0172

### 6.4 Wages and salaries

Wages and salaries paid by the defined industry to its employees was just over $16.1 billion in 2013-14. This was a real decline of 2.7 per cent or $442 million when compared to 2012-13.\(^{37}\) This decline was primarily driven by the grocery sector and fresh produce sectors which saw contractions of 4.5 and 4.8 per cent respectively. When compared to 2013-14 employment levels, these results are somewhat skewed whereby in 2013-14, the grocery sector actually saw the smallest drop in employment (1.1 per cent) and the fresh produce sector saw a decline in employment of 2.2 per cent.

The total value of food and beverage wages and salaries in 2013-14 was $12.3 billion, a decrease of 2 per cent from 2012-13. As has been the case over the last several years, the biggest contributor was the meat and meat product manufacturing segment (paying out 24.5 per cent of wages), followed by bakery product manufacturing (16.9 per cent). Whilst the meat segment aligns with the numbers of employees it had in 2013-14, the bakery product manufacturing sector appears to have a lower wage rate, as whilst it paid out 16.9 per cent of the sectors total wages, it employed nearly 28 per cent of the sectors employees. The class with the highest wage rate appears to be the dairy product manufacturing class, having paid 10.9 per cent of all wages but employing 7.7 per cent of all employees. All other classes appear aligned between the wages paid to employees, and the total number of people employed in 2013-14.

The largest growth in wages was experienced by the grain mill and cereal product manufacturing class with real growth of 2.6 per cent whilst the largest decline was seen in the oil and fat manufacturing sector with a decline of 16.8 per cent. Figure 6.9 shows each

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\(^{36}\) IBISWorld consolidated reporting of two of its previous categories in February 2013. ‘Stone Fruit Growing’ and ‘Apple and Pear Growing’ were consolidated into one report called ‘Apple, Pear & Stone Fruit Growing’.

\(^{37}\) Wage and salary data is not yet available for the 2014/15 financial year for the food and beverage and the grocery sectors.
class’s wage level, its share of the total food and beverage wages paid, and real growth rate over 2013-14 (shown in the legend).

Figure 6.9: Wages and salaries paid in the food and beverage sector by product class ($2013-14)

Source: Based on ABS Catalogue Numbers 8155.0

In 2013-14, wages and salaries within the grocery sector decreased by 4.5 per cent to $2.5 billion. As noted above, this was a larger contraction than the reduction in employees in 2013-14. The human pharmaceutical and medicinal product manufacturing class remained the biggest contributor, responsible for approximately 54 per cent of the overall total wages and salaries in the grocery sector. This class however, suffered a real negative growth rate of 7.5 per cent, with wages falling to $1.3 billion.

The biggest drop in wages however, was felt by the sanitary paper product manufacturing class with a decline of 12.3 per cent. Whilst this class also saw the biggest decrease in employment in 2013-14, the decrease in wages outweighs the decrease in employment numbers whereby the class’s employment number dropped by 3.6 per cent. The largest increase occurred in the cosmetic and toiletry preparation manufacturing class with a 9.7 per cent increase in wages. This is also aligned with the employment results for 2013-14 although larger.

Consequently, it appears that the impact felt in wages, whilst aligned with the employment levels, appears to be larger in magnitude. That is, where employment levels drop (increase), wages correspondingly decrease albeit to a greater degree.

Figure 6.10: Wages and salaries paid in the grocery sector by product class ($2013-14)

Source: Based on ABS Catalogue Number 8155.0
The fresh produce sector saw its total level of wages and salaries decline by 4.8 per cent in 2013-14 to $1.4 billion. As noted above, this was a larger contraction than the reduction in employees in 2013-14. The vegetable growing class remained the largest payer of wages and recorded the largest increase of 3.1 per cent (though noting that its employment level actually contracted by 2 per cent in 2013-14).

The biggest drop in wages was felt by the grape growing class with a decline of 17.2 per cent. Whilst this class also saw the largest decrease in employment in 2013-14 (9.4 per cent) the decrease in wages clearly outweighs the decrease in employment numbers.

**Figure 6.11: Wages and salaries in the fresh produce sector by product class ($2013-14)**

- Vegetable growing: +3.1%
- Apple, pear and stone fruit growing: -4.3%
- Citrus, banana and other fruit growing: -11.0%
- Grape Growing: -17.2%
- Egg Farming: -0.1%

Source: Based on IBISWorld Industry Reports A0122, A0123, A0130, A0131, A0139, A0172
In 2012-13, capital investment in the food, beverage and tobacco product manufacturing industry reached just over $3 billion, a real decline of 8.9 per cent.

Capital expenditure in the food product manufacturing sector also fell by 9 per cent from 2012-13 levels.

While the revenue of the food production and food service sectors gives an indication of potential demand, capital investment is a direct measure of manufacturers’ spending or investment on assets such as machinery and equipment and indicates potential future supply. Gross fixed capital formation - or what this report calls ‘capital investment’ - is the total level or stock of capital investment over that year on fixed assets (i.e. new and existing assets less those assets that have been disposed of).

7.1 Capital investment in the food and beverage sector

Capital investment in the food, beverage and tobacco product manufacturing reached just over $3.0 billion in 2013-14. This was a real decline of 8.9 per cent from 2012-13. This drop was driven by the food product manufacturing sector which saw a drop from nearly $2.6 billion in 2012-13 to $2.2 billion in 2013-14 (figures in real terms). In contrast, the beverage and tobacco manufacturing sector saw a growth of 10 per cent in 2013-14 increasing from $744 million to $819 million (though unfortunately this was outweighed by the food product sector leading to the overall decline).

Figure 7.1: Capital investment (gross fixed capital formation) ($2013-14)

Source: Based on ABS catalogue number 8155.0

Another measure that provides an indication of manufacturer’s investment into the sector is capital expenditure which is the total expenditure on acquiring both fixed tangible and intangibles assets (so includes land, dwellings, buildings, plant, machinery, equipment, patents and licences). In the food product manufacturing sector, capital expenditure fell to just below 2011-12 values to just over $3.1 billion (or a decrease of nearly 9 per cent from 2012-13). Alternatively, the beverage and tobacco product manufacturing saw an increase in capital expenditure by just over 18 per cent to $1.0 billion. These results mean that overall, the food and beverage sector suffered a real decline of 3.2 per cent, with total capital expenditure of $4.2 billion.

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88 In this report, capital investment is taken to be gross fixed capital formation. Gross fixed capital formation is measured by the total value of a producer’s acquisitions, less disposals, of fixed assets during the reference period, plus certain additions to the value of non-produced assets realised by the productive activity of businesses. It excludes intangible assets.

39 Based on gross fixed capital formation.

40 The split between beverage and tobacco product manufacturing was not available.

41 The split between beverage and tobacco manufacturing was not available.
The defined industry’s capital investment relative to other Australia’s industries is shown in Figure 7.2. It shows that the defined industry’s level of investment is similar to or greater than: accommodation and food services; administrative services; education and training (private); and arts and recreation.

Figure 7.2: Australian industry’s capital investment ($2013-14)

Overall, the food, beverage and tobacco product sector accounted for 28.2 per cent of total capital investment in the manufacturing industry where total investment was $10.7 billion. As such, the sector is a core player in the manufacturing industry when it comes to investment, and results in the food and beverage sector being the largest contributor when compared to all other manufacturing sectors (see Figure 7.3).

Figure 7.3: Manufacturing sector capital investment analysis ($2013-14)
Over the past three years the AFGC has been committed to delivering a meaningful Code of Conduct to ensure that relationships between retailers and suppliers are built on good faith, improve the operation of the food and grocery sector and work constructively and collaboratively towards the long term interest of Australian consumers.

On 17 June 2015 the Food and Grocery Code of Conduct (Code) became a formally prescribed Code under the Competition and Consumer Regulation with oversight by the Australian Competition and Consumer Commission. Aldi, AboutLife Natural Marketplace, Coles and Woolworths have all signed onto the Code. Over the next 12 months the focus for these retailers and their suppliers will be on the development of Grocery Supply Agreements that comply with all aspects of the Code.

The Code aims to regulate standards of business conduct, to build and sustain trust and co-operation in the food and grocery supply chain. The Code will support the rights of suppliers and retailers to freely negotiate terms and conditions of supply contracts whilst at the same time encourage them to act fairly, honestly and reasonably in their commercial dealings.

