



SOUTH AUSTRALIAN HORTICULTURE INDUSTRY OVERVIEW 2008-09

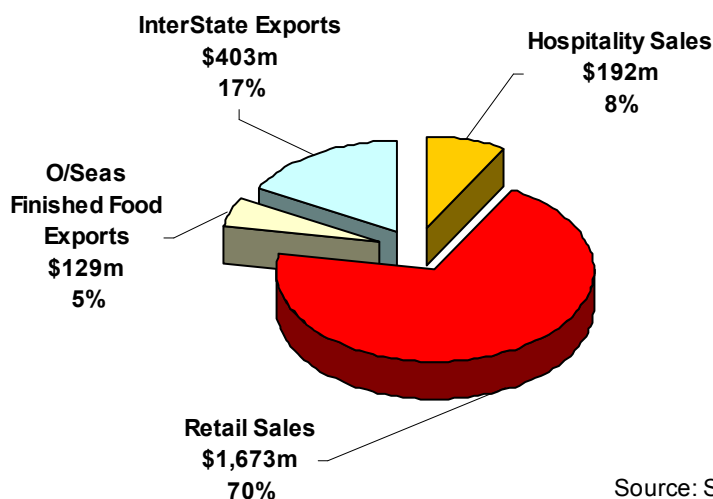
To keep track of the advances in the South Australian food industry, the Primary Industries and Resources SA ScoreCard conduct detailed value chain analyses for each food area. This information is used to create the SA Food Industry ScoreCard, which measures the commercial value of each industry sector. In effect, the ScoreCard measures all of the value adding components of food revenue – in the case of horticulture, we measure how the value of horticulture increases from the paddock to the plate. This involves looking at each of the stages of the food chain from production to finished food and through to consumption.

From this economic analysis, the following are identified: the farm gate value of production; exports; imports; inter-State trade; retail sales; and the contribution made by the food services (hospitality and tourism) sector ¹.

In 2008-09 Horticulture (excluding wine grapes) contributed \$2,397² million to State food revenue. This comprised around 19 per cent of the total food revenue contribution of \$12.4 billion. When horticulture imports of \$360 million (from both overseas and inter State) are excluded from the gross horticulture revenue estimate, the industry contributed around \$2,037 million.

Figure 1 below, shows how revenue from exports and consumption is used to derive the gross revenue estimates.

Figure 1: SA Horticulture 2008-09, Summary - Share of Total Revenue - \$2,397 m, Value by Component



Source: Scorecard 2009

¹ The SA Food Industry ScoreCard calculates the value of Food Revenue as the sum of the value of overseas exports (free on board value), interstate exports (at wholesale prices), retail sales and food service sales.

² These are estimates based on information from ABS, industry and PIRSA Departmental sources. Estimates differ from the published figures in the ScoreCard report due to better data availability. Contact Rob Esvelt from the ScoreCard team on 8226 0475 or e-mail Rob.Esvelt@sa.gov.au for further information.

