



SA FOOD SCORECARD - 2010/11- REPORT

To track the advances in the South Australian forestry, agri-food and wine industries, PIRSA has developed a series of industry ScoreCards, which provide detailed value-chain measures¹ of annual performance. This report outlines the 2010/11 findings for SA's food industry, against respective (food and trade) SA Strategic Plan Targets.

1. OVERVIEW – 2010/11 FOOD SCORECARD RESULTS

The 2010/11 Food Scorecard shows generally good results with improved seasonal growing conditions contributing to growth in farm output and overseas exports.

Table 1 shows how results from each of the industries along the value-chain contributed to the 2010/11 Food ScoreCard. In particular, improvements in production and overseas commodity exports contributed to \$1.3 billion (b) growth (up 10%) to the 'headline' Gross Food Revenue (GFR) value, reaching a record level high of \$13.7b.

Table 1: SA Food ScoreCard Summary, 2010/11, \$million

Industry	Farm Gate Value	Processed Food Value	Overseas Exports	Interstate Exports	Retail & Food Service	Gross Food Revenue	% Growth GFR 2009/10-2010-11
Field Crops	2,070	914	2,264	330	1,983	4,577	29%
Livestock	1,092	1,861	774	685	2,166	3,625	8%
Dairy	226	296	47	107	695	849	3%
Horticulture	608	1,055	112	511	1,841	2,464	2%
Seafood	371	451	239	123	397	758	1%
Other	-	60	31	60	1,371	1,462	-5%
Total	4,367	4,638	3,466	1,816	8,452	13,734	10%
\$ Value change from 2009-10	835	88	1,336	-234	201	1,303	
% Change 2009-10, 2010-11	24%	2%	63%	-11%	2%	10%	
% Change from 2000/01	2%	2%	2%	5%	5%	4%	

Highlights over the year for the 2010/11 Food ScoreCard include:

- Gross Food Revenue growth of \$1.3b (up 10%) to reach a record \$13.7b;
- Food Production (Farm Gate) value grew by \$835 million (m) (up 24%) to reach a record level \$4.4b;
- Finished Foods (Processed Foods) growth of \$88m (up 2%) to a record level of \$4.6b;
- Food Exports increased at both the commodity and processed levels by over \$1.3b (63%) to reach a record \$3.5b;²
- SA Food Retail and Service sales grew by \$201m (up 2.5%) to reach a record \$8.4b;
- Interstate exports declined by \$234m or 11%.

An increase in both overseas exports (up by \$1.3b or 63%) and domestic retail and food service sales (up \$201m or 2%) continues to underpin positive signs for the SA food industry. In turn, SA food sector employment has risen over the year (up 6,400 jobs, up 5%) accounting for 142,600 jobs, representing 18% of the State's employed workforce. As noted in previous

¹ These measures include: primary production, measured in farm gate terms; secondary Finished Food values measured in wholesale prices; trade and tertiary consumption through retail and food service sales, and measured at point of sale.

² The 'Net' Interstate trade variable shown in Table 1, includes balancing items that cover changes to the value of stocks over the year. In 2010/11 a relatively large commodity grains stock (an overflow from the 2009/10 harvest) occurred across SA Silos, contributing to record level grains exports over the year. By way of balancing this value, interstate trade is shown to have fallen in 2010/11.



ScoreCard reports, the rise in the Australian dollar and its ongoing high level remains a challenge for the SA Food industry to maintain or increase its share in world markets, (grain exports, however, exceeded this challenge during the year).

2. SASP TARGET AND KEY PERFORMANCE AREAS

2.1 Gross Food Revenue grows 10% to a record \$13.7 billion

In mid 2011 the SA Government released an updated South Australia’s Strategic Plan, including, for the first time, a target to grow the contribution made by the South Australian food industry to \$20b by 2020 (baseline: 2000/01)³

In the context of several poor seasons, a high Australian dollar, and dampened global demand flowing from the Global Financial Crisis, the food target represents an ambitious goal, with *Gross Food Revenue (GFR)* needing to increase by an average 4.5% per annum, or about \$560m per year.