The Code is comprehensive and covers contractual dealings such as supplier funded promotions, labelling, shelf space and positioning, intellectual property and payments for wastage. There are clearly going to be many implications for both retailers and suppliers. This will undoubtedly require both parties to fully appreciate the new framework created by the Code prior to any negotiations.

On announcing the Code, the Minister for Small Business, Bruce Billson stated “The Government is committed to ensuring Australia is the very best place to start and grow a business. When businesses become signatories to this code, they are signalling their commitment to growing Australian business, ensuring healthy competition, and undertaking best practice commercial behaviour.”

There are number of initiatives the AFGC are embarking upon to ensure the best possible understanding of code and its implications for its members. These include:

- AFGC certified training program and ‘code accreditation’;
- AFGC website information at http://www.afgc.org.au/our-expertise/industry-codes/food-and-grocery-industry-code-of-conduct/ with further dedicated information within the members section of the website;
- Legal support for AFGC members at code@afgc.org.au;
- Dedicated LinkedIn discussion group (Grocery Code of Conduct Australia); and
- On-going case study development.

The AFGC is committed to supporting suppliers during the transition, by exploring the issues and opportunities that the Code addresses and through the ongoing AFGC Code training program.

If you would like to contact the AFGC for more information then please contact Samantha Blake at samantha.blake@afgc.org.au

Samantha Blake
Director, Industry Affairs
A Nominal headline figures

The below sections highlight the headline figures for each of the key industry variables in nominal terms rather than in real terms as done in the body of the report. The most current year’s figures for which data is available will thus be the same as what is stated within the body of the report however prior year’s figures and growth rates will be different as they will be in nominal terms (i.e. price factors such as CPI have not been removed from the figures).

A.1 The industry

The defined industry had a total turnover of $118.8 billion in 2013-14. This was a growth of 3.4 per cent when compared to the turnover in 2012-13 of $114.9 billion.

The breakdown of this total turnover figure into the three sectors is as follows.

- Food and beverage manufacturing experienced growth of 5.4 per cent in 2013-14 to $97.4 billion ($92.4 billion in 2012-13).
- Grocery manufacturing experienced a contraction of 3.3 per cent in 2013-14 with turnover of $15.7 billion ($16.2 billion in 2012-13).
- Fresh produce experienced a contraction of 8.8 per cent in 2013-14 reducing turnover to $5.7 billion ($6.3 billion in 2012-13).

A.2 Industry value-add\(^43\)

In 2013-14, the combined industry value-add for the food and beverage, grocery and fresh produce sectors amounted to approximately $32.1 billion; an increase of 1.3 per cent (or $401 million) on the previous year. Food and beverage manufacturing contributed the largest to the defined industry’s value-add with $24.3 billion. This was a marginal 0.3 per cent increase on 2012-13 results. The sector that saw the largest growth in value-add was the grocery sector with a growth of 8.2 per cent resulting in total value-add for 2013-14 of $4.6 billion.

Overall, the data indicates that for every dollar in turnover in 2013-14, 27 cents (or approximately one quarter) was value-add.

A.3 International trade

The total value of international trade (imports plus exports) for the defined industry increased from 2013-14 to 2014-15 to $61.7 billion; a nominal growth of 7.9 per cent. This can be broken down into total imports valued at $31.6 billion (growth of 5.0 per cent) and total exports valued at $30.1 billion (growth of 11.2 per cent). This trade activity that occurred over 2014-15 resulted in Australia’s trade deficit in the defined industry falling to $1.5 billion (compared to $3.0 billion in 2013-14). This is a contraction of 51 per cent and significantly strengthens the industry’s trade position.

It is important to note however, that a significant driver of the large growth in exports (and thus decline in the trade deficit) has been the deterioration of Australia’s terms of trade seeing the price of Australia’s export continuing to drop from its height in 2010-11. This means that on a global scale, Australia’s exports are seen more attractively given relative price levels when compared to other countries.

Whilst overall Australia remains a net importer of food, beverage, grocery and fresh produce products, a different view can be seen when observing the individual sectors. The food and beverage manufacturing sector and the fresh produce sector are net exporters with the growth in the level of exports from the food and beverage manufacturing and fresh produce sectors being the driver behind the reduction of Australia’s trade deficit.

However, the grocery sector is a heavy net importer leading to the overall position of Australia being a net importer.

In 2014-15:

- Exports of food and beverages increased by 16.9 per cent from $22.0 billion to $25.7 billion and fresh produce increased by 13.2 per cent from $970 million to $1.1 billion. Grocery exports decreased for the second year by 19.9 per cent from $4.1 billion to $3.3 billion.

\(^43\) Industry value-add is a measure of the contribution of businesses within the sector to gross domestic product.
The food and beverage manufacturing sector and fresh produce sector imports both grew by just under 9 per cent, while grocery imports grew with a slight increase of 1.6 per cent.

Food and beverage and grocery imports make up the bulk of total imports for the defined industry with respective proportions of 48.3 per cent and 49.3 per cent. Consequently, fresh produce comprises relatively little of the defined industry’s total imports, making up a small 2.3 per cent. Given the relative turnover of each of the sectors, the data indicates that a significant proportion of the grocery sector is indeed imports.

Similar to 2013-14, high levels of imports of human pharmaceutical and medicinal products continue to be the primary contributor to the trade deficit for the defined industry with this class having an import value of nearly $10.5 billion in 2014-15 (or a third of the total defined industry’s imports). Significant growth in food and beverage and fresh produce exports however, has helped negate this aspect of the grocery sector and contributed to the continued reduction in the deficit in 2014-15. Of note, the nominal increase in exports for meat processing (30.3 per cent), fruit and vegetable processing (13.5 per cent), seafood processing (12.1 per cent), other food product manufacturing (50.8 per cent), and all fresh produce (13.2 per cent) reflect growing optimism in the long term strength of the sector.

Overall, the continued stronger growth of exports in comparison to imports suggests improvement in the defined industry’s competitiveness (though partly as a result of declining terms of trade or falling prices) and the growing global demand for Australian food and grocery products.

A.4 Employment

As at May 2015, employment in the defined industry has increased slightly by 3,183 people or 1 per cent from the previous financial year. In 2014-15, the industry employed approximately 322,900 people, an increase from 319,717 in 2013-14. Of this:

- 240,605 were employed in food and beverage manufacturing;
- 28,550 were employed in grocery manufacturing; and
- 53,745 were employed in the fresh produce sector.

A.5 Capital investment

While the revenue of the food production and food service sectors gives an indication of potential demand, capital investment is a direct measure of manufacturers’ spending or investment on assets such as machinery and equipment and indicates potential future supply. Gross fixed capital formation - or what this report calls ‘capital investment’- is the total level or stock of capital investment over that year on fixed assets (i.e. new and existing assets less those assets that have been disposed of).

In 2013-14, capital investment in the food, beverage and tobacco product manufacturing industry reached just over $3.0 billion, a decline of 6.7 per cent from the previous year. This drop was driven by the food product manufacturing sector which saw a drop from $2.5 billion in 2012-13 to $2.2 billion in 2013-14. Contrastingly, the beverage and tobacco manufacturing sector44 saw a growth of 12.8 per cent in 2013-14 increasing from $726 million to $819 million (though this was outweighed by the food product sector leading to the overall decline).

Overall, the food, beverage and tobacco product sector accounted for 28.2 per cent of total capital investment in the manufacturing industry where total investment was $10.7 billion. This results in the food and beverage sector being the largest contributor to capital investment in the manufacturing industry when compared to all other manufacturing sectors.

Another measure that provides an indication of manufacturer’s investment into the sector is capital expenditure which is the total expenditure on acquiring both fixed tangible and intangible assets (so includes land, dwellings, buildings, plant, machinery, equipment, patents and licences). In the food product manufacturing sector, capital expenditure fell to below 2011-12 values to just over $3.1 billion (or a decrease of 6.4 per cent from 2012-13). Alternatively, the beverage and tobacco product manufacturing saw an increase in capital expenditure by just over 21 per cent to $1.0 billion.45

44The split between beverage and tobacco manufacturing was not available.
45The split between beverage and tobacco manufacturing was not available.
B Methodology

Since the release of the State of the Industry 2009 publication, the Australian Bureau of Statistics (ABS), which is the primary source for the data used in this report, has discontinued some aspects of its statistical reporting. Where this is the case, a footnote in the report details the new source used to update the figure or table and the difference between the two sources. In some instances, the ABS plans to re-introduce discontinued publications in the future. In the interim, it has released experimental estimates of key variables which have been used in parts of this report.

