

SYDNEY & NEW SOUTH WALES

Food & Beverage



Trade &
Investment



FOOD FOR THOUGHT


A look at the agri-food sector in New South Wales.

From primary production to the finished products found in the food service and retail sectors – the agri-food industry is big business in New South Wales.

Generating nearly \$A33 billion in annual sales and services income (\$A7.6 billion from agricultural food production, \$A149 million from fishing and aquaculture, and \$A25.1 billion from food processing), this thriving industry is a key contributor to the New South Wales economy in terms of investment, exports, jobs, value-added, and R&D.

In fact, NSW is the leading agri-food State in Australia¹. We can boast around 38,000 farm-based businesses, 1,400 fishing businesses, and over 2,000 companies in food processing. Importantly, our agrifood industry is also highly diverse, with strengths in meat, dairy, fruit and vegetable products, edible oils and fats, flour milling/cereal foods, bakery products, pet food and animal feeds, soft drinks, beer, wine, and more². The agrifood industry is economically important not only in its own right, but also through its close links with transport and logistics, packaging, retailing, food service and tourism.

A large proportion of national and multinational agri-food corporations have based their Australian operations or established substantial manufacturing facilities in NSW. These include well-known players like



Allied Mills, Arnotts, Beak & Johnston, Cargill, Coca-Cola Amatil, Darrell Lea, Ferrero, George Weston, Goodman Fielder, H J Heinz, Inghams, JBS Swift, Kellogg's, Kirin/Lion, Manildra, Mars/Masterfoods/Wrigley, McWilliams, Nestle, Primo, Sanitarium, Sara Lee, Simplot, Sunrice, Unilever and Viterra.

AN INDUSTRY THAT'S REALLY COOKING

We're not resting on our laurels though – we're looking further ahead. With our extensive capabilities and competitive positioning, the NSW agri-food industry has the potential for enormous growth³. Growth the NSW Government is committed to realising.

Right now, we're working with industry stakeholders to increase innovation right across the sector, from production, to processing and packaging, marketing, supply chain management, and more. We're also right behind the industry moving into a leadership role in addressing national and global issues of sustainability, food security and human health and nutrition.

So read on, and see how this dynamic industry is moving from strength to strength.

SOME KEY AGRI-FOOD STATS

- Over the last decade, NSW's agri-food exports have increased by an average of five per cent per annum. In 2008–9, they totalled around \$A4.2 billion, going to major markets like Japan, the USA, New Zealand, South Korea, and the UK.
- Food retailing is the biggest driver of growth in the NSW retailing industry. In 2009–10, annual food retail turnover was valued at over \$A39 billion – over 40 per cent of all retail turnover in NSW.
- In 2009–10 approximately 159,250 people were directly employed in the NSW agri-food industry, with 87,750 of these involved in agricultural food production, 1,500 in fishing and aquaculture, and 70,000 in food processing⁴.
- In 2007–08, NSW food processing companies spent \$A153 million⁵ on R&D – the highest amount for any State, and more than a third of the nation's total food-related R&D investment.

NSW PROCESSED FOOD INDUSTRY SUMMARY STATISTICS, 2006–07²

PRODUCT	EMPLOYMENT (NO.)	WAGES AND SALARIES (\$M)	SALES AND SERVICE INCOME (\$M)
Meat			
Meat processing	7,307	297	2,402
Poultry processing	7,748	409	1,672
Bacon, ham and smallgoods	2,698	90	902
Total		797	4,975
Dairy			
Milk and cream processing	na	54	na
Ice cream	na	6	na
Other dairy products	2,195	131	1,402
Total	3,671	192	2,184
Fruit and vegetables	2,462	131	979
Oil and fat	648	35	872
Flour mill and cereal food			
Flour mill products	1,831	104	1,450
Cereal food and baking mixes	2,609	161	1,021
Total	4,440	266	2,471
Bakery products			
Bread – factory based	2,935	149	701
Cakes and pastry – factory based	na	na	na
Biscuits – factory based	na	na	na
Bakery products – non factory	na	na	na
Total		520	2,113
Other food			
Sugar	na	na	na
Confectionery	na	na	na
Seafood	268	8	54
Prepared animal and bird feed	1,389	72	758
Food nec	5,806	332	1,982
Total		634	4,811
Beverage and malt			
Soft drink, cordial and syrup	3,331	218	1,618
Beer and malt	766	66	na
Wine	3,861	182	1,556
Spirits	na	na	na
Total	7,958	466	6,117
Total food and beverages		3,041	

ALL THE INGREDIENTS FOR SUCCESS

Take a look at some of the important elements setting the NSW agri-food industry apart.

