

Tasmanian food and beverage industry ScoreCard



2012-13





Agriculture, seafood production and food value-adding are key contributors to the Tasmanian economy. The Tasmanian Food and Beverage Industry ScoreCard is a useful way of measuring and reporting data and trends in the value of Tasmanian food and beverage industries, value-adding and the major market segments.

The gross value of Tasmanian agricultural and seafood production at the farm gate and beach (including non-food items such as wool, nursery and poppies) was \$1.86 billion in 2012–13, an increase of \$115 million compared to 2010–11 when the ScoreCard was last published. The food component of that is \$1.64 billion and once packed and processed is worth \$3.11 billion.

The value of vegetable production reported is \$236.6 million. This is \$52.8 million higher than in 2010–11 when crops were significantly affected by floods. The combined farm gate value of potatoes and carrots alone accounted for \$40 million of this increase.

The value of fruit also rose by \$23.8 million to \$112.6 million with cherries and berryfruits accounting for over half of this increase. After many years of steady decline, the value of apple and pear production also showed a modest increase compared to 2010–11.

The expansion in salmon production and the growth in its domestic market continues to bolster the food and beverage sector, accounting for about a quarter of the value of food production. This has been driven by an increase in both the quantity produced and its packaged and processed value.

*Inside cover: With mild summers and long autumn days, Tasmania grows quality grapes that produce some of Australia's premium cool climate wines.
Photo: Simon De Salis*

Over half of the value of Tasmanian foods and beverages (\$1.88 billion) were sold interstate.

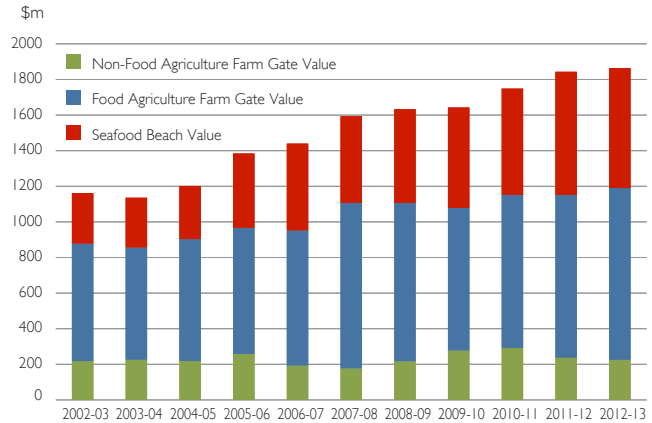
In spite of continued growth in Tasmania's food production, the value of overseas food exports in 2012–13 was \$12.3 million less than the value reported in 2010–11.

In this period, global commodity prices for many of Tasmania's products such as onions, carrots and red meat remained weak and the high value of the Australian dollar further eroded returns in export markets. Consequently, a substantial proportion of Tasmania's food production continued to be diverted from export to domestic markets where returns were stronger.

The current ScoreCard estimates 23% of the food produced in Tasmania (by value) is consumed by resident Tasmanians, around 60% is sold to interstate consumers and the remaining 17% is sold overseas.



Gross Value of Agricultural and Seafood Production



The total value of agriculture (including non-food items such as wool, nursery and poppies) and seafood production has steadily increased over the last 10 years.

Despite the challenges of seasonal conditions, volatility in international markets and a high Australian currency, the total value of agriculture (food and non-food) and seafood rose by \$702 million over the decade to the end of 2012–13.

Growth in the value of agrifood production – food agriculture and seafood – accounted for 98.8% of this growth, increasing from \$944 million in 2002–03 to \$1,638.6 million (over \$1.6 billion) in 2012–13.

Seafood accounted for 56% of the growth in value of agrifood production and food agriculture contributed 44%. At the same time, food agriculture's share of the total value of agricultural production grew from 75% to 81%.

After allowing for inflation, the farm gate/beach value of agrifood production grew by 32% over the decade to the end of 2012–13. Most of this growth occurred between 2004–05 and 2012–13, over which time the year-on-year real growth rate was 3.7% per annum.