In compiling this report, the most recent data available has been used to update the figures and tables. As a result, the data in some sections of the report are as up-to-date as 2014-15, whereas some other figures are only updated until the year 2013-14. Specifically:

- 2013-14 data: turnover, value-add, wages, and capital expenditure
- 2014-15 data: international trade and employment

Wherever possible, the figures and tables have been presented in a form comparable to the 2014 report, although given data limitations, this has not always been possible. Due to the unavailability of data, some figures have not been carried forward into the State of Industry 2014 report. A note has been made in the relevant parts of the report to alert the reader to these changes.

Readers are advised to exercise caution when comparing data in this 2015 report to that published in previous reports. This is due to four reasons:

1. Data may have been taken from an alternative source when compared to prior year’s reports.
2. Caution should be applied when comparing data before and after the Australian and New Zealand Standard Industrial Classification (ANZSIC) code changes in 2006. Unless indicated otherwise, this report uses the ANZSIC 2006 terminology.
3. In some instances, IBISWorld reports did not align with the ANZSIC 2006 codes chosen for the figures and tables in this report. In such cases, the IBISWorld data was allocated to the category of ‘best fit’. This means that in some cases, the data reported for a particular category or sector by ABS did not match exactly with the corresponding data reported by IBISWorld.
4. The data for prior years has been adjusted for inflation each year the report is published. Therefore, the use of real data (inflation adjusted) in the report limits direct comparability with prior years’ reports. For example, in this 2015 report, figures have been adjusted to the value for the most recent year for which data is available meaning all dollar terms are either in 2013-14 or 2014-15 dollar terms.

B.1 Updating data in the charts and tables

In order to facilitate consistency with the State of the Industry publications for 2009, 2010, 2011, 2012, 2013 and 2014, when compiling the charts and tables for this report re-estimates of the data have not been sought. However, it is important to note that the ABS and IBISWorld have made, in some cases, updates to historical numbers. In such cases, this report is based on the most recent estimates available. For more detail regarding these revised estimates please refer to the appropriate IBISWorld industry report or the ABS catalogue. Consult the explanatory notes within these source documents for a more detailed explanation of the methodology used in re-forecasting data.

To ensure comparability of data in the figures and tables within this report, historical data has been adjusted for inflation until the most recent year for which data is presented. The inflation-adjusted figures are referred to as real values and are used in comparisons and growth calculations. The following indices have been used to adjust figures to real terms with Figure B1 illustrating their movement since 2005-06:

- Consumer Price Index (CPI); Australia; June 2015; Food and non-alcoholic beverages index.
- Wage Price Index (WPI); Australia; June 2015; Ordinary time hourly rates of pay excluding bonuses; Private sector; All industries.
- Import price index; Australia; All groups
- Export price index; Australia; All groups

Figure B.1: Movement of indices used within this report to adjust figures

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46 ABS, catalogue number 6401.0, Tables 3 and 4, Weighted average of eight capital cities
47 ABS, catalogue number 6345.0, Table 9a, Ordinary hourly rates of pay excluding bonuses
48 ABS, catalogue number 6457.0, Table 1
49 ABS, catalogue number 6457.0, Table 7
B.2 Defining the industry to be covered by the report

Prior to commencement of this publication series, the industry sectors covered by the report had not previously been described collectively by industry or government agencies. Those selected for inclusion in the report share a number of common features at product and/or operational levels and consequently also in the business challenges they face. The definition used to determine whether industry sectors should be included was:

Those industries that provide value-add to agriculture, food and other products for the purpose of producing everyday fresh and processed food, beverages and grocery products consumed and used by Australians.

Products encompassed include packaged, shelf-stable food from all categories, fresh foods such as fruit and vegetables and non-food grocery products used by consumers for personal, home and pet care. These products share a number of distinguishing characteristics that enable them to be sensibly aggregated:

- they are all (generally) presented to consumers meeting strict product specifications;
- their integrity is assured through the use of sophisticated quality systems;
- they share the same supply chains; and
- they are purchased and used daily by consumers.

Commodities (e.g. grains, live animals, etc.) not purchased by consumers directly were excluded from the report.

Three broad groupings were identified consistent with this definition:

- food and beverage manufacturing;
- grocery manufacturing; and
- fresh produce production.

Food and beverage manufacturing includes processed, packaged, shelf-ready food and beverages commonly found in supermarkets and other retail outlets, and the ingredients which go into their manufacture. It includes dairy, cereal and baked products, meat and fish products, and processed fruits and vegetables. It excludes, to the extent that ABS data does not include, products produced onsite in supermarkets such as onsite baking.

Grocery manufacturing refers to non-food grocery manufacturing and it includes personal care, home care and pet care products. These products have been included because they share a common supply chain with food and beverage products and they face many of the same challenges such as high input costs.

Fresh food production includes fresh produce such as fruit, vegetables, nuts and eggs. This category was included because the delineation between processed foods is becoming blurred (e.g. many ‘fresh’ products are now presented to the consumer processed in some way, such as fresh-cut salads), and also because many farm-fresh products are consumed directly without the need for additional processing (e.g. milling, refining, slaughtering, etc.). Indeed, the majority of these products are available year round and supplied to retailers subject to tight product specifications with their integrity assured by advanced quality assurance systems, much in the same way that processed food is handled.

Data adjustments were made for fresh products (e.g. fruit, vegetables, etc.) to ensure there was no double counting of produce destined for downstream manufacturing processes (refer Section B.4).
Unprocessed food and fibre commodities (e.g. wheat, coarse grains, live animals, etc.) were excluded from the definition, as was the value of the restaurant and catering sector. Where possible, tobacco products were also excluded from the definition.

The ANZSIC codes were used to help define the industry as it was recognised that much of the data to be collected would be aggregated under these codes. Following a review of 62 industry sub-sectors defined in the ANZSIC codes, it was concluded that the industry is best-defined using 41 sub-sector codes. A full list of those sub-sectors considered in developing the final industry definition can be found at Appendix C.

The 40 sub-sectors included in the industry definition (as shown in Table B.1, B.2 and B.3) cover almost 300 product categories. The production activities provide a good insight into the breadth of products produced or associated with the industry. Appendix D provides a detailed table of the activities associated with the industry.

Table B.1: Sectors included in the food and beverage industry definition

<table>
<thead>
<tr>
<th>ANZSIC Code</th>
<th>Sub-sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>1111</td>
<td>Meat processing</td>
</tr>
<tr>
<td>1112</td>
<td>Poultry processing</td>
</tr>
<tr>
<td>1113</td>
<td>Cured meat and smallgoods manufacturing</td>
</tr>
<tr>
<td>1120</td>
<td>Seafood processing</td>
</tr>
<tr>
<td>1131</td>
<td>Milk and cream processing</td>
</tr>
<tr>
<td>1132</td>
<td>Ice cream manufacturing</td>
</tr>
<tr>
<td>1133</td>
<td>Cheese and other dairy product manufacturing</td>
</tr>
<tr>
<td>1140</td>
<td>Fruit and vegetable processing</td>
</tr>
<tr>
<td>115</td>
<td>Oil &amp; fat manufacturing</td>
</tr>
<tr>
<td>1161</td>
<td>Grain mill product manufacturing</td>
</tr>
<tr>
<td>1162</td>
<td>Cereal, pasta and baking mix manufacturing</td>
</tr>
<tr>
<td>1171</td>
<td>Bread manufacturing (factory based)</td>
</tr>
<tr>
<td>1172</td>
<td>Cake and pastry manufacturing (factory based)</td>
</tr>
<tr>
<td>1173</td>
<td>Biscuit manufacturing (factory based)</td>
</tr>
<tr>
<td>1174</td>
<td>Bakery product manufacturing (non-factory based)</td>
</tr>
<tr>
<td>1181</td>
<td>Sugar manufacturing</td>
</tr>
<tr>
<td>1182</td>
<td>Confectionery manufacturing</td>
</tr>
<tr>
<td>1191</td>
<td>Potato, corn and other crisp manufacturing</td>
</tr>
<tr>
<td>1192</td>
<td>Prepared animal and bird feed manufacturing</td>
</tr>
<tr>
<td>1199</td>
<td>Other food product manufacturing n.e.c.</td>
</tr>
<tr>
<td>1211</td>
<td>Soft drink, cordial and syrup manufacturing</td>
</tr>
<tr>
<td>1212</td>
<td>Beer manufacturing</td>
</tr>
<tr>
<td>1213</td>
<td>Spirit manufacturing</td>
</tr>
<tr>
<td>1214</td>
<td>Wine and other alcoholic beverage manufacturing</td>
</tr>
</tbody>
</table>
Table B.2: Sectors included in the grocery industry definition