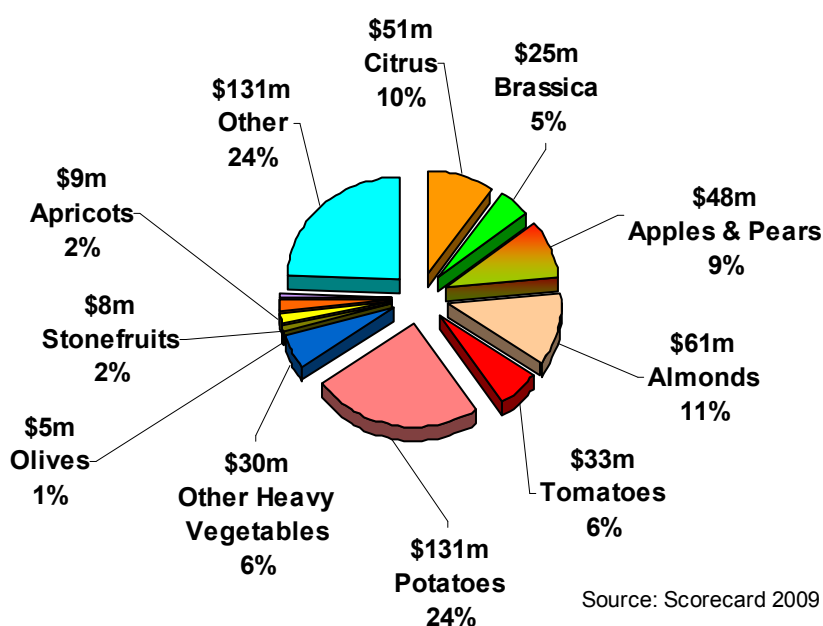


Figure 1 shows that the SA Horticulture industry is highly domestically focused, with the largest contribution to overall revenue of \$1,673 million derived from SA retail sales. Following this was interstate exports valued at \$403 million and Hospitality Sales at \$192 million. Although overseas exports remains a relatively small component of the overall horticulture value chain, valued at \$129 million of the gross horticulture revenue, their relative importance has grown over the past few years.

1. Production Value (farm gate) - \$536m

During 2008-09 South Australia produced 769,000 tonnes of horticultural production worth over \$536 million (as measured in farm gate prices³). Figure 2 below shows the contributions and share for each of the major products comprising the South Australian Horticulture industry.

Figure 2: SA Horticulture Production Value - \$536m, Farm Gate Values, Share (%) by major Product, 2008-09 (excluding grapes)



2. Horticulture Finished Food- \$929m

In the Horticulture sector, after leaving the farm gate, a substantial amount of value adding occurs. Horticulture Industries finished food in South Australia was

³ A measure of the value of a commodity at the local level of production (i.e., farm gate). Farm value is calculated by multiplying the volume of production by the price received and, therefore, represents the value of production to the farmer. This measure can also be used as a benchmark for estimating the additions to the price of a product (and through this, its value) as it moves through the value chain from production to consumption.



ScoreCard Paper 09-B4

valued at \$929 million in 2008-09. This was an increase of \$21 million over the year. This value is measured at an intermediary level, before a commodity is either traded or consumed. Finished food may be minimally or highly processed, with their value expressed in wholesale prices, to derive a turnover value. Examples of minimally transformed horticulture may include fruit or vegetables that are washed, graded and packed for retail, whereas highly processed horticulture may include fruit juices, sauces and soups and marmalades and jams.

3. Net Interstate Exports - \$403m

Around two thirds of all South Australia's volume of horticulture production is traded interstate, providing a net return of around \$403 million. Table 1, below, shows the key South Australian horticulture products by value that are traded interstate.

Table 1: Value and Share of Net interstate Trade of Horticulture

Horticulture Product	Value of interstate Export (\$m)	Contribution to Net Value of I/S Trade (%)
Potatoes	191	47%
Cucumbers & Capsicums	52	13%
Tomatoes	21	5%
Other Heavy Vegetables	31	8%
Almonds	31	8%
Grapes	12	3%
Cherries	11	3%
Brassicac	8	2%
Various fruit & vegetables	46	11%
Total net IS Export	\$403m	100%

4. Overseas Horticultural Finished Food Exports, \$129 million⁴

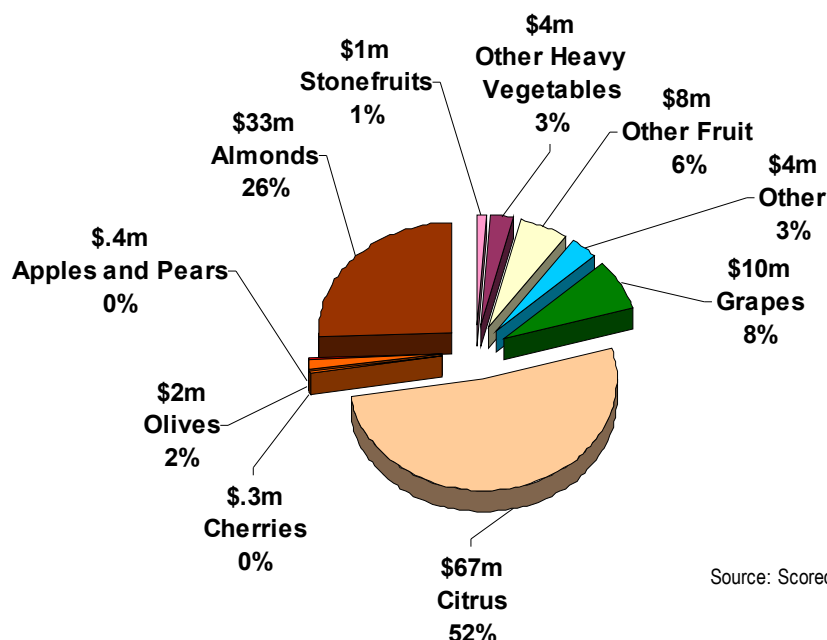
Total overseas horticultural finished food exports from South Australia declined by \$2 million to a value of \$129 million in 2008-09.