The gross value of the food and beverage value-added portion of agriculture and seafood is estimated to have increased by some \$1.2 billion in the 10 years to 2012–13. Most of the additional produce was sold into domestic markets – interstate and within Tasmania.

Since publication of the first ScoreCard in 2004–05 the gross value of food and beverage production has increased substantially – an additional \$281 million in food agriculture and \$375 million in seafood (farm gate and beach value points).

There has also been diversification of the sector with the top ten categories accounting for only 68% of value at the farm gate or beach in 2012–13 compared to 85% in 2004–05.

The five largest contributors to the value of packed and processed food in 2012–13 were beef, dairy, salmon, potatoes and confectionery (chocolate). The charts overleaf show their growth in value from 2004–05 to 2012–13 in both nominal and real terms. Of these five, real growth over the period was achieved in the dairy, salmon and potato categories.

In 2012–13, the value of overseas food exports was only slightly higher in nominal terms than in 2004–05 at \$514.5 million. However, interstate trade increased by \$839 million over the same period. Increased sales to the domestic interstate market helped Tasmania's agrifood industry to ride out the 2008–09 global financial crisis and subsequent economic downturn.

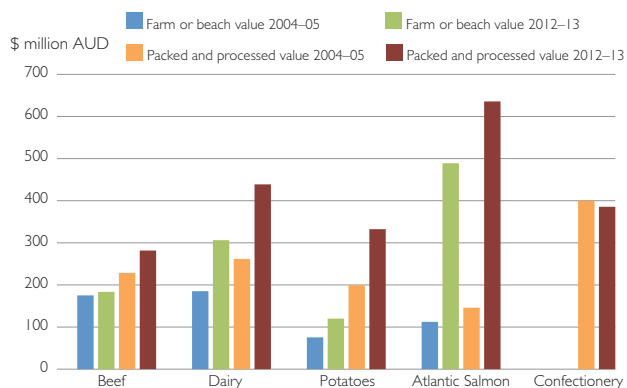
The nominal growth in value of key categories are shown in the table opposite. Salmon production recorded the strongest growth, increasing by an average of \$47 million a year and accounting for all growth in the seafood sector.

The dairy industry accounted for over 40% of growth in the value of agriculture at the farm gate with cherries, berryfruits, potatoes and other vegetables together accounting for nearly another 40% of growth.

Nominal Growth in Food & Beverage Production 2004–5 to 2012–13 (Value \$ m)

| | Farm or Beach | Packed & Processed |
|--------------------|---------------|--------------------|
| Beef | 8.3 | 53.1 |
| Sheep | 14.6 | 26.2 |
| Other Livestock | 8.2 | 3.2 |
| Dairy | 121.1 | 177.0 |
| Apples | -9.6 | -6.0 |
| Berryfruits | 16.7 | 17.9 |
| Cherries | 23.9 | 27.4 |
| Other Horticulture | 13.7 | 12.0 |
| Potatoes | 44.6 | 133.2 |
| Onions | 3.5 | 14.7 |
| Carrots | 6.5 | 4.2 |
| Other vegetables | 17.7 | 38.4 |
| Lobster | 8.3 | -0.3 |
| Abalone | -19.2 | -29.1 |
| Oysters | 5.3 | -1.4 |
| Atlantic Salmon | 376.6 | 489.6 |
| Other Seafood | 3.7 | 4.7 |
| Wine | 11.4 | 53.9 |
| Beer | | 33.4 |
| Confectionery | | -14.4 |
| Bakery | | 5.6 |
| Total Food | 655.3 | 1043.2 |