<table>
<thead>
<tr>
<th>ANZSIC Code</th>
<th>Sub-sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>1524</td>
<td>Sanitary paper product manufacturing</td>
</tr>
<tr>
<td>1841</td>
<td>Human pharmaceutical and medicinal product manufacturing</td>
</tr>
<tr>
<td>1851</td>
<td>Cleaning compound manufacturing</td>
</tr>
<tr>
<td>1852</td>
<td>Cosmetic and toiletry preparation manufacturing</td>
</tr>
<tr>
<td>1911</td>
<td>Polymer film and sheet packaging material manufacturing</td>
</tr>
</tbody>
</table>

Table B.3: Sectors included in the fresh food industry definition

<table>
<thead>
<tr>
<th>ANZSIC Code</th>
<th>Sub-sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>0121</td>
<td>Mushroom growing</td>
</tr>
<tr>
<td>0122</td>
<td>Vegetable growing (under covers)</td>
</tr>
<tr>
<td>0123</td>
<td>Vegetable growing (outdoors)</td>
</tr>
<tr>
<td>0131</td>
<td>Grape growing</td>
</tr>
<tr>
<td>0132</td>
<td>Kiwifruit growing</td>
</tr>
<tr>
<td>0133</td>
<td>Berry fruit growing</td>
</tr>
<tr>
<td>0134</td>
<td>Apple and pear growing</td>
</tr>
<tr>
<td>0135</td>
<td>Stone fruit growing</td>
</tr>
<tr>
<td>0136</td>
<td>Citrus fruit growing</td>
</tr>
<tr>
<td>0139</td>
<td>Other fruit and nut growing</td>
</tr>
<tr>
<td>0172</td>
<td>Poultry farming (eggs)</td>
</tr>
</tbody>
</table>

B.3 Data collection

The data presented in this report has been collected from multiple sources, which have been referenced as appropriate. The primary source of data used was the Australian Bureau of Statistics (ABS). ABS data provided a comprehensive assessment of the majority of the ANZSIC codes used to define the broader industry. Where publications were discontinued, appropriate replacements were selected and referenced where possible.

The secondary source of information used (predominately where ABS data wasn’t available) was IBISWorld Industry reports. Other sources for prior years reports and thus implicitly this report includes:

- Australian Bureau of Agricultural and Resource Economics and Sciences;
- AUSVEG; and
- Department of Agriculture, Price Determination in the Australian Food Industry.
B.4 Data analysis

A key issue during the collection and collation of the data, particularly when considering the financial value of the industry and its segments, was determining which activities to include and exclude, particularly when it came to fresh food products. This report applies a relatively simple rule based on whether the product was able to be considered a ‘consumer product’ – that is one which consumers could readily buy, take home and utilise. As such, the definition excludes farm products which require processing (i.e. milling, refining, slaughtering, etc.) prior to sale and use by consumers.

For food manufacturing, total turnover includes pre-farm gate value (i.e. it is essentially an aggregate measure of the value of the goods up until the point of sale by the food manufacturer) but value-add only measures the value of the transformation that occurs during a defined stage of a product’s life cycle (e.g. the canning of fruit). No attempt was made to disaggregate pre- and post-farm gate value due to the difficulty in identifying standardised data sources.

In presenting data for the fresh food sector, pre-farm gate value, included as total turnover, figures are used. In prior years, a detailed analysis was undertaken to determine the value of fresh produce that enters the food-processing sector versus the value that enters the fresh market, either through the wholesale, supermarket or greengrocer channel, to ensure that, as far as possible, the report avoids double counting. Throughout this report, adjustments are made in the fresh produce sector to maintain consistency with the 2014 report and to reflect that, at the national level, around 74 per cent of all vegetables produced go fresh to market, with the exception of beans (98 per cent), green peas (39 per cent), potatoes (58 per cent), sweet corn (92 per cent) and tomatoes (97 per cent). Similarly, adjustments are made in the fresh produce sector to reflect that 81 per cent of all pome fruit and stone fruit, 46 per cent of all citrus fruit, 6 per cent of all grapes, 80 per cent of all tropical and other fruit and 91 per cent of all eggs go fresh to market.50

Aggregated and summarised data are presented as a series of graphs, pie charts and tables in a manner to facilitate comparison between industry sectors and between time periods, adjusted to the dollar value of the most recent year for which data was available.

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50 These estimates are based on multiple data sources and latest available from ABARES Australian Vegetable Growing Farms: An economic survey, and AUSVEG Domestic Markets Statistics.
C Detailed industry definition

Appropriately defining the scope of the industry for the State of the Industry report series is critical in securing its value. Therefore, for prior year’s reports, thorough research of relevant sources was conducted to obtain the different perspectives on which industries should be included in the definition. The different sources of information used to construct the final industry definition included:

<table>
<thead>
<tr>
<th>Source</th>
<th>Information used</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Department of Agriculture</td>
</tr>
<tr>
<td>2</td>
<td>Australian Bureau of Agricultural and Resource Economics</td>
</tr>
<tr>
<td>3</td>
<td>Australian Competition and Consumer Commission</td>
</tr>
<tr>
<td>4</td>
<td>The U.S Grocery Manufacturers Association</td>
</tr>
<tr>
<td>5</td>
<td>The Australian Food and Grocery Council</td>
</tr>
<tr>
<td>6</td>
<td>A Leading Food and Grocery Retailer</td>
</tr>
</tbody>
</table>

For the State of the Industry 2015 report, the primary objective was to ensure comparability between years and therefore the retention of the final industry definition as used in prior year’s reports. However, to ensure it remained relevant and accurate desktop research was conducted to ensure that ABS had not significantly changed its definitions of industries nor any significant amendments made to the sources of information outlined in Table C.1. It was found that no major amendments had been made over the 2014/15 year.

Given the above, all industries included for each sector for this 2015 report when constructing the final industry definition, are shown in the tables below. As mentioned above, the series were chosen to ensure alignment with the prior year’s report (State of the Industry 2014).

Table C.2: Fresh produce sector (industries included)

<table>
<thead>
<tr>
<th>ANZSIC Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>0121</td>
<td>Mushroom growing</td>
</tr>
<tr>
<td>0122</td>
<td>Vegetable growing (under covers)</td>
</tr>
<tr>
<td>0123</td>
<td>Vegetable growing (outdoors)</td>
</tr>
<tr>
<td>0131</td>
<td>Grape growing</td>
</tr>
<tr>
<td>0132</td>
<td>Kiwifruit growing</td>
</tr>
<tr>
<td>0133</td>
<td>Berry fruit growing</td>
</tr>
<tr>
<td>0134</td>
<td>Apple and pear growing</td>
</tr>
<tr>
<td>0135</td>
<td>Stone fruit growing</td>
</tr>
<tr>
<td>0136</td>
<td>Citrus fruit growing</td>
</tr>
<tr>
<td>0139</td>
<td>Other fruit and nut growing</td>
</tr>
<tr>
<td>0172</td>
<td>Poultry farming (eggs)</td>
</tr>
</tbody>
</table>
Table C.3: Food and beverage sector (industries included)