Figure 1 shows the annual trend in the headline *GFR*, with the red dashed line representing the average rate of growth required from the 2000/01 baseline year.

Figure 1: Performance and Target for Gross Food Revenue, South Australia (2001/02 to 2019/20), (\$m nominal)

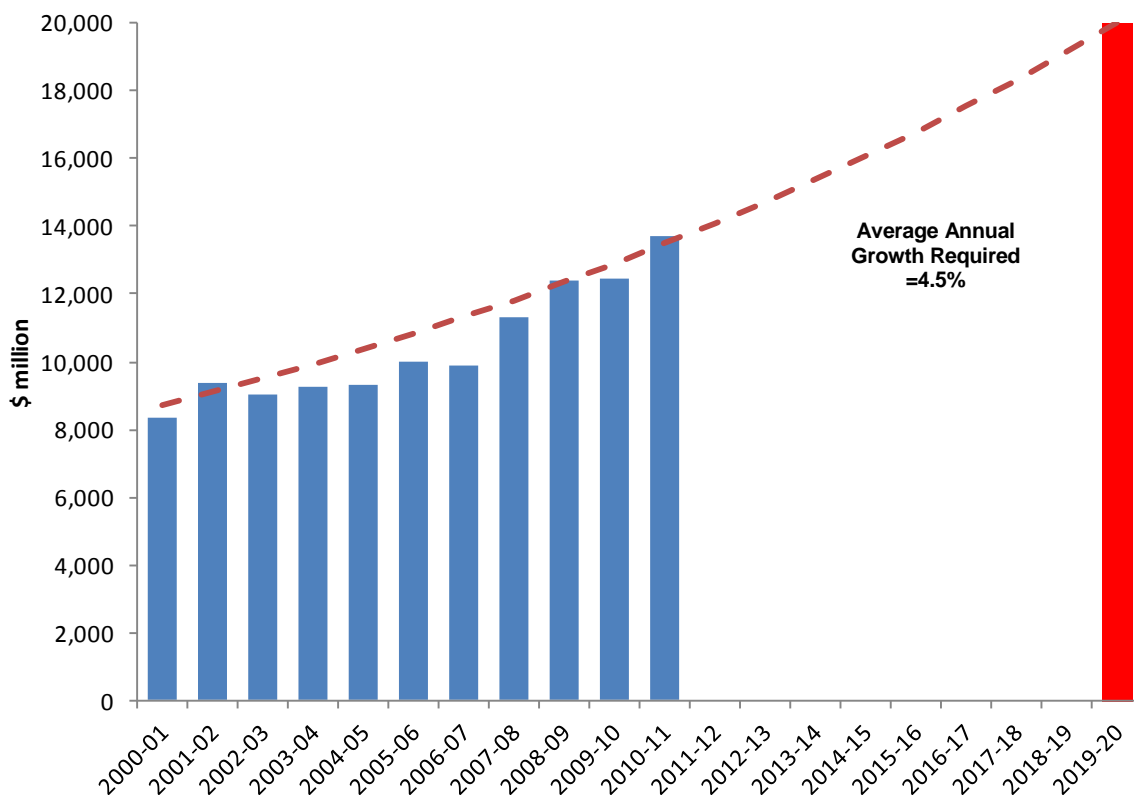


Figure 1 shows that over the 2010/11 year, *GFR* has grown by \$1.3b (up 10%) to reach a record \$13.7b. Since 2000/01 *GFR* has grown broadly in line with the 2020 SASP target goal, and given strong growth over the latest year, is on track to reach \$20b by 2020. The most

³ Gross Food Revenue captures all food sales that have occurred within South Australia, including commodity and Finished Food products that have been sold for domestic consumption, exported interstate or overseas.



significant contribution to the growth in *GFR* over the year has been due to strong seasonal conditions⁴ and grains prices, flowing through to exceptional export growth.