Nominal Value of Selected Categories in 2004–05 and 2012–13



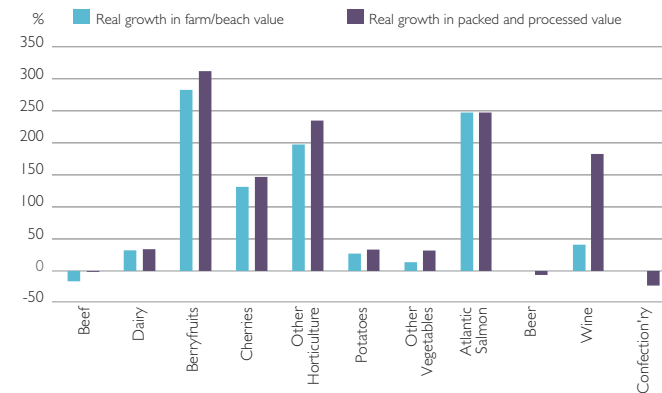
Beef production by volume has remained fairly static with the number of animals processed per annum increasing by just over 2,000 head to 250,400. However, the packed and processed value has grown by over \$53 million due to an increase in the commodity price and beef remains a key contributor to the value of Tasmanian agriculture. In the sheep industry 118,000 more sheep were processed in the State and interstate sheep sales were 70,000 head higher in 2012–13 compared to 2004–05.

The contribution of the beef and sheep industries to the Gross Value of Agricultural Production is based on the value of livestock processed in Tasmania, while interstate livestock sales are not counted. In the ScoreCard the interstate livestock sales are reported as a net commodity revenue item and therefore the ScoreCard report reflects the true contribution of the livestock industries to the Tasmanian economy.

The packed and processed value of food and beverage production increased by over \$1 billion between 2004–05 and 2013–14. Salmon, dairy and potatoes accounted for 79% of the growth in nominal value.

The chart below shows that significant real growth in value over this period has been achieved largely in high value products rather than commodities. This includes high value fresh products such as cherries, berryfruits and salmon; and products which have had value added through processing such as fresh cut packaged salads, wine, processed potatoes and dairy products.

Percentage Real Growth in Value of Selected Categories 2004–05 to 2012–13

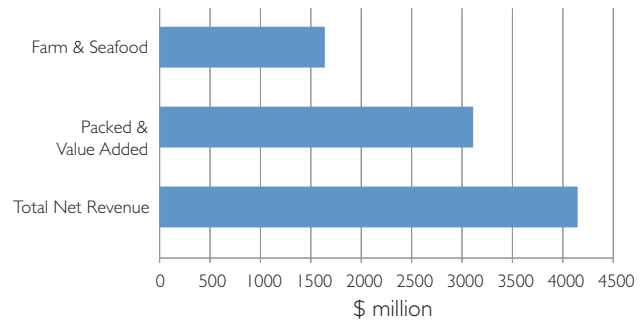


The value of salads has shown remarkable growth in this period but is not shown on the chart above because comparable data for this category has only been collected since 2005–06. The packed and processed value of salads increased by over 360% from \$13 million in 2005–06 to \$48.5 million in 2012–13.



- » Solid growth in the value of food production continued in the two years to 2012–13 driven largely by growth in 2011–12.
- » Value of food at farm gate/beach = \$1,639 million
- » Value of food once packed & processed = \$3,115 million
- » Gross Value of food sales (overseas exports, net interstate trade & domestic sales) = \$4,926 million
- » Net Food Revenue (Gross Food Revenue less imports) = \$4,152 million
- » Overseas Exports = \$515 million
- » Net Interstate Food Exports = \$1,880 million
- » Food Retail & Food Service sales in Tasmania = \$2,493 million
- » Tasmania sold an estimated 77% of food produced (by value) to interstate and overseas customers.

Value Creation along the Chain 2012–13 (\$ million)



2012-13 (\$ million)