<table>
<thead>
<tr>
<th>ANZSIC Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1111</td>
<td>Meat processing</td>
</tr>
<tr>
<td>1112</td>
<td>Poultry processing</td>
</tr>
<tr>
<td>1113</td>
<td>Cured meat and smallgoods manufacturing</td>
</tr>
<tr>
<td>1120</td>
<td>Seafood processing</td>
</tr>
<tr>
<td>1131</td>
<td>Milk and cream processing</td>
</tr>
<tr>
<td>1132</td>
<td>Ice cream manufacturing</td>
</tr>
<tr>
<td>1133</td>
<td>Cheese and other dairy product manufacturing</td>
</tr>
<tr>
<td>1140</td>
<td>Fruit and vegetable processing</td>
</tr>
<tr>
<td>1150</td>
<td>Oil and fat manufacturing</td>
</tr>
<tr>
<td>1161</td>
<td>Grain mill product manufacturing</td>
</tr>
<tr>
<td>1162</td>
<td>Cereal, pasta and baking mix manufacturing</td>
</tr>
<tr>
<td>1171</td>
<td>Bread manufacturing (factory based)</td>
</tr>
<tr>
<td>1172</td>
<td>Cake and pastry manufacturing (factory based)</td>
</tr>
<tr>
<td>1173</td>
<td>Biscuit manufacturing (factory based)</td>
</tr>
<tr>
<td>1174</td>
<td>Bakery product manufacturing (non-factory based)</td>
</tr>
<tr>
<td>1181</td>
<td>Sugar manufacturing</td>
</tr>
<tr>
<td>1182</td>
<td>Confectionery manufacturing</td>
</tr>
<tr>
<td>1191</td>
<td>Potato, corn and other crisp manufacturing</td>
</tr>
<tr>
<td>1192</td>
<td>Prepared animal and bird feed manufacturing</td>
</tr>
<tr>
<td>1199</td>
<td>Other food product manufacturing n.e.c.</td>
</tr>
<tr>
<td>1211</td>
<td>Soft drink, cordial and syrup manufacturing</td>
</tr>
<tr>
<td>1212</td>
<td>Beer manufacturing</td>
</tr>
<tr>
<td>1213</td>
<td>Spirit manufacturing</td>
</tr>
<tr>
<td>1214</td>
<td>Wine and other alcoholic beverage manufacturing</td>
</tr>
<tr>
<td>1220</td>
<td>Cigarette and tobacco product manufacturing</td>
</tr>
</tbody>
</table>

Industries considered but excluded

<table>
<thead>
<tr>
<th>ANZSIC Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>1220</td>
</tr>
<tr>
<td>ANZSIC Code</td>
</tr>
<tr>
<td>-------------</td>
</tr>
<tr>
<td>1524</td>
</tr>
<tr>
<td>1841</td>
</tr>
<tr>
<td>1851</td>
</tr>
<tr>
<td>1852</td>
</tr>
<tr>
<td>1911</td>
</tr>
</tbody>
</table>

Industries considered but excluded

<table>
<thead>
<tr>
<th>ANZSIC Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1340</td>
<td>Knitted product manufacturing</td>
</tr>
<tr>
<td>1351</td>
<td>Clothing manufacturing</td>
</tr>
<tr>
<td>1352</td>
<td>Footwear manufacturing</td>
</tr>
<tr>
<td>1510</td>
<td>Pulp, paper and paperboard manufacturing</td>
</tr>
<tr>
<td>1522</td>
<td>Paper bag manufacturing</td>
</tr>
<tr>
<td>1523</td>
<td>Paper stationery manufacturing</td>
</tr>
<tr>
<td>1709</td>
<td>Other petroleum and coal product manufacturing</td>
</tr>
<tr>
<td>1831</td>
<td>Fertiliser manufacturing</td>
</tr>
<tr>
<td>1891</td>
<td>Photographic chemical product manufacturing</td>
</tr>
<tr>
<td>1912</td>
<td>Rigid and semi-rigid polymer product manufacturing</td>
</tr>
<tr>
<td>1920</td>
<td>Natural rubber product manufacturing</td>
</tr>
<tr>
<td>2010</td>
<td>Glass and glass container manufacturing</td>
</tr>
<tr>
<td>2029</td>
<td>Other ceramic product manufacturing</td>
</tr>
<tr>
<td>2132</td>
<td>Aluminium smelting</td>
</tr>
<tr>
<td>2299</td>
<td>Other fabricated metal product manufacturing n.e.c.</td>
</tr>
<tr>
<td>2439</td>
<td>Other electrical equipment manufacturing</td>
</tr>
<tr>
<td>2449</td>
<td>Other domestic appliance manufacturing</td>
</tr>
<tr>
<td>2592</td>
<td>Toy, sporting and recreational product manufacturing</td>
</tr>
<tr>
<td>5411</td>
<td>Newspaper publishing</td>
</tr>
<tr>
<td>5412</td>
<td>Magazine and other periodical publishing</td>
</tr>
<tr>
<td>1832</td>
<td>Pesticide manufacturing</td>
</tr>
</tbody>
</table>
The table below outlines the primary activities included within each ANZSIC class that has been included within the Defined Industry. Further information regarding the ANZSIC classification and inclusions/exclusions can be found within the ABS report "Australian and New Zealand Standard Industrial Classification 2006".

Differing from prior years, this 2015 Report does not provide the ANZSIC code 1993 to ANZSIC code 2006 mapping. This is due to this report no longer detailing data prior to 2006.

<table>
<thead>
<tr>
<th>ANZSIC</th>
<th>Description</th>
<th>Primary activities include:</th>
</tr>
</thead>
<tbody>
<tr>
<td>0121</td>
<td>Mushroom Growing</td>
<td>• Cultivated mushroom growing</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Mushroom spawn growing</td>
</tr>
<tr>
<td>0122</td>
<td>Vegetable Growing (Under Covers)</td>
<td>• Capsicum growing (under cover)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Cucumber growing (under cover)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Herb growing (under cover)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Lettuce growing (under cover)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Sprout growing (under cover)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Tomato growing (under cover)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Vegetable growing n.e.c. (under cover)</td>
</tr>
<tr>
<td>0123</td>
<td>Vegetable Growing (Outdoors)</td>
<td>• Asparagus growing (outdoors)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Bean growing (outdoors)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Carrot growing (outdoors)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Garlic growing (outdoors)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Herb growing (outdoors)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Kumara growing (outdoors)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Melon growing (outdoors)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Onion growing (outdoors)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Pea growing (outdoors)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Potato growing (outdoors)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Sugar beet growing (outdoors)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Sweetcorn growing (outdoors)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Tomato growing (outdoors)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Truffle growing (outdoors)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Vegetable growing n.e.c. (outdoors)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Vegetable seed growing (outdoors)</td>
</tr>
<tr>
<td>0131</td>
<td>Grape Growing</td>
<td>• Grape growing</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Grape sundrying</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Table grape growing</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Vineyard operation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Wine grape growing</td>
</tr>
<tr>
<td>0132</td>
<td>Kiwifruit Growing</td>
<td>• Kiwifruit growing</td>
</tr>
</tbody>
</table>