2.2 SA Food Production grows 24% to reach a record \$4.4 billion (farm gate values)

Table 2, presents a more detailed picture of the key SA sectors that comprise SA food production. Following above average seasonal grains production values in 2009/10, further growth is evident across the field crops industries over the year, contributing to SA food production increasing by \$835 million (24%) to reach \$4.4b in 2010/11.

By way of summary, Table 2 shows how price and volume changes have combined to influence the performance of key industries over the year.

- **Field crops** – values rose by 76% over the year. A significant rise in the volume of wheat and barley production, combined with a strong increase in wheat and barley commodity prices;
- **Livestock** – values remained at similar levels to 2009/10, with declines in beef and pig meat offset by increased sheep and poultry values.
- **Dairy** – values and production volumes were similar to last year,
- **Horticulture** – values fell by 6% with declines in citrus, almonds, potatoes, apples and pears.
- **Seafood** – values fell 4%, with gains in southern blue fin tuna, other marine fish, other shellfish and molluscs, offset by greater falls in lobster, oysters, prawns, abalone and other aquaculture.

Table 2: SA Food Production (Farm Gate Value), by Sector and Product year to 2010/11⁵

Industry	Value \$ million		Value % change
	2009/10	2010/11	
Field Crops Total	1,179	2070	76%
<i>Wheat</i>	754	1464	94%
<i>Malting Barley</i>	156	229	47%
<i>Other Grain</i>	269	378	41%
Livestock Total	1,097	1092	0%
<i>Beef</i>	316	286	-9%
<i>Pig-meat</i>	200	171	-14%
<i>Sheep & Lamb-meat</i>	386	428	11%
<i>Chicken meat</i>	172	181	5%
<i>Other Livestock</i>	24	27	13%
Dairy Total	226	226	0%
Horticulture Total	645	608	-6%
<i>Potatoes</i>	134	102	-24%
<i>Citrus</i>	92	49	-46%
<i>Almonds</i>	56	45	-19%
<i>Other Horticulture</i>	362	411	13%
Seafood Total	385	371	-4%
<i>Blue fin tuna</i>	102	115	12%
<i>Lobster</i>	94	86	-8%
<i>Other Seafood</i>	188	170	-10%
Total Primary Production	3,531	4,367	24%

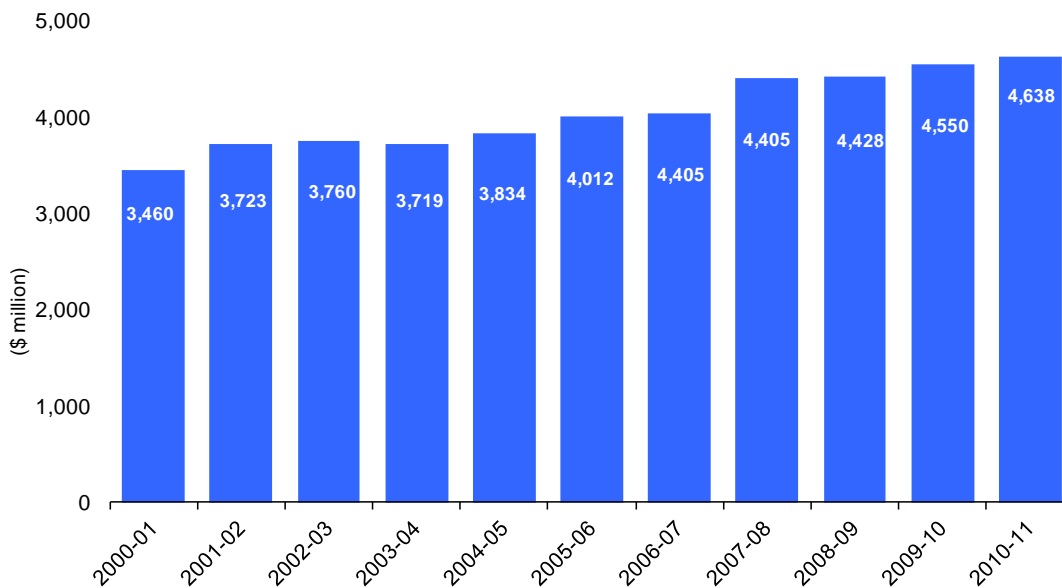
⁴ It is estimated that the above average grains harvest alone, contributed over \$0.5b to the growth in *GFR* – based on 5 year grains harvest averages.