| | Field Crops | Livestock | Dairy | Fruit | Vegetables | Seafood | Wine | Confect'ry | Total |
|--|-------------|-----------|-------|-------|------------|---------|-------|------------|---------|
| Food – farm gate / beach value | 2.3 | 280.9 | 306.3 | 112.6 | 236.6 | 673.7 | 26.2 | | 1,638.6 |
| Total farm gate / beach value | 145.9 | 385.4 | 306.3 | 112.6 | 236.6 | 673.7 | 26.2 | | 1,864.0 |
| Processed & Packed Food Value | 331.3 | 426.2 | 438.8 | 116.1 | 510.8 | 830.7 | 75.1 | 385.6 | 3,114.7 |
| | | | | | | | | | |
| Overseas Trade | | | | | | | | | |
| Commodity Exports | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | | 0.0 |
| Commodity Imports | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 4.2 | 4.2 |
| Food Exports | 0.1 | 137.3 | 119.9 | 20.9 | 24.0 | 129.8 | 2.3 | 48.1 | 514.5 |
| Food Imports | 0.7 | 0.0 | 0.0 | 0.9 | 7.5 | 1.0 | 0.1 | | 11.4 |
| | | | | | | | | | |
| Net Interstate Trade | | | | | | | | | |
| Net Commodity Exports | 0.2 | 31.4 | 0.0 | 0.0 | 0.0 | 0.0 | 6.0 | | 37.6 |
| Net Commodity Imports | 9.4 | 21.6 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | | 31.0 |
| Net Food Exports | 72.8 | 95.2 | 292.5 | 59.1 | 351.1 | 653.2 | 38.9 | 317.5 | 1,880.3 |
| Net Food Imports | 29.9 | 84.4 | 0.2 | 45.9 | 0.0 | 10.3 | 93.0 | | 727.4 |
| | | | | | | | | | |
| Tasmanian Food Sales | | | | | | | | | |
| Retail Sales | 279.3 | 513.2 | 217.4 | 126.2 | 302.3 | 62.1 | 178.8 | 20.0 | 1,942.7 |
| Food Service Sales | 267.6 | 99.3 | 4.4 | 29.1 | 86.6 | 87.3 | 158.5 | 15.0 | 550.6 |
| Net Food Revenue | 580.1 | 770.5 | 634.0 | 188.6 | 756.5 | 921.1 | 291.3 | 396.4 | 4,151.8 |
| Gross Food Revenue | 620.2 | 876.4 | 634.1 | 235.4 | 764.0 | 932.4 | 384.5 | 400.6 | 4,925.8 |

Net interstate trade by value is calculated as:

Total Production – Exports + Imports – Domestic Consumption = Net Interstate Trade

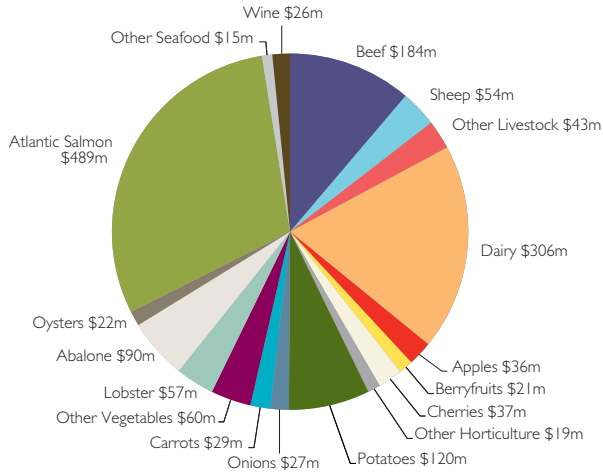
2011–12 (\$ million)