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<table>
<thead>
<tr>
<th>ANZSIC</th>
<th>Description</th>
<th>Primary activities include:</th>
</tr>
</thead>
</table>
| 0133   | Berry Fruit Growing | • Berry fruit growing  
|        |                   | • Blackberry growing  
|        |                   | • Blackcurrant growing  
|        |                   | • Blueberry growing  
|        |                   | • Boysenberry growing  
|        |                   | • Cranberry growing  
|        |                   | • Gooseberry growing  
|        |                   | • Loganberry growing  
|        |                   | • Raspberry growing  
|        |                   | • Redcurrant growing  
|        |                   | • Strawberry growing  |
| 0134   | Apple and Pear Growing | • Apple growing  
|        |                   | • Nashi pear growing  
|        |                   | • Pear growing  
|        |                   | • Quince growing  |
| 0135   | Stone Fruit Growing   | • Apricot growing  
|        |                   | • Cherry growing  
|        |                   | • Nectarine growing  
|        |                   | • Peach growing  
|        |                   | • Plum or prune growing  |
| 0136   | Citrus Fruit Growing    | • Citrus fruit growing  
|        |                   | • Citrus orchard operation  
|        |                   | • Grapefruit growing  
|        |                   | • Lemon growing  
|        |                   | • Mandarin growing  
|        |                   | • Orange growing  
<p>|        |                   | • Tangelo growing  |
| 0137   | Olive Growing       | • Olive growing  |</p>
<table>
<thead>
<tr>
<th>ANZSIC</th>
<th>Description</th>
<th>Primary activities include:</th>
</tr>
</thead>
<tbody>
<tr>
<td>0139</td>
<td>Other Fruit and Nut Growing</td>
<td>• Almond growing&lt;br&gt;• Brazil nut growing&lt;br&gt;• Cashew nut growing&lt;br&gt;• Chestnut growing&lt;br&gt;• Coconut growing&lt;br&gt;• Macadamia nut growing&lt;br&gt;• Pecan nut growing&lt;br&gt;• Walnut growing&lt;br&gt;• Avocado growing&lt;br&gt;• Banana growing&lt;br&gt;• Coconut growing&lt;br&gt;• Custard apple growing&lt;br&gt;• Feijoa growing&lt;br&gt;• Fig growing&lt;br&gt;• Loquat growing&lt;br&gt;• Mango growing&lt;br&gt;• Passionfruit growing&lt;br&gt;• Pawpaw growing&lt;br&gt;• Persimmon growing&lt;br&gt;• Pineapple growing&lt;br&gt;• Tamarillo growing</td>
</tr>
<tr>
<td>0172</td>
<td>Poultry Farming (Eggs)</td>
<td>• Egg farm operations&lt;br&gt;• Poultry farming (for eggs)&lt;br&gt;• Poultry hatching operation (egg breeds)</td>
</tr>
<tr>
<td>1111</td>
<td>Meats Processing</td>
<td>• Abattoir operation (except poultry)&lt;br&gt;• Animal meat packing and freezing&lt;br&gt;• Animal oil or fat, unrefined, manufacturing&lt;br&gt;• Lard or tallow rendering&lt;br&gt;• Meat extract or essence manufacturing&lt;br&gt;• Meat manufacturing (except bacon, ham and poultry)&lt;br&gt;• Meat or bone meal manufacturing (except fish or poultry meal)&lt;br&gt;• Meat packing (except poultry)&lt;br&gt;• Meat, canned, manufacturing (except poultry, bacon, ham and corned meat)&lt;br&gt;• Meat, dehydrated, manufacturing (except poultry)&lt;br&gt;• Meat, frozen, manufacturing (except poultry)</td>
</tr>
<tr>
<td>1112</td>
<td>Poultry Processing</td>
<td>• Frozen poultry manufacturing&lt;br&gt;• Game bird slaughtering&lt;br&gt;• Poultry abattoir operation&lt;br&gt;• Poultry croquette manufacturing&lt;br&gt;• Poultry meat or bone meal manufacturing&lt;br&gt;• Poultry meat packing&lt;br&gt;• Poultry meat processing (including canning)</td>
</tr>
<tr>
<td>ANZSIC</td>
<td>Description</td>
<td>Primary activities include:</td>
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</tr>
</tbody>
</table>
| 1113   | Cured Meat and Smallgoods Manufacturing | • Bacon manufacturing  
• Corned meat manufacturing (including canned)  
• Croquette manufacturing n.e.c.  
• Ham, canned, manufacturing  
• Meat speciality manufacturing  
• Pate manufacturing  
• Poultry smallgoods manufacturing  
• Smallgoods manufacturing |
| 1120   | Seafood Processing | • Crustacean, processed, manufacturing (including cooked and/or frozen) n.e.c.  
• Fish cleaning or filleting  
• Fish fillet manufacturing  
• Fish loaf or cake manufacturing  
• Fish paste manufacturing  
• Fish pate manufacturing  
• Fish, canned, manufacturing  
• Fish, dried or smoked, manufacturing  
• Mollusc, processed, manufacturing (including shelled)  
• Oyster, shelling, freezing or bottling in brine  
• Scallop, preserved, manufacturing  
• Seafood, canned, manufacturing  
• Seafood, preserved, manufacturing  
• Whole fin fish freezing |
| 1131   | Milk and Cream Processing | • Cream, pasteurised, manufacturing (except canned)  
• Milk, low fat, manufacturing  
• Milk, pasteurised, manufacturing  
• Skim milk manufacturing  
• Standard milk manufacturing  
• Ultra heat treatment milk manufacturing |
| 1132   | Ice Cream Manufacturing | • Confections, frozen manufacturing  
• Fruit ice, frozen, manufacturing  
• Gelato manufacturing  
• Ice cream manufacturing  
• Sorbet manufacturing |
<table>
<thead>
<tr>
<th>ANZSIC</th>
<th>Description</th>
<th>Primary activities include:</th>
</tr>
</thead>
</table>
| 1133   | Cheese and Other Dairy Product Manufacturing | • Anhydrous milk fat (butter oil) manufacturing  
• Butter manufacturing  
• Buttermilk manufacturing  
• Casein manufacturing  
• Cheese manufacturing  
• Condensed milk manufacturing  
• Cream, canned, manufacturing  
• Dairy product manufacturing n.e.c.  
• Dried ice cream, soft serve or milk shake mix manufacturing  
• Evaporated milk manufacturing  
• Flavoured milk manufacturing  
• Infants’ milk-based formula and food manufacturing  
• Lactose manufacturing  
• Liquid ice cream, soft serve or milk shake mix manufacturing  
• Malted milk powder manufacturing  
• Milk and coffee mixtures, condensed or concentrated, manufacturing  
• Milk powder manufacturing  
• Sour cream manufacturing  
• Whey or whey powder manufacturing  
• Yoghurt manufacturing |
| 1140   | Fruit and Vegetable Processing | • Baby food, canned or bottled, manufacturing (except milk based)  
• Baked bean manufacturing  
• Bean/legume, dried or canned, manufacturing  
• Chutney or relish manufacturing  
• Coconut, desiccated, manufacturing  
• Fruit dehydrating or drying (except sun drying) manufacturing  
• Fruit juice, 100 per cent pure or concentrated, manufacturing  
• Fruit pulp, puree or spread manufacturing  
• Fruit salad manufacturing  
• Fruit, frozen, manufacturing  
• Fruit, preserved, manufacturing (including canned or bottled)  
• Grape crushing  
• Jam manufacturing (including conserves, jellies or fruit spreads)  
• Mixed meat and vegetable manufacturing  
• Rice preparation, canned, manufacturing  
• Sauce manufacturing (except Worcestershire sauce)  
• Spaghetti, canned, manufacturing  
• Vegetable juice or soup manufacturing  
• Vegetable salad manufacturing  
• Vegetable soup manufacturing  
• Vegetable, frozen, manufacturing  
• Vegetable, preserved, manufacturing (including canned, dehydrated, dried or quick frozen)  
• Vinegar manufacturing (except wine vinegar) |
<table>
<thead>
<tr>
<th>ANZSIC</th>
<th>Description</th>
<th>Primary activities include:</th>
</tr>
</thead>
</table>
| 1150  | Oil and Fat Manufacturing | • Animal oil, refined, manufacturing  
• Cotton seed oil manufacturing  
• Deodorised vegetable oil manufacturing  
• Edible oil or fat, blended, manufacturing  
• Fish or other marine animal oil or meal manufacturing  
• Lard, refined, manufacturing  
• Margarine manufacturing  
• Olive oil manufacturing  
• Tallow, refined, manufacturing  
• Vegetable oil, meal or cake manufacturing |
| 1161  | Grain Mill Product Manufacturing | • Arrowroot manufacturing  
• Baking powder manufacturing  
• Barley malt manufacturing  
• Barley meal or flour manufacturing  
• Cornflour manufacturing  
• Cornmeal manufacturing  
• Dextrin manufacturing  
• Dextrose manufacturing (except prepared)  
• Glucose manufacturing  
• Gluten manufacturing  
• Malt extract manufacturing  
• Malt manufacturing  
• Pollard manufacturing (from wheat, barley or rye)  
• Rice flour, meal or offal manufacturing  
• Rice manufacturing (including parboiled)  
• Rice starch manufacturing  
• Rye flour, meal or offal manufacturing  
• Sago manufacturing  