⁵ Primary production estimates used in the *Food ScoreCard* do not include animal fodder and fibre activity. These estimates are based on the most up-to-date and verifiable inputs, including from: SARDI, Econsearch, ABS and ABARE, as well as industry estimates captured via extensive consultations with industry bodies, enterprises, and from within PIRSA.

2.3 *Finished Foods remains stable reaching a record \$4.6 billion (wholesale values)*

SA *Finished Foods* include post-harvest value-adding, such as in packing, cleaning, cold-chain management and food manufacturing. *Finished Foods* continue to show steady growth, up \$88 million (2%), to reach a record \$4.6b. Relatively strong rises in livestock, field crops and horticulture value-adding, was offset by declines in dairy and seafood.

Figure 2: Value of *Finished Foods*, South Australia (2000/01-2010/11), \$million



Source: ABS Manufacturing & Scorecard 2011

Steady growth in *Finished Foods* over time, represents a significant success for the State, and although growth appears to have slowed in recent years, value-adding continues to underpin the strength of the SA food sector.

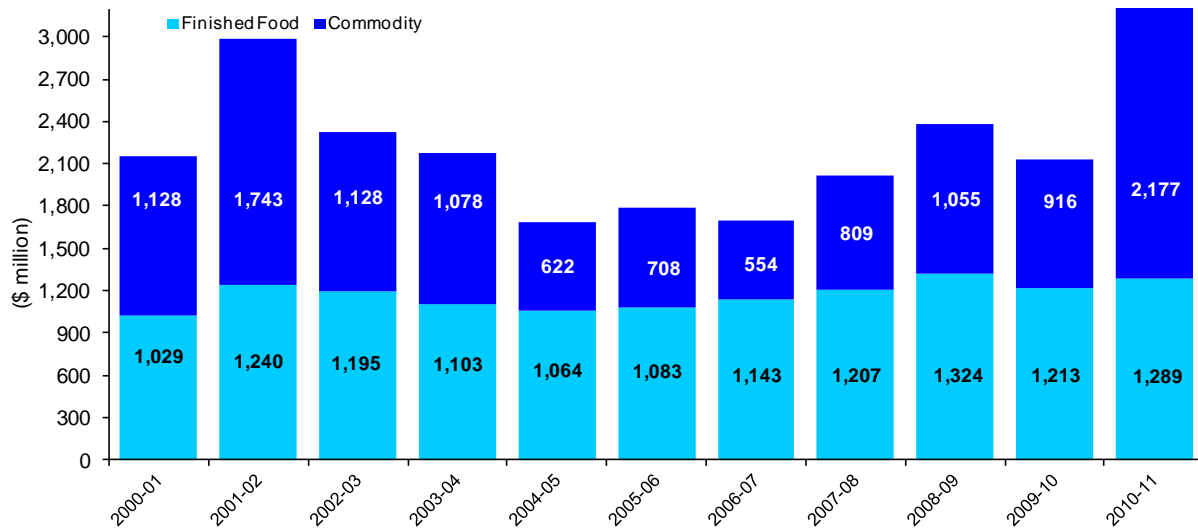
2.4 *SA Food Exports (overseas) up by 63% to reach a record level \$3.5 billion (f.o.b)*

During 2010/11, overseas food exports grew substantially, up \$1.3b (63%) to reach \$3.47b. This increase occurred against a strong rise (up 10 cents (c) or 11 %) in the value of the Australian currency - averaging 98c against the US dollar over 2010/11.