| | Field Crops | Livestock | Dairy | Fruit | Vegetables | Seafood | Wine | Confect'ry | Total |
|--|-------------|-----------|-------|-------|------------|---------|-------|------------|---------|
| Food – farm gate / beach value | 2.9 | 284.3 | 314.5 | 82.2 | 213.4 | 691.9 | 16.9 | | 1,606.0 |
| Total farm gate / beach value | 173.1 | 392.8 | 314.5 | 82.2 | 213.4 | 691.9 | 16.9 | | 1,884.8 |
| Processed & Packed Food Value | 449.9 | 393.5 | 443.6 | 87.4 | 498.7 | 808.8 | 46.6 | 385.6 | 3,113.9 |
| | | | | | | | | | |
| Overseas Trade | | | | | | | | | |
| Commodity Exports | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | | 0.0 |
| Commodity Imports | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 2.4 | 2.4 |
| Food Exports | 0.1 | 137.5 | 103.2 | 17.3 | 24.1 | 153.3 | 2.5 | 49.7 | 517.3 |
| Food Imports | 0.7 | 0.0 | 2.5 | 2.4 | 4.3 | 0.6 | 0.3 | | 13.2 |
| | | | | | | | | | |
| Net Interstate Trade | | | | | | | | | |
| Net Commodity Exports | 0.2 | 27.0 | 0.0 | 0.0 | 0.0 | 0.0 | 4.6 | | 31.8 |
| Net Commodity Imports | 7.8 | 5.4 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | | 13.2 |
| Net Food Exports | 190.6 | 44.7 | 354.9 | 23.3 | 347.1 | 575.7 | 0.0 | 315.9 | 1,852.3 |
| Net Food Imports | 30.3 | 76.3 | 0.0 | 44.5 | 0.0 | 31.2 | 106.5 | | 703.3 |
| | | | | | | | | | |
| Tasmanian Food Sales | | | | | | | | | |
| Retail Sales | 278.9 | 504.2 | 206.5 | 125.6 | 298.3 | 67.4 | 198.7 | 20.0 | 1,809.0 |
| Food Service Sales | 267.2 | 96.1 | 4.2 | 29.0 | 85.6 | 98.7 | 176.2 | 15.0 | 507.0 |
| Net Food Revenue | 698.3 | 727.8 | 666.3 | 148.2 | 750.8 | 863.4 | 275.1 | 398.2 | 3,985.2 |
| Gross Food Revenue | 737.1 | 809.6 | 668.8 | 195.2 | 755.1 | 895.2 | 381.9 | 400.6 | 4,717.3 |

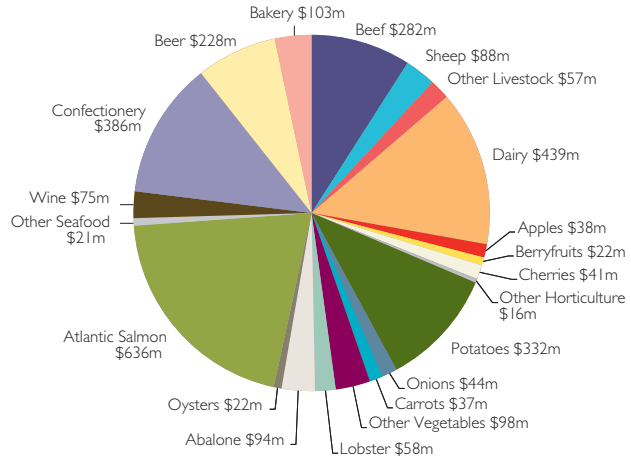
Net interstate trade by value is calculated as:

Total Production – Exports + Imports – Domestic Consumption = Net Interstate Trade

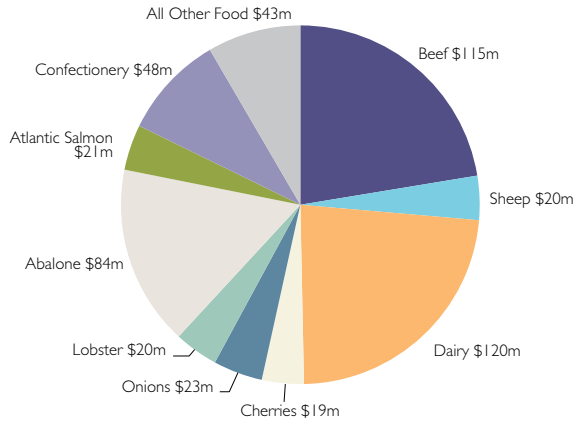
Food – Farm Gate / Beach Value \$1,639 million



Food – Packed & Processed Value \$3,115 million



Overseas Exports \$515 million

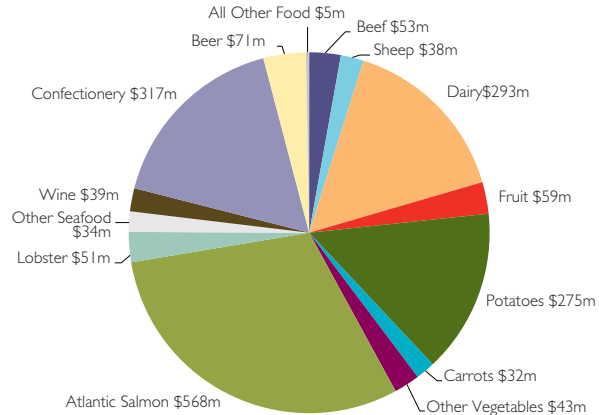


Other overseas food trade items:

Food imports \$11 million

Commodity imports \$4.2 million – confectionery ingredients

Interstate Exports \$1,880 million



Other interstate food trade items:

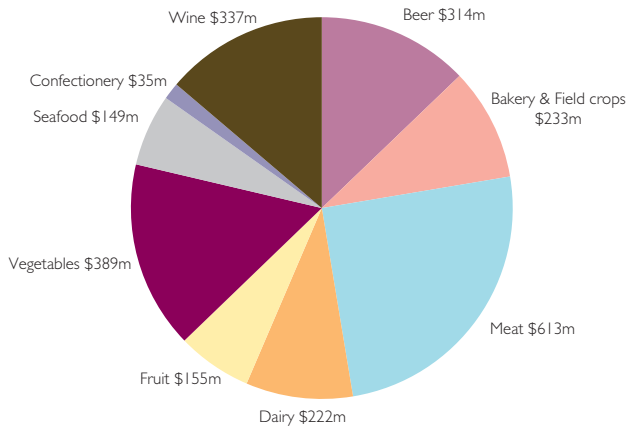
Food imports \$727 million — wine, chicken meats, pork, citrus, prawns, other fish.

Commodity exports \$38 million – live cattle & sheep, wine grapes.

Commodity imports \$31 million – live cattle & sheep, wheat



In 2012–13 food retail sales were \$1,943 million and food service sales were \$551 million. Combined retail and food service sales for the major product categories are shown in the chart below.



Tasmania's Trade Food Revenue 2012–13 (\$ million)

| | Overseas | Interstate | Total |
|-------------------|------------|--------------|--------------|
| Atlantic Salmon | 21 | 568 | 589 |
| Dairy | 120 | 293 | 412 |
| Confectionery | 48 | 317 | 366 |
| Potatoes | 0 | 275 | 275 |
| Beef | 115 | 53 | 168 |
| Abalone | 84 | 7 | 91 |
| Beer | 0 | 71 | 71 |
| Lobster | 17 | 51 | 68 |
| Sheep | 21 | 39 | 60 |
| Cherries | 19 | 23 | 43 |
| Onions | 23 | 19 | 42 |
| Wine | 2 | 39 | 41 |
| All Other Foods | 43 | 125 | 168 |
| Total Food | 515 | 1,880 | 2,394 |

- » Most (94%) of Tasmania's food trade revenue was generated by just 12 categories – salmon, dairy, confectionery, potatoes, beef, abalone, beer, lobster, sheep, cherries, onions and wine.
- » Tasmania's food trade has diversified compared to 2010–11 when just 10 categories accounted for 93% of food trade.
- » Interstate food sales have been the major area of market growth, particularly due to increased sales of salmon, vegetables and wine.
- » 2012–13 overseas food exports were constrained by low global commodity prices and the high Australian dollar.
- » In spite of challenging export conditions, the value of cherry exports has more than doubled since 2010–11 largely due to increased trade with China.
- » Tasmania continued to produce a large net food surplus with 77% of food production destined for overseas and interstate customers.
- » Trade income in 2012–13 exceeded \$2.3 billion and underpins a substantial portion of Tasmania's economy.



The continued growth in salmon production is an important contributor to the Tasmanian economy.

It is anticipated that the next ScoreCard will report stronger returns to dairy in 2013–14 due to higher global prices although over-supply in the global market resulted in prices falling substantially by the end of 2014.

A shortfall in the US beef supply has driven export beef prices to record highs in 2014 and resulted in strong demand for Tasmanian beef exports. Export market conditions are forecast to remain strong for much of 2015.

The opening of the Midlands Irrigation Scheme and further investment in other schemes is expanding investment opportunities in Tasmanian agrifood production.

Favourable climatic conditions coupled with expansion in irrigation in the State is resulting in additional investment in blueberry and raspberry production as well as continued expansion of strawberry production.

The implementation of Trade Agreements with North Korea, Japan and China (signed in 2014) is expanding opportunities for exports to these markets.

