

Tasmanian food and beverage industry ScoreCard 2007-08



Agricultural and seafood production and downstream processing is a very important contributor to the Tasmanian economy. Government, industry and regional communities continue to grow Tasmania's economy through the sustainable management of our natural resources to generate a diverse range of food, fibre and beverage products.

The first food industry scorecard (for the year 2004-05) was developed to build a simple way of measuring growth and understanding how value is created along the value chain.

This approach has been well received as a method of describing what is a highly diversified industry, which has many market segments. The scorecard quantifies the processed and packaged value of foods and market destinations including interstate trade. Interstate markets are now accounting for an increased share of Tasmania's foods and beverages.

Many years ago Tasmanian foods were largely harvested, packed and marketed by local companies and family-farm businesses. Then it would have been relatively easy to account for the value of production and what markets were being supplied. This is no longer the case because of increasing corporatisation and global nature of the food industry.



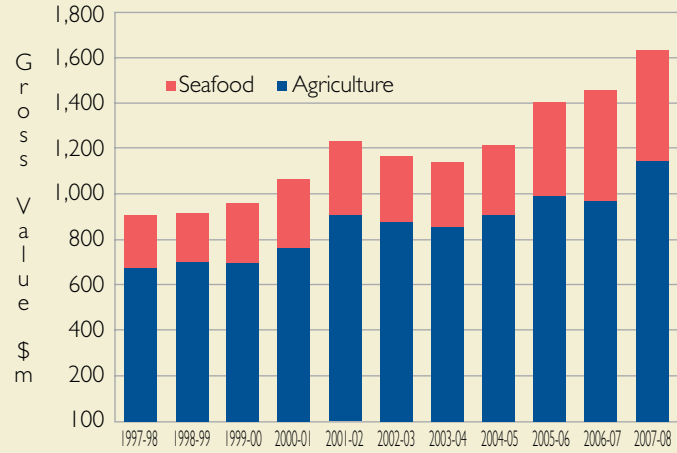
Atlantic Salmon farming - taking advantage of Tasmania's unique island identity and clean, cool natural environment. Growth in salmon production in 2005-07 was an impressive 30% per annum. Interstate sales of salmon now exceeds \$260 million per year.

Many people might be surprised to see that the value of agriculture (which includes non food items such as wool, nurseries, and poppies) and seafood production has increased consistently over the last 10 years.

Despite drought, turmoil in international markets and other challenges, the value of agricultural and seafood production has risen by \$730 million over the last 10 years. That equates to an annual increase in value of over 8%, and points to the reliability of Tasmania as a supplier of quality foods. The rate of growth in the value of production has far exceeded rate of inflation over that time.

The food and beverage value added portion of agriculture and seafoods is estimated to have increased by some \$950 million in the last 10 years. Most of the additional produce is sold in domestic markets – interstate and within Tasmania.

Trends in Gross Value of Agricultural and Seafood Production



A decade of growth



- » 2007-08 was a particularly strong year for food production in Tasmania.

- » Value of food at Farm Gate/Beach = \$1,416 million, up from \$1,247 million in 2006-07. This item excludes wool, nursery, poppies and other non foods.

- » Value of food once packed & processed = \$2,675 million, up from \$2,458 million in 2006-07.

- » Gross Value of food sales (overseas exports, net interstate trade & domestic sales) = \$4,153 million, up from \$3,873 million in 2006-07.

- » Net Food Revenue (Gross Food Revenue less imports) = \$3,726 million, up from \$3,483 million in 2006-07.

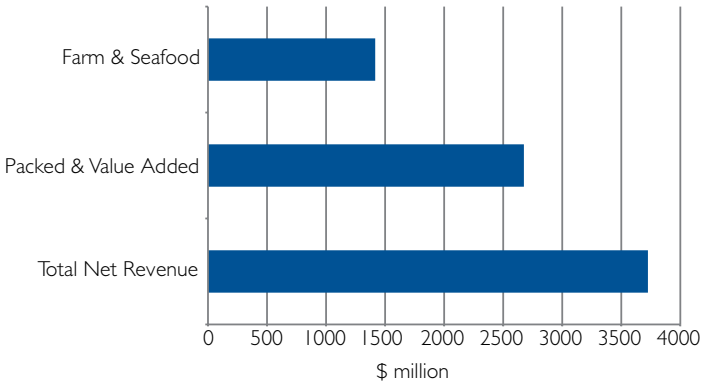
- » Overseas Exports = \$523 million (\$522 million in 2006-07).