• Self-raising flour manufacturing  
• Semolina manufacturing  
• Starch manufacturing  
• Tapioca manufacturing  
• Unpopped corn manufacturing (for popcorn)  
• Wheat germ manufacturing  
• Wheaten bran manufacturing  
• Wheaten flour manufacturing  
• Wheaten malt manufacturing  
• Wheatmeal manufacturing |
<table>
<thead>
<tr>
<th>ANZSIC</th>
<th>Description</th>
<th>Primary activities include:</th>
</tr>
</thead>
<tbody>
<tr>
<td>1162</td>
<td>Cereal, Pasta and Baking Mix</td>
<td>• Baking mix (prepared) manufacturing</td>
</tr>
<tr>
<td></td>
<td>Manufacturing</td>
<td>• Bread mix (dry) manufacturing</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Cake mix manufacturing</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Cereal food manufacturing n.e.c.</td>
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<tr>
<td></td>
<td></td>
<td>• Coatings made from cereal food (except biscuit or breadcrumb) manufacturing</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Custard powder manufacturing</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Dessert, dried prepared, manufacturing</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Noodle manufacturing</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Oatmeal manufacturing</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Oats, hulled or shelled, manufacturing</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Oats, kilned or unkilned manufacturing</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Pasta, fresh or dried, manufacturing</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Pastry mix manufacturing</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Prepared breakfast cereal manufacturing</td>
</tr>
<tr>
<td>1171</td>
<td>Bread Manufacturing (Factory Based)</td>
<td>• Bagel manufacturing (factory based)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Bread bakery operation (factory based)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Bread dough, frozen, manufacturing (factory based)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Bread roll manufacturing (factory based)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Bread, leavened or unleavened, manufacturing (factory based)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Breadcrumb manufacturing (factory based)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• English muffin manufacturing (factory based)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Fruit loaf manufacturing (factory based)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Panini manufacturing (factory based)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Pita bread manufacturing (factory based)</td>
</tr>
<tr>
<td>1172</td>
<td>Cake and Pastry Manufacturing</td>
<td>• Cake icing or decorating (factory based)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Cake or pastry-based pudding and dessert manufacturing (factory based)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Cake or pastry-based slice manufacturing (factory based)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Cake or pastry manufacturing (factory based)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Crumpet manufacturing (factory based)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Doughnut manufacturing (factory based)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Pastry manufacturing (includes frozen dough; factory based)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Pie manufacturing (including meat, fruit or vegetable pies; factory based)</td>
</tr>
<tr>
<td>1173</td>
<td>Biscuit Manufacturing (Factory Based)</td>
<td>• Biscuit dough manufacturing (factory based)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Biscuit manufacturing (except pet food biscuits; factory based)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Ice cream cone or wafer manufacturing (factory based)</td>
</tr>
<tr>
<td>1174</td>
<td>Bakery Product Manufacturing</td>
<td>• Manufacturing and selling bread from the same premises (non-factory based)</td>
</tr>
<tr>
<td></td>
<td>(Non-Factory Based)</td>
<td>• Manufacturing and selling other bakery products from the same premises (non-factory based)</td>
</tr>
<tr>
<td>ANZSIC</td>
<td>Description</td>
<td>Primary activities include:</td>
</tr>
<tr>
<td>---------</td>
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<td>---------------------------------------------------------------------------------------------</td>
</tr>
</tbody>
</table>
| 1181    | Sugar Manufacturing                   | • Brown sugar manufacturing  
• Cane syrup manufacturing  
• Caster sugar manufacturing  
• Icing sugar manufacturing  
• Molasses manufacturing  
• Sugar manufacturing  
• Treacle manufacturing |
| 1182    | Confectionery Manufacturing           | • Chewing gum manufacturing  
• Chocolate manufacturing  
• Cocoa product manufacturing  
• Confectionery manufacturing  
• Crystallised or glace fruit manufacturing  
• Drinking chocolate manufacturing  
• Licorice manufacturing  
• Marshmallow manufacturing  
• Marzipan manufacturing  
• Nut, candied, manufacturing  
• Popcorn, candied, manufacturing |
| 1191    | Potato, Corn and Other Crisp Manufacturing | • Corn chip manufacturing  
• Crisp manufacturing  
• Potato crisp manufacturing  
• Taco, tortilla or tostada shell manufacturing |
| 1192    | Prepared Animal and Bird Feed Manufacturing | • Animal feed, prepared, manufacturing (except uncanned meat or bone meal or protein-enriched skim milk powder)  
• Animal food, canned, manufacturing  
• Bird feed manufacturing  
• Cattle lick manufacturing  
• Cereal meal manufacturing (for fodder, except from rice or rye)  
• Chaff manufacturing  
• Crushed grain manufacturing (including mixed; for fodder)  
• Dehydrated lucerne manufacturing  
• Dog and cat biscuit manufacturing  
• Fodder, prepared, manufacturing  
• Grain offal manufacturing (for fodder; except from rice or rye)  
• Lucerne cube, manufacturing  
• Lucerne meal, manufacturing  
• Pet food, canned, manufacturing  
• Poultry feed, prepared, manufacturing  
• Sheep lick manufacturing |
<table>
<thead>
<tr>
<th>ANZSIC</th>
<th>Description</th>
<th>Primary activities include:</th>
</tr>
</thead>
</table>
| 1199   | Other Food Product Manufacturing N.e.c | • Coffee manufacturing  
• Colouring, food, manufacturing  
• Dessert mix, liquid, manufacturing  
• Egg pulping or drying  
• Flavoured water pack manufacturing (for freezing into flavoured ice)  
• Food dressing manufacturing  
• Food flavouring manufacturing  
• Food manufacturing n.e.c.  
• Gelatine manufacturing  
• Ginger product manufacturing (except confectionery)  
• Health supplement manufacturing  
• Herb, processed, manufacturing  
• Honey, blended, manufacturing  
• Hop extract, concentrated, manufacturing  
• Jelly crystal manufacturing  
• Pre-prepared meal, frozen, manufacturing  
• Rice preparation manufacturing n.e.c.  
• Salt, cooking or table, manufacturing  
• Savoury speciality manufacturing  
• Seasoning, food, manufacturing  
• Soya bean concentrate, isolate or textured protein manufacturing  
• Spice manufacturing  
• Tea blending manufacturing  
• Tea manufacturing  
• Worcestershire sauce manufacturing  
• Yeast or yeast extract manufacturing |
| 1211   | Soft Drink, Cordial and Syrup Manufacturing | • Carbonated water or cordial manufacturing  
• Cider, non-alcoholic, manufacturing  
• Cordial manufacturing  
• Energy drink manufacturing  
• Fruit drink, less than 100 per cent pure juice, manufacturing  
• Ginger beer, non-alcoholic, manufacturing  
• Ice manufacturing (except dry ice)  
• Mineral water manufacturing  
• Powder flavour manufacturing (for soft drinks)  
• Purified water manufacturing  
• Soda water manufacturing  
• Soft drink manufacturing  
• Syrup, chocolate, caramel or vanilla, manufacturing  
• Syrup, fruit, manufacturing  
• Tonic water manufacturing |
| 1212   | Beer Manufacturing | • Beer manufacturing (except non-alcoholic beer) |
| 1213   | Spirit Manufacturing | • Brandy manufacturing  
• Fortified spirit manufacturing  
• Liqueur manufacturing  
• Spirit-based mixed drink manufacturing  
• Potable spirit manufacturing |
<table>
<thead>
<tr>
<th>ANZSIC</th>
<th>Description</th>
<th>Primary activities include:</th>
</tr>
</thead>
</table>
| 1214   | Wine and Other Alcoholic Beverage Manufacturing       | • Beverage n.e.c., alcoholic, manufacturing  