Figure 3 shows the value and share of the major horticultural overseas exports from South Australia over 2008-09. Citrus exports valued at \$67 million comprised 52 per cent of all horticultural exports. Other important products included almonds (\$33 million) and grapes (worth \$10 million).

⁴ Export figure is different from the one quoted in the main ScoreCard report due to better data availability.



Figure 3: South Australian Horticulture Exports - \$129 million during 2008-09, Value and Share, \$ million



Source: Scorecard 2009

4. Horticulture Consumption – Retail and Food Service - \$1,864 million

As shown in Figure 1, the single largest contribution made to horticulture gross revenue came from the retail and food services sector, which combined was worth \$1,864 million. The retail sector comprised the majority of horticulture consumption \$1,673 million with food service sales estimated to be worth \$192 million. Horticulture based products comprised around 22 per cent of total South Australian food consumption.

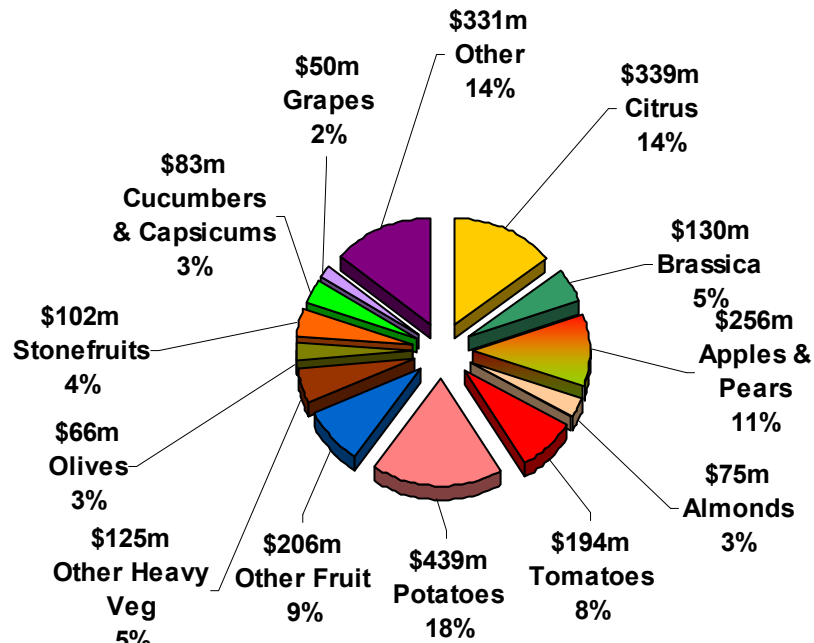
5. Contributions to Gross Revenue - \$2,397 million

Horticulture's contribution to gross food revenue in 2008-09 was \$ 2,397 million.

The largest single horticulture contribution was attributable to potato products, providing over \$439 million (or 18 percent) toward horticulture revenue in 2008-09. Other key contributions were derived from citrus (\$339 million), cucumbers and capsicum (\$83 million) tomatoes (\$194 million), and apples and pears (\$256 million).



Figure 4: SA Horticulture Contribution to Total 2008-09 Gross Food Revenue by Sector, \$2,397 million



Source: Scorecard 2009