- » Net Interstate food trade = \$1,144 million (2.3 times overseas exports) up from \$1,032 million in 2006-07.

- » Food Retail & Food Service sales in Tasmania = \$2,092 million (\$1,997 million in 2006-07).

- » Tasmania sold 74 % of the food produced (by value) to interstate and overseas customers i.e. a big net surplus.

*Creating value along the chain
2007/08 (\$ million)*



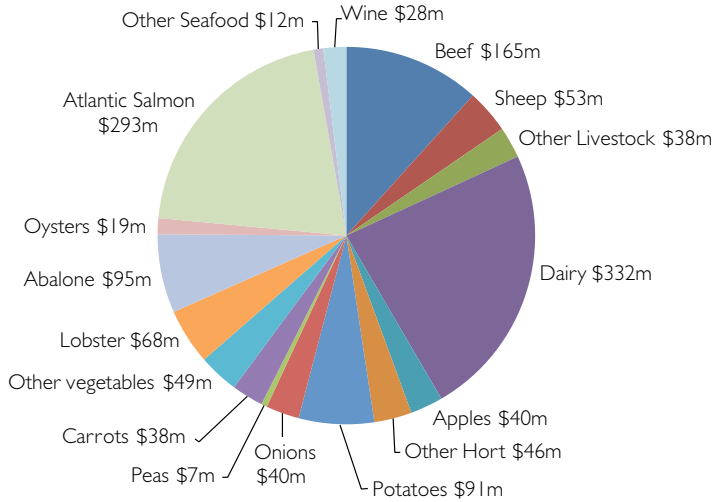
Beef cattle production generates in excess of \$123 million in export income for the Tasmanian economy.

2007-08 (\$ million)

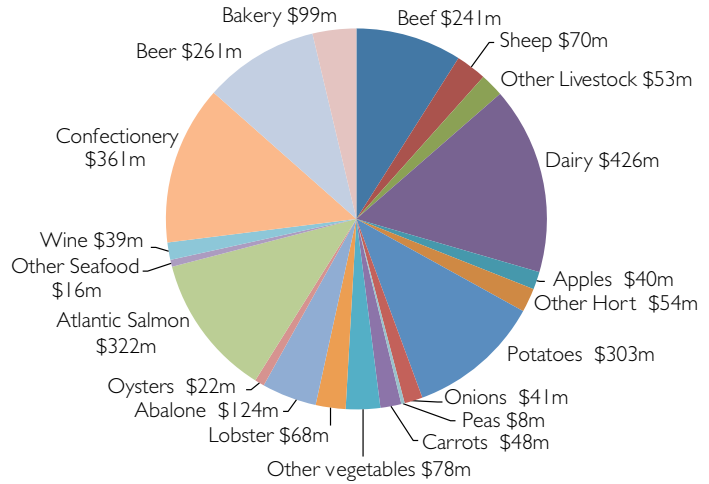
	Field Crops	Livestock	Dairy	Fruit	Vegetables	Seafood	Wine	Confect'ry	Total
Food - farm gate / beach value	3.9	256.3	332.1	85.2	223.8	487.2	27.7		1,416.2
Total farm gate / beach value	173.2	329.6	332.1	85.2	223.8	487.2	27.7		1,593.7
Processed & Packed Food Value	360.5	363.8	425.5	94.6	477.8	552.5	39.4	361.3	2,675.3
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	61.2	61.2
Food Exports	0.1	147.3	111.3	11.3	26.8	147.0	4.6	39.5	522.6
Food Imports	0.7	0.0	3.2	2.8	5.5	1.5	0.0		26.7
Net Interstate Trade									
Net Commodity Exports	0.4	74.5	0.0	0.0	0.0	0.0	5.2		80.0
Net Commodity Imports	6.8	18.4	0.0	0.0	0.0	0.0	0.0		25.2
Net Food Exports	115.9	45.5	259.4	44.3	331.7	352.1	0.0	309.0	1,457.9
Net Food Imports	66.0	61.9	0.2	43.3	0.0	11.4	51.4		314.0
Tasmanian Food Sales									
Retail Sales	252.8	486.3	194.5	122.6	291.5	52.8	114.9	20.0	1,514.0
Food Service Sales	230.5	80.6	3.9	28.3	83.6	107.5	101.9		578.0
Net Food Revenue	526.2	754.0	565.7	160.2	728.1	646.5	175.2	307.4	3,725.6
Gross Food Revenue	599.7	834.2	569.1	206.4	733.5	659.4	226.5	368.5	4,152.6