Overseas Food Exports contribute to the South Australia's Strategic Plan Target – 37 - to increase the value of South Australia's export income to \$25 billion by 2020. Currently SA Food Exports, comprise 31% of SA merchandise trade, and accounted for over one-third (39%) of the growth in SA merchandise exports over the year to 2010/11.

Figure 4, over page, shows trends in food exports for both commodities and *finished foods* over the past decade. These trends underscore the variability of SA's commodity trade, which is highly seasonally dependent, compared to the more stable growth of *finished food* exports, underscoring the importance in developing and maintaining markets for higher value-added products.

Figure 4: SA Food Exports (overseas): Commodity and *Finished Foods*, 2000/01 to 2010/11, \$million (f.o.b.)



Source: ABS Trade Data & Scorecard 2011

Figure 4 shows a sharp increase in grain commodity trade (up \$1.26b, or 141%) and a small increase in *Finished Food* exports up by \$76m (or 6%) over the year.

Table 3, below, provides greater detail on the growth in overseas exports, outlining contributions by key products, defined by either their commodity or *finished food* status.

Table 3: Overseas Exports of SA Food, Growth in Selected Commodities and *Finished Foods*, 2000/01 to 2010/11

	Value	Average Annual % Change	
	2010/11	2000/01-2010/11	2009/10-2010/11
Grains	2,157	7%	141%
Livestock	20	-6%	1%
Total Commodity Exports	2,177	7%	138%
Grain Products	107	1%	-17%
Fruit & Vegetables	112	0%	-7%
Seafood	239	-6%	-8%
Meat	753	10%	17%
Dairy Products	47	1%	63%
Other	31	0%	0%
Total Finished Food Exports	1,289	2%	6%
Total Food Exports	3,466	5%	63%

Source: ABS Trade Data, 2010/11

While modest growth in live animal exports (commodity) occurred, the significant growth in grains exports was underpinned by both an excellent growing season, as well as high levels of commodity grain stocks retained over 2010/11. In *finished foods* the continued growth in meat exports over the year was supported by returning growth in dairy products, following strong declines over recent years.

2.5 Food Employment grows by 6,400 (up 5%) to 142,600⁶ jobs

Figure 5, below, shows annual growth in total food sector employment over the past 11 years. Each of the components of the food value-chain (agriculture/primary production, food manufacturing, food wholesale and retail and food services) are depicted.

Figure 5: SA Agri-Food Employment, 2000/01 to 2010/11, (Year to May, 000's persons)



Source: ABS Labour Force 6201.055.003 (electronic datacube)

Figure 5 shows that food industry employment has increased steadily (at 0.7% pa or a total 12,000 jobs) over the last 11 years, with growth of 6,400 (up 5%) to 142,600 recorded in the year to May 2011. Over the year, employment gains were recorded in all but the agriculture/primary production category of the food industry value-chain.

The SA food industry and their value-chains, represent almost one in five, 18%, of the State's employed workforce.

3. SUMMARY AND OUTLOOK

Despite the recent pressures of water restrictions; a surging Australian dollar; the Global Financial Crisis (GFC); locust and mouse plagues, and rising costs and international competition, the 2010-11 Food ScoreCard shows results record or near record results in farm production, finished food (food value-adding), overseas exports and food consumption levels.

The strong performance in 2010/11 was underpinned by an exceptional growing season, with above average rainfall combining with relatively high (despite a rising Australian currency) commodity grains prices. Steady growth in both value adding (finished foods) and domestic consumption also contributed to the \$13.7b record *Gross Food Revenue* level.

⁶ Due to coding constraints the food employment estimates in Figure 5, include other 'non-food', but related areas, including fibre, grape and wine growing and making activity.

Note: Detailed industry employment trends as shown in the quarterly Labour Force industry survey can be subject to considerable short-term movement due to sample variability and statistical error. For this reason annual quarterly average to date data is used to estimate changes over time.



Since 2000/01 *GFR* has grown broadly in line with the 2020 SASP target goal, and given strong growth over the latest year, is on track to reach \$20b by 2020.

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PRIMARY INDUSTRIES AND REGIONS SA

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