At the time of publication in mid-2015, a devalued Australian dollar and low interest rates and oil prices were resulting in rising terms of trade. The resultant favourable economic conditions were boosting the prospects for Tasmanian agrifood producers to capitalise on new export opportunities.



What is the real value of Tasmania's food, agriculture and fishing industries? Given the importance of the sector to the State's economy it would be expected that there would be a precise answer.

The Food Industry ScoreCard is a method developed by the South Australian Department of Primary Industries and Regions for tracking the annual growth in food production, examining the value creation along the chain and identifying which markets predominate.

The value of agricultural and fisheries production is reported annually by the Australian Bureau of Statistics. However the packaged and processed value of Tasmanian foods is not reported for a number of reasons. Firstly industry data is suppressed in cases where only 2 or 3 companies are dominant players. Secondly it is not possible to segregate the Tasmanian component of national companies from these statistics.

Similarly the ScoreCard method makes it possible to quantify the value of interstate trade, which for many food items is a more important market destination.

The Tasmanian Food Industry ScoreCard is based on existing Australian Bureau of Statistics (ABS) and Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) data (gross value and quantity of production), export and import data, food retail and food service sales, food consumption data and the Tasmanian population statistics.

Given this information it is possible to calculate the quantity of food available after exports have been deducted. The Tasmanian consumption is estimated using Tasmanian population statistics and food consumption data.

Net value of interstate trade is calculated as:

$$\text{Total production} - \text{Exports} + \text{Imports} - \text{Domestic Consumption} = \text{Net Interstate Trade}$$

At various points in the ScoreCard information is reconciled with other reported data. Behind the information in this report are individual calculations for more than 60 major product groupings.



Agrifood production (as used in this publication) means agricultural and fisheries production that is consumed as or manufactured into food and beverage products for human consumption. Poppies, essential oils, pyrethrum, wool and fodder crops are some of the categories excluded from agrifood.

Beach value means the value of fisheries and aquaculture products at the point of production. It is determined by the price of the product realised in a wholesale market.

Commodity means an unprocessed or partially processed good that is traded in a market.

Food means a product that is ready for human consumption. It may be fresh or processed and includes beverages.

Food farm gate value means the farm gate value of agricultural production that is consumed as or manufactured into food and beverage products for human consumption. For example, in beef production the farm gate value of hides is excluded from the total farm gate value of production to obtain the food farm gate value.

Farm gate value means the value of agricultural products at the point of production. It is determined by the price of the product realised in a wholesale market.

Gross food revenue is the revenue from Tasmanian food retail and food service sales plus revenue from food commodities and processed foods exported from Tasmania interstate and overseas.

Net food revenue is the gross food revenue less the value of net commodity and food inputs from interstate and overseas.

Nominal value literally means the number value. In the context of monetary values it is the historical dollar value which has not been adjusted for inflation. Nominal growth, therefore refers to the increase in value without any adjustment for inflation.

Real value is the nominal value adjusted for inflation. Real values in this publication refer to values expressed in 2013 dollars. Real growth, therefore, refers to the change in value after adjustment for inflation.



Australian Bureau of Statistics (ABS)

ABS, Agricultural commodities, cat. no. 7121.0

ABS, Value of agricultural commodities produced, cat. no. 7503.0

ABS, Apparent consumption of foodstuffs, cat. no. 4306.0

ABS, Household expenditure survey, cat. no. 6535.0.55.001

ABS, Australian demographic statistics, cat. no. 3101.0

Trade data (international food exports and imports) — purchased from ABS.

