



Tasmanian
food and beverage
industry ScoreCard
2010-11





Agriculture, seafood production and food value adding are very important contributors to the Tasmanian economy.

The Tasmanian Food and Beverage Industry ScoreCard is a practical 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 or beach was \$1.75 billion in 2010-11, which was an increase of \$105 million compared to 2009-10. The food component of that is \$1.45 billion and once packed and processed is worth \$2.85 billion.

The challenges of flood events in 2011, low international commodity prices and the appreciating Australian dollar have all impacted on farm returns in 2010-11. Crop income declined by \$82 million, largely as a result of high summer rainfall and floods. Livestock income was \$155 million higher due to increased output and higher prices for farm milk, and higher returns from beef and wool sales.

The expansion in salmon production continues to bolster the food and beverage sector: It now holds the distinction by value of being the largest food category in Tasmania and the largest seafood category in Australia.

Inside cover: Atlantic Salmon farming – taking advantage of Tasmania's unique island identity and clean, cool natural environment. Since 2004-05 the value of salmon production has increased by some \$394 million. That is just over \$1 million per week additional salmon produced. Salmon trade revenue in 2011-12 will exceed \$530 million mainly derived from interstate sales.

About half of Tasmanian foods and beverages by value (\$1.55 billion) were sold interstate.

Growth in Tasmania's overseas exports has not matched the growth in food production in recent years. Overseas food exports, as a percentage of total production, have decreased over the last decade.

Global commodity prices for many of Tasmania's quality products like milk powders, onions, carrots and red meat remain very low. Currently the prospects of concluding successful international sales of these products are challenging because of the high value of the Australian dollar: Hence, an increasing proportion of Tasmania's food production is now sold in domestic markets where prices are higher.

The current ScoreCard identifies that approximately 25 per cent of the food produced in Tasmania is consumed in Tasmania, 50 per cent is sold in interstate markets and the remaining 25 per cent is sold overseas.

Currently Tasmania is feeding an equivalent population of 2 million people. With significant investment in water infrastructure this figure could be much higher.



Some bright prospects ahead in 2012-14

The continued growth in salmon is an important contributor to the Tasmanian economy. In 2011-12 the value of salmon production continued to increase by a further \$88 million. Interstate salmon sales will be approximately half a billion dollars per year.

Growth in the value of salmon production has averaged just over a million dollars a week for the last seven years and that is expected to be maintained with expansion of salmon farming in the Macquarie Harbour.

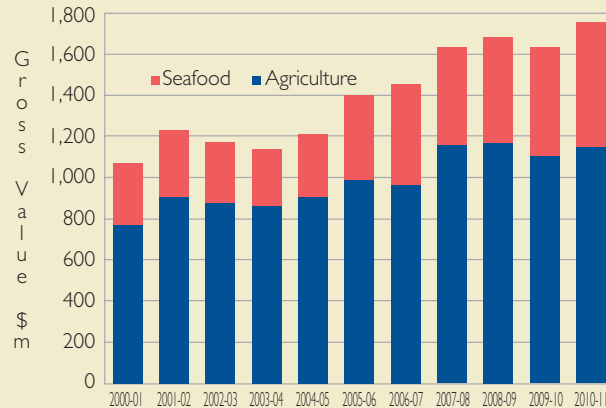
Another bright-light is the planned expansion of beer production. In 2013-14 beer production will increase by 35 million litres, worth about \$100 million. That production boost will create 20 full time jobs, increased demand for malting barley, hops and Tasmania's clean water.

Trends in Gross Value of Agricultural and Seafood Production

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

Despite the challenges of drought, turmoil in international markets and an appreciating Australian currency, the value of agriculture and seafood production has risen by \$681 million over the last 10 years. That equates to an annual increase in value of 6.4% and points to the reliability of Tasmania as a supplier of quality foods and other agricultural products. The rate of growth in the value of production has exceeded inflation over that time.

The gross value of the food and beverage value added portion of agriculture and seafood is estimated to have increased by some \$1 billion in the last 10 years. Most of the additional produce is sold in domestic markets – interstate and within Tasmania, as reported in this publication.



Since the 1st Scorecard was published (2004 - 05) there have been significant increases in food and beverage production – an additional \$174 million in agriculture and an additional \$298 million in seafood (farmgate and beach sale points). A very positive outcome achieved in just 6 years.