Net interstate trade is calculated as: Total production – Exports + Imports – Domestic Consumption = Net Interstate Trade

Food - Farm gate / Beach value \$1,416 million



Food – Packed & Processed value \$2,675 million

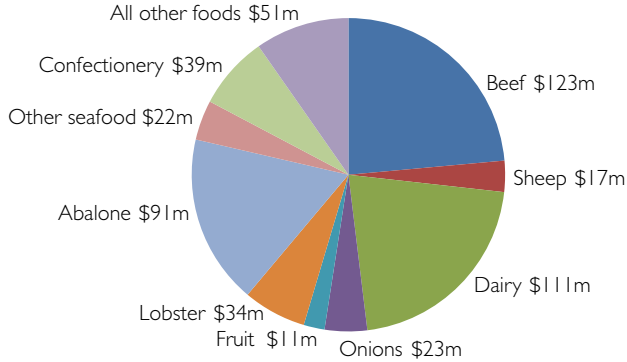


Food Production
2007-08



Beer; Wine and Confectionery – value added products worth \$662 million and generating \$416 million net trade revenue.

Overseas Exports \$523 million



Other food trade items:

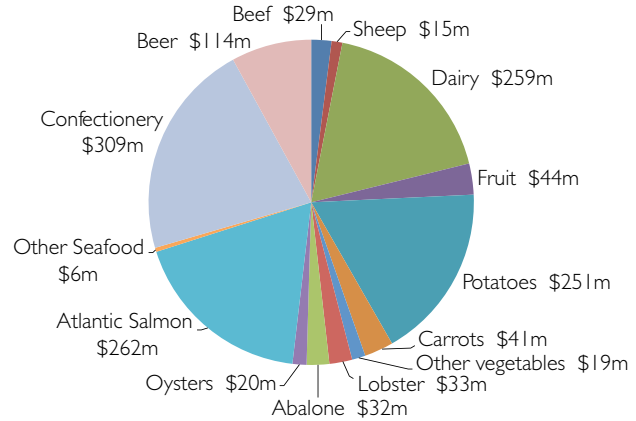
Overseas food imports \$27 million. O/seas commodity imports \$61 million (confectionery ingredients)



Abalone generate \$124 million trade income with China being the major export destination.

Vegetable production worth \$224 million ex farm and \$478 million once packed and processed. Interstate sales of vegetables are worth \$332 million net.

Interstate Exports \$1,458 million



Other food trade items:

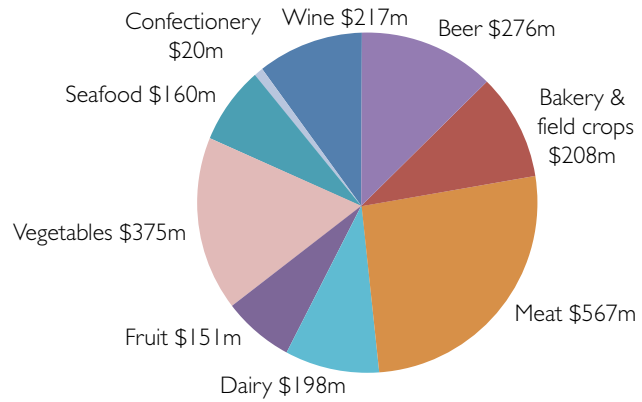
Interstate food imports \$314 million – wine, chicken meats, citrus, prawns, other fish. Interstate commodity exports \$80 million – live cattle & sheep, wine grapes. Interstate commodity imports \$25 million – live cattle & sheep, wheat.



Food Sales in Tasmania 2007-08

In 2007-08 food retail sales were \$1,514 million and food service sales were \$578 million. Combined retail and food service sales for the major product categories are shown in the following chart.