While the ScoreCard has utilised trade data purchased from ABS, there are many reports that can be accessed from the ABS website free of cost, using the catalogue numbers recorded above.

www.abs.gov.au

Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES)

Australian commodity statistics — an extensive collation of Australian food, agricultural and fisheries data and world trade information

Australian fisheries statistics

www.agriculture.gov.au/abares

Australian Department of Agriculture

Australian food statistics — a comprehensive data set on Australian food production, value adding, employment and trade available online

www.agriculture.gov.au

Primary Industries and Regions South Australia (PIRSA)

South Australian Food Centre — The Food ScoreCard

The assistance of PIRSA in the development of the Tasmanian ScoreCard is gratefully appreciated.

www.safoodcentre.com/scorecard

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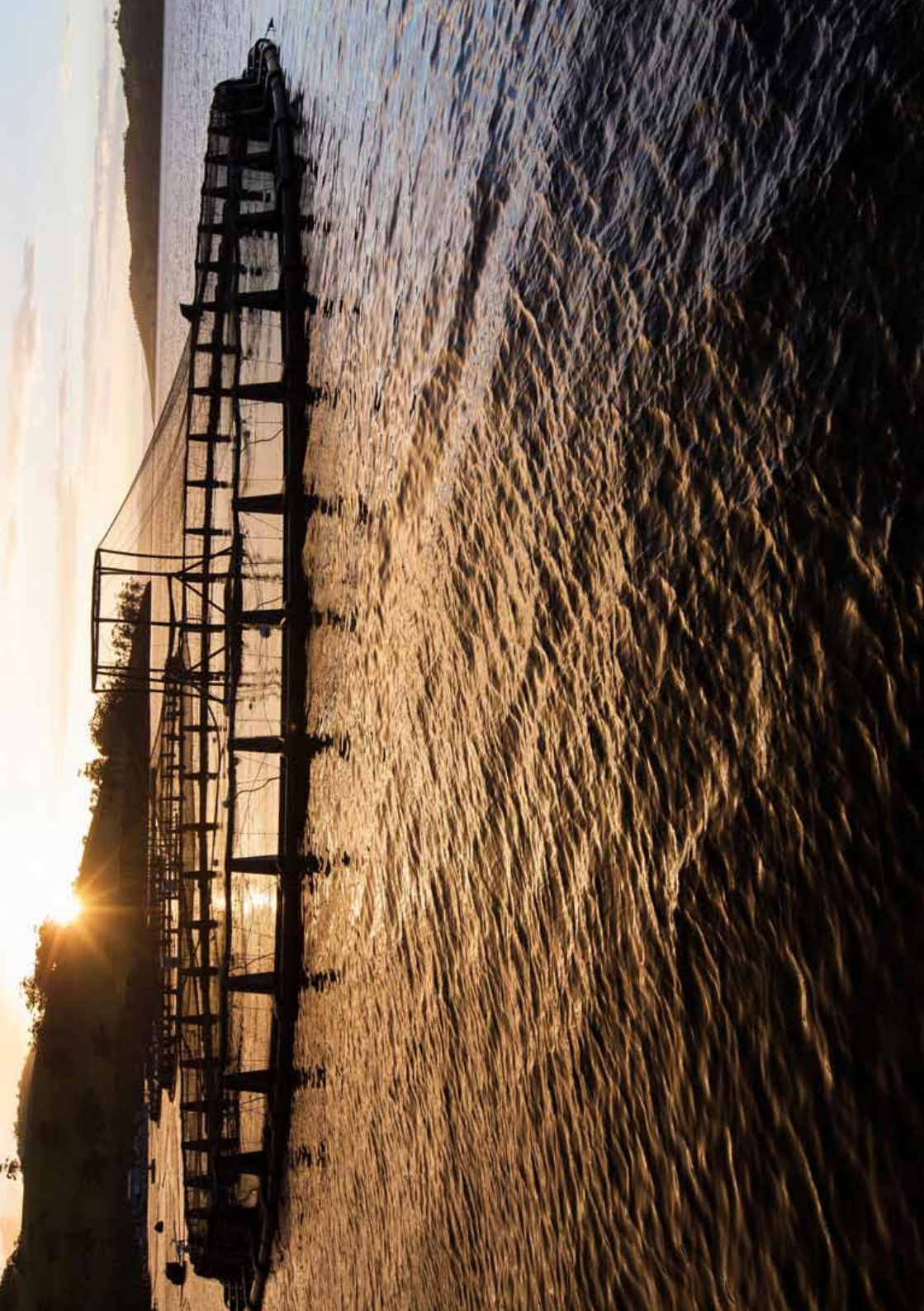
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Tasmania

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