The drivers of growth are shown in the next table. Increased salmon production was a standout performer with production increasing by around \$1 million per week. The dairy sector has consistently shown solid growth while apple and abalone sales contracted over the 4 years.

In the table it is shown that beef production has fallen while the packed and processed value increased by \$33 million. In 2010-11 some 8,000 fewer cattle were processed in Tasmania and overseas exports declined by \$24 million. The processed value increased reflecting the higher livestock prices. In the sheep industry higher livestock prices meant the value of farm sales increased but there were 365,000 fewer sheep processed in the State. Interstate sheep sales were 50,000 head higher in 2010-11 compared to that in 2004-05.



Growth in Food & Beverage Production from 2004-05 to 2010-11

	Farm or Beach \$m	Packed & Processed \$m
Beef	-7.6	33.2
Sheep	4.0	-18.0
Other Livestock	5.7	1.5
Dairy	126.7	153.8
Apples	-13.7	-7.5
Other Horticulture	34.6	42.4
Potatoes	13.1	39.5
Onions	13.2	17.7
Peas	-4.8	-22.3
Carrots	-2.4	6.4
Other vegetables	-3.7	7.9
Lobster	12.1	3.1
Abalone	-5.6	-8.2
Oysters	6.7	0.3
Atlantic Salmon	288.5	334.9
Other Seafood	-3.3	-5.6
Wine	3.1	19.0
Confectionery		-14.4
Beer		155.1
Bakery		5.1
Total Food	466.7	744.0

The Gross Value of Agricultural Production is based on the value of cattle and sheep processed in the 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 economic contribution of the livestock industries to the Tasmanian economy.

When packed and processed the value of increased food and beverage production was \$744 million. Salmon, dairy, vegetables and beer production were major contributors to that growth. Beer production rose by 23 ML valued at \$155 million.

In the 6 years 2004 - 11, the value of overseas food exports increased by \$21 million. But interstate trade increased by \$514 million. That was mainly attributed to increased sales of dairy products (\$204 million), salmon (\$243 million) and beer (\$135 million).



In 2010-11 170,000 adult sheep; 110,000 lambs were shipped to interstate buyers. These sales are not included in the gross value of agricultural production. However, they are reported as \$18 million interstate commodity sales.

- » 2010-11 was a strong year for food production in Tasmania despite heavy summer rains that reduced crop income by \$82 million.

- » Value of food at Farm Gate/Beach = \$1,456 million

- » Value of food once packed & processed = \$2,747 million

- » Gross Value of food sales (overseas exports, net interstate trade & domestic sales) = \$4,412 million

- » Net Food Revenue (Gross Food Revenue less imports) = \$3,651 million

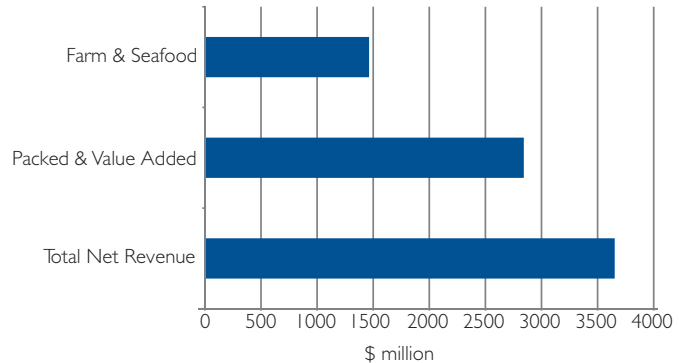
- » Overseas Exports = \$527 million

- » Net Interstate Trade = \$1,552 million (2.5 times overseas exports)

- » Food Retail & Food Service sales in Tasmania = \$2,367 million

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

Value Creation Along The Chain (\$ million)

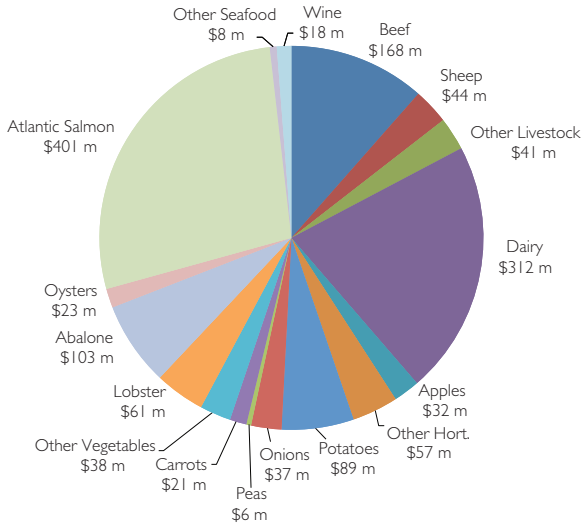


2010-11 (\$ million)