Food sales in Tasmania remain strong. Increased food service (cafes and restaurants) have been particularly strong, underpinned by continued strong tourism. It is estimated that on average some 20,000 visitors are eating out in Tasmania every day.



Food retail and food service sales in Tasmania have risen in line with growth in the population, tourism and the popularity of restaurants.

Growth in agricultural and fisheries production in 2007-08 has been particularly strong (about 2.5 times the 10-year average).

Some significant highlights were:

- » Farm gate / beach point sales increased by \$169 million (14%) on the 2006-07 year:
- » Increased dairy farm sales were a major contributor to that growth (+\$98 million), along with vegetables (+\$43 million), wine grapes (+\$15 million) and cherries (+\$15 million).
- » Value added foods increased by \$218 million on last year: Increased dairy products (+\$106 million), beer (+\$74 million) and vegetables (+ \$53 million) were the main contributors to growth, offset by a decline in returns for some seafoods.
- » The vast majority (90%) of Tasmania's food trade revenue is generated by just 10 categories – dairy, confectionery, salmon, potatoes, beef, abalone, beer, lobster, carrots and onions. All the remaining other foods represent some 10% of trade revenue.

- » The significant growth in production has largely been directed towards interstate markets. Interstate food sales have been the major area of market growth (+\$154 million) in the last 12 months. Major contributors to that result were, dairy (\$115 million), beer (\$66 million) and vegetables (\$23 million).
- » Overseas exports have not changed compared to exports in 2006-07. In 2008-09 overseas food exports fell (-\$14 million).
- » Tasmania continues to produce a large net food trade surplus – more than 74% of food production is destined for overseas and interstate customers.
- » Trade income in 2007-08 exceeded \$1.98 billion and that continues to underpin a substantial portion of Tasmania's economy.

Food Trade Revenue 2007-08 \$ million

	Overseas	I'State	Total
Dairy	111	259	371
Confectionery	39	309	349
Atlantic Salmon	17	262	279
Potatoes	0	251	251
Beef	123	29	152
Abalone	91	32	124
Beer	0	114	114
Lobster	34	33	67
Carrots	3	41	44
Onions	23	18	41
All Other Foods	80	109	190
Total	523	1458	1981

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 for tracking the annual growth in food production, examining the value creation in the chain and identifying which markets predominate.

The value of agricultural and fisheries production is reported annually by the Australian Bureau of Statistics (ABS) and Australian Bureau of Agricultural and Resource Economics (ABARE).

However the packaged and processed value of Tasmanian foods had not been reported for many years. This is due to 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.

Similarly exports to overseas countries are reported annually. However it is only from using the scorecard method it is possible to quantify the value of interstate trade, which for many food items is a far more important market destination.

The Tasmanian Food Industry ScoreCard is based on existing ABS and ABARE 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 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 e.g. Tasmanian food retail and food service sales against ABS food retail and food service sales. In total it is a complex system that reflects the diversified nature of the food industry in Tasmania.

Behind the information in this report lies many individual calculations for all commodities such as: abalone, apples, beef, broccoli, carrots, cheese, ... wine. In total there are more than 60 major product groupings.

Australian Bureau of Statistics (ABS):

Agricultural Commodities, small area data – ABS 7125.0

Apparent consumption of Foodstuffs - ABS 4306.0

Household expenditure survey – ABS 6535.0.55.001

Tradedata (international food exports and imports)

– purchased from ABS

Australian Demographic Statistics – ABS 3101.0

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.

Website: www.abs.gov.au

Australian Bureau of Agricultural and Resource Economics (ABARE):

Australian Commodity Statistics – an extensive collation of Australia food, agricultural and fisheries data and world trade information.

Australian Fisheries Statistics

Website: www.abareconomics.com

Department of Agriculture, Fisheries and Forestry (DAFF)

Australian Food Statistics 2008 – a comprehensive data set on Australian food production, value adding, employment and trade.

Website: www.daff.gov.au

Primary Industries and Resources South Australia (PIRSA)

South Australian Food Centre – The Food Scorecard

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

Website: www.safoodcentre.com/scorecard

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For further information on industry sectors – Tasmanian Rural and Marine Industry Profiles, and general industry specific information, please visit our website:

Website: www.dpiuwe.tas.gov.au

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Tasmania

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