• Carbonated wine manufacturing  
• Cider, alcoholic, manufacturing  
• Fortified wine manufacturing  
• Mead manufacturing  
• Perry, alcoholic, manufacturing  
• Sherry manufacturing  
• Sparkling wine manufacturing  
• Wine-based fruit drink ‘cooler’ manufacturing  
• Wine manufacturing  
• Wine vinegar manufacturing  
• Unfortified wine manufacturing |
| 1524   | Sanitary Paper Product Manufacturing                  | • Disposable paper nappy (cellulose-based) manufacturing  
• Facial tissue manufacturing  
• Paper napkin manufacturing  
• Paper towel manufacturing  
• Sanitary napkin (cellulose-based) manufacturing  
• Sanitary paper product manufacturing n.e.c.  
• Tampon (cellulose-based) manufacturing  
• Toilet tissue manufacturing |
| 1841   | Human Pharmaceutical Manufacturing                    | • Ampoule manufacturing  
• Analgesic manufacturing  
• Anthelmintic manufacturing  
• Antibacterial manufacturing  
• Antibiotic manufacturing  
• Antibody manufacturing  
• Antigen manufacturing  
• Antitoxin manufacturing  
• Biotechnological manufacture of pharmaceutical and medicinal products  
• Blood serum manufacturing  
• Contraceptive, medicinal, manufacturing (except rubber contraceptives)  
• Diagnostic substance manufacturing  
• Drug manufacturing (except veterinary)  
• Herbal drug manufacturing  
• Hormone manufacturing (except veterinary)  
• Medicinal capsule manufacturing  
• Medicinal chemical manufacturing  
• Medicinal ointment manufacturing  
• Medicine manufacturing (except veterinary)  
• Morphine manufacturing  
• Saccharin manufacturing  
• Serum manufacturing  
• Vaccine manufacturing (except veterinary)  
• Vial manufacturing  
• Vitamin product manufacturing |
<table>
<thead>
<tr>
<th>ANZSIC</th>
<th>Description</th>
<th>Primary activities include:</th>
</tr>
</thead>
<tbody>
<tr>
<td>1851</td>
<td>Cleaning Compound Manufacturing</td>
<td>• Candle manufacturing&lt;br&gt;• Denture cleaner manufacturing&lt;br&gt;• Detergent manufacturing&lt;br&gt;• Dishwashing detergent manufacturing&lt;br&gt;• Disinfectant manufacturing&lt;br&gt;• Emulsifier manufacturing&lt;br&gt;• Glycerine manufacturing&lt;br&gt;• Hypochlorite-based bleach manufacturing&lt;br&gt;• Laundry detergent manufacturing&lt;br&gt;• Penetrant manufacturing&lt;br&gt;• Peroxide preparation manufacturing&lt;br&gt;• Polish manufacturing&lt;br&gt;• Scouring compound manufacturing&lt;br&gt;• Soap manufacturing&lt;br&gt;• Toothpaste manufacturing</td>
</tr>
<tr>
<td>1852</td>
<td>Cosmetic and Toiletry Preparation Manufacturing</td>
<td>• After-shave lotion manufacturing&lt;br&gt;• Barrier cream manufacturing&lt;br&gt;• Cosmetic deodorant manufacturing&lt;br&gt;• Depilatory manufacturing&lt;br&gt;• Eye shadow manufacturing&lt;br&gt;• Face cream and lotion manufacturing&lt;br&gt;• Hair preparation manufacturing&lt;br&gt;• Lip balm manufacturing&lt;br&gt;• Lipstick manufacturing&lt;br&gt;• Mascara manufacturing&lt;br&gt;• Nail polish preparation manufacturing&lt;br&gt;• Perfume manufacturing&lt;br&gt;• Shaving preparation manufacturing&lt;br&gt;• Sunscreen preparation manufacturing&lt;br&gt;• Talcum powder manufacturing&lt;br&gt;• Toilet lanolin manufacturing</td>
</tr>
<tr>
<td>1911</td>
<td>Polymer Film and Sheet Packaging Material Manufacturing</td>
<td>• Bag, plastic, manufacturing&lt;br&gt;• Bag, sack or packet (plastic film or sheeting), manufacturing&lt;br&gt;• Bubble packaging manufacturing&lt;br&gt;• Film, plastic, manufacturing&lt;br&gt;• Food wrapping, plastic, manufacturing&lt;br&gt;• Garbage bag, plastic, manufacturing&lt;br&gt;• Plastic lamination with paper</td>
</tr>
<tr>
<td>Abbreviation</td>
<td>Description</td>
<td></td>
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</tr>
<tr>
<td>ABARES</td>
<td>Australian Bureau of Agricultural and Resource Economics and Sciences</td>
<td></td>
</tr>
<tr>
<td>ABS</td>
<td>Australian Bureau of Statistics</td>
<td></td>
</tr>
<tr>
<td>AFGC</td>
<td>Australian Food and Grocery Council</td>
<td></td>
</tr>
<tr>
<td>ANZSIC</td>
<td>Australian and New Zealand Standard Industrial Classification</td>
<td></td>
</tr>
<tr>
<td>Appreciation</td>
<td>An increase in the value of the Australian dollar in comparison to foreign currency</td>
<td></td>
</tr>
<tr>
<td>CAGR</td>
<td>Compound Annual Growth Rate</td>
<td></td>
</tr>
<tr>
<td>Capital expenditure</td>
<td>Money spent to acquire or upgrade physical assets such as plants and machinery, buildings, land etc.</td>
<td></td>
</tr>
<tr>
<td>CB</td>
<td>Certification bodies</td>
<td></td>
</tr>
<tr>
<td>CGE</td>
<td>Computable General Equilibrium</td>
<td></td>
</tr>
<tr>
<td>CPI</td>
<td>Consumer Price Index</td>
<td></td>
</tr>
<tr>
<td>CSIRO</td>
<td>Commonwealth Scientific and Industrial Research Organisation</td>
<td></td>
</tr>
<tr>
<td>DAFF</td>
<td>Department of Agriculture</td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>A decrease in the value of the Australian dollar in comparison to foreign currency</td>
<td></td>
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<tr>
<td>Downstream industry</td>
<td>An industry that uses an output from the food and grocery industry as input. An example of a downstream industry for the milk and cream processing industry is the cafes and restaurants industry</td>
<td></td>
</tr>
<tr>
<td>Employment</td>
<td>The number of workers employed in the industry or sector at the end of June for the current year, excluding working proprietors</td>
<td></td>
</tr>
<tr>
<td>EY</td>
<td>Ernst and Young</td>
<td></td>
</tr>
<tr>
<td>FTA</td>
<td>Free Trade Agreement</td>
<td></td>
</tr>
<tr>
<td>GCFC</td>
<td>Gross fixed capital formation is measured by the total value of a producer’s acquisitions, less disposals, of fixed assets during the reference period, plus certain additions to the value of non-produced assets realised by the productive activity of businesses. It excludes intangible assets.</td>
<td></td>
</tr>
<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
<td></td>
</tr>
<tr>
<td>Industry turnover</td>
<td>Income generated by businesses within the industry from the sales of goods and services. Industry turnover includes the income generated from rent, leasing and hiring income</td>
<td></td>
</tr>
<tr>
<td>IVA</td>
<td>Industry value-add. IVA represents the value-added by an industry to the intermediate inputs used by the industry. IVA is the measure of the contribution by manufacturing businesses to gross domestic product</td>
<td></td>
</tr>
<tr>
<td>Mfg</td>
<td>Manufacturing</td>
<td></td>
</tr>
<tr>
<td>n.e.c.</td>
<td>Not elsewhere classified</td>
<td></td>
</tr>
<tr>
<td>n.f.d.</td>
<td>No further details</td>
<td></td>
</tr>
<tr>
<td>PBS</td>
<td>Pharmaceutical Benefits Scheme</td>
<td></td>
</tr>
<tr>
<td>R&amp;D</td>
<td>Research and development</td>
<td></td>
</tr>
<tr>
<td>Abbreviation</td>
<td>Description</td>
<td></td>
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<td>-----------------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
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</tr>
<tr>
<td>Real growth</td>
<td>The growth rate of the variable when the effect of inflation (increase in prices) has been removed</td>
<td></td>
</tr>
<tr>
<td>Re-exports</td>
<td>Goods which are imported into Australia and then exported with no additional value-added</td>
<td></td>
</tr>
<tr>
<td>Sales of goods and services</td>
<td>Income generated by businesses within the industry or sector from the sales of goods and services</td>
<td></td>
</tr>
<tr>
<td>Trade surplus</td>
<td>A positive balance of trade (i.e. the value of exports exceeds the value of imports)</td>
<td></td>
</tr>
<tr>
<td>Trade deficit</td>
<td>A negative balance of trade (i.e. the value of imports exceeds the value of exports)</td>
<td></td>
</tr>
<tr>
<td>Upstream industry</td>
<td>An industry that is part of or pertaining to the early stages in the production of a product. The food and grocery industry utilizes the output from an upstream industry as an input. An example of the upstream industry for the milk and cream processing industry is the dairy cattle farming industry</td>
<td></td>
</tr>
<tr>
<td>USA</td>
<td>United States of America</td>
<td></td>
</tr>
</tbody>
</table>
Key contacts

AFGC

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Email: afgc@afgc.org.au

Website: www.afgc.org.au