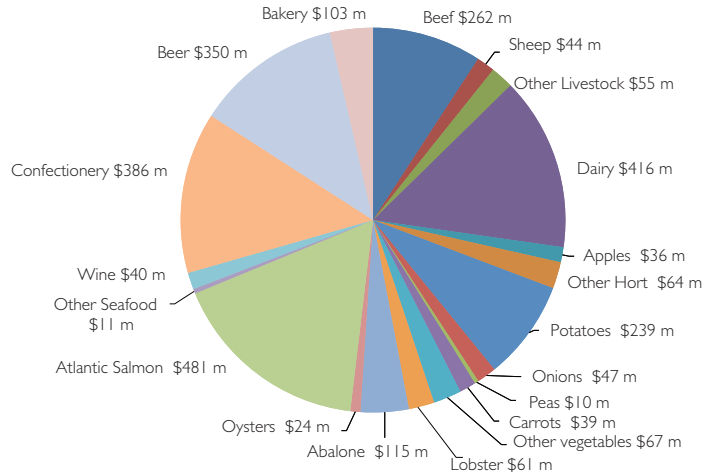
	Field Crops	Livestock	Dairy	Fruit	Vegetables	Seafood	Wine	Confect'ry	Total
Food - Farm Gate / Beach Value	4.7	251.9	311.9	88.8	183.8	597.4	17.9		1,456.5
Total Farm Gate / Beach Value	190.6	360.5	311.9	88.8	183.8	597.4	17.9		1,749.0
Processed & Packed Food Value	452.5	360.5	415.5	99.7	401.5	691.9	40.2	385.6	2,847.4
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	55.8	55.8
Food Exports	0.1	129.1	101.3	14.2	31.3	162.7	4.2	54.4	526.8
Food Imports	0.7	0.0	2.5	2.4	4.3	0.8	0.1		13.2
Net Interstate Trade									
Net Commodity Exports	0.3	18.3	0.0	0.0	0.0	0.0	4.6		23.3
Net Commodity Imports	7.3	5.4	0.0	0.0	0.0	0.0	0.0		12.8
Net Food Exports	193.7	5.3	307.8	41.2	251.8	440.7	0.0	311.2	1,551.7
Net Food Imports	29.7	67.8	0.0	44.5	0.0	50.3	83.9		735.5
Tasmanian Food Sales									
Retail Sales	278.0	528.5	205.9	125.6	298.3	66.7	158.6	20.0	1,855.0
Food Service Sales	266.4	95.4	4.2	29.0	85.6	99.0	140.6		512.0
Net Food Revenue	700.8	703.5	616.7	163.0	662.7	717.9	223.9	344.8	3,651.6
Gross Food Revenue	738.6	776.7	619.2	210.0	667.1	769.1	307.9	400.6	4,468.8

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

Food – Farm Gate / Beach Value \$1,456 million

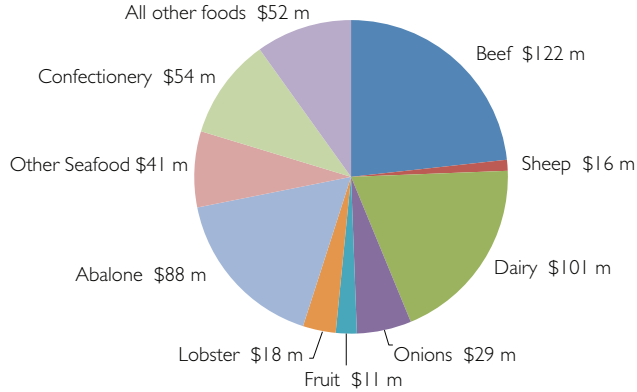


Food – Packed & Processed Value \$2,847 million



Cider production is a promising diversification opportunity for apple producers. Demand for Tasmanian beer, wine and spirits is growing and the value of production is set to increase.

Overseas Exports \$527 million

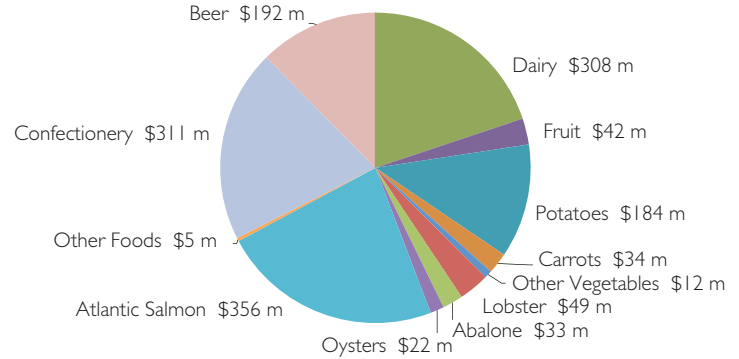


Other food trade items:

Overseas food imports \$13 million

O/seas commodity imports \$56 million (confectionery ingredients)

Interstate Exports \$1,552 million



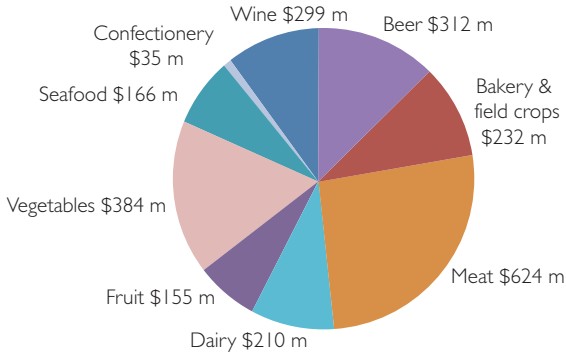
Other food trade items:

Interstate food imports \$736 million – wine, chicken meats, citrus, prawns, other fish. Interstate commodity exports \$23 million – live cattle & sheep, wine grapes. Interstate commodity imports \$13 million – live cattle & sheep, wheat.



Abalone generates \$121 million trade income with China being the major export destination.

In 2010-11 food retail sales were \$1,855 million and food service sales were \$512 million. Combined retail and food service sales for the major product categories are shown in the following chart.



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



- » The vast majority (93%) of Tasmania's food trade revenue is generated by just 10 categories - beef, confectionery, salmon, potatoes, dairy, beer, lobster and abalone. All other foods represent some 7% of trade revenue.
- » In recent years interstate food sales have been the major area of market growth. Major contributors to that result were beer, salmon and dairy.
- » 2010-11 overseas food exports remained constrained by low global commodity prices and appreciation of the A\$.
- » Tasmania continues to produce a large net food surplus – more than 74% of food production is destined for overseas and interstate customers.
- » Trade income in 2010-11 exceeds \$2 billion which underpins a substantial portion of Tasmania's economy.

Food Trade Revenue 2010-11 \$ million

	Overseas	I'State	Total
Dairy	101	308	409
Confectionery	54	311	366
Atlantic Salmon	50	356	406
Potatoes	0	184	184
Beef	122	20	122
Abalone	88	33	122
Beer	0	192	192
Lobster	18	49	67
Carrots	2	34	35
Onions	29	18	47
All Other Foods	63	67	130
Total	527	1553	2080

Hazelnut production is expanding from a small base. Hazelnuts are well suited to Tasmania's climate and there is significant potential to expand. Australia currently imports 2,000 tonnes of kernels p.a.



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. However the packaged and processed value of Tasmanian foods has 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 the scorecard method makes it possible to quantify the value of interstate trade, which for many food items is a far more important market destination.

Tasmanian cherry producers gained market access to China in 2013. Overseas exports have expanded based on good returns achieved.



The Tasmanian Food Industry ScoreCard is based on existing Australian Bureau of Statistics (ABS) and 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:

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

At various points in the ScoreCard information is reconciled with other reported data, eg Tasmanian food retail and food service sales against ABS food retail and food service sales. In total it's a complex system that reflects the diversified nature of the food industry in Tasmania.

Behind the information in this report lie 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.

Vegetable production worth
\$183 million ex farm and \$401 million
once packed and processed.
Interstate sales of vegetables are
worth \$252 million net.



Australian Bureau of Statistics (ABS):

ABS, Agricultural Commodities, cat. no. 71251.0

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

Tradedata (international food 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.

Website: www.abs.gov.au

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

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

Australian Fisheries Statistics

Website: www.daff.gov.au/abares

Department of Agriculture, Fisheries and Forestry (DAFF)

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

Website: www.daff.gov.au

Primary Industries and Regions 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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