1 OUR DIVERSITY

Here in NSW, we're blessed with a great diversity of natural environments, as well as wide-ranging agricultural production systems that allow our farmers to grow a broad array of high-quality, low-cost produce. Not only does this give NSW-based food processors significant competitive advantages, it means we're a State with strengths across the full spectrum of product categories.

2 OUR COUNTER-SEASONALITY

NSW producers are ideally positioned to supply counter-seasonal markets in Asia, Europe and North America during the Northern Hemisphere winter months.

3 OUR REPUTATION

Australian and NSW agri-food companies enjoy an international reputation for being 'clean and green'. Stringent quarantine policies and sound management practices allow NSW produce to be grown free of many pests and diseases found in other parts of the world. And our relatively low population density and strict environmental controls protect the farming sector from contaminants that are commonly found in heavily industrialised, densely populated countries.

We're also the only Australian State with a fully-integrated food safety regulatory system. Administered by the NSW Food Authority, this system underpins the safe supply of food to both domestic and export markets, by providing high-level, science-based food safety information and access to leading-edge expertise.

4 OUR BOOMING DOMESTIC MARKET

NSW-based agri-food companies enjoy a natural advantage, as this State has always been Australia's largest consumer market, and the State capital, Sydney, its largest, most affluent city. With the population of Sydney expected to increase by 60 per cent to seven million by 2050, this advantage is expected to strengthen even further.

5 OUR PROXIMITY TO EXPORT MARKETS

NSW is close to some of the largest and fastest growing food markets in the world – including Japan, China, India, South Korea, Taiwan and the ASEAN countries. Australia has bilateral free trade agreements either in place or under active negotiation with many of these markets, and our excellent air and sea freight connections make trading with these countries straight forward.

6 OUR MULTICULTURALISM

NSW's diverse multicultural society has introduced the State's food businesses to different cuisines, flavours, ingredients, techniques and practices – catalysing the development of new industries, such as wine, olive oil and Asian vegetables, to name a few. And it continues to inspire the development of new products every day, as well as business links to many of our most prospective export markets.

7 OUR R&D AND TRAINING CAPABILITIES

NSW hosts some of the best food R&D and training institutions in Australia. They include:

- The Department of Primary Industries' integrated network of 28 research stations, centres of excellence and institutes (DPI is ranked in the top one per cent of world research institutions in agricultural science, and plant and animal science)
- TAFE NSW's network of 10 institutes and 130 metropolitan and regional campuses
- 10 major universities
- CSIRO's Food Science Australia; and
- BRI (formerly the Bread Research Institute).

THE PERFECT CONDITIONS FOR GROWTH

Our agri-food sector is flourishing, and there are a number of conducive factors working together to take us even further.

GLOBAL DRIVERS

As the globe's population continues to rise, and Western tastes dominate, there's an increasing demand for animal-based protein (i.e. meat, dairy, seafood) and processed foods, opening up new export opportunities for NSW agri-food companies.

Larger agri-food companies are seeking to reduce their costs by consolidating their production/processing/distribution facilities. And as we're located on the eastern seaboard, NSW is a logical point for consolidation – giving us the opportunity to play a role in the global supply chains of multinational corporations.

THE PUSH FOR INTEGRITY

Our international reputation for quality and robust traceability/certification systems have placed NSW agri-food companies in the perfect position to make the most of consumer mega-trends such as ethical consumerism, premiumisation, convenience and functionality, as well as demand for culturally-certified foods (such as halal and kosher foods).

HEALTHIER PRODUCE, HAPPIER CUSTOMERS

We're also seeing enormous potential opening up for NSW agri-food products that help address health issues such as obesity (particularly childhood obesity), diabetes, celiac disease, heart disease, allergies, some forms of cancer, and alcohol abuse.

NOVEL TECHNOLOGIES = NEW OPPORTUNITIES

NSW agri-food companies are at the forefront of novel technologies such as genetic modification, nanotechnology, new processing technologies (irradiation, high pressure processing, low-energy electron beam processing, pulsed electric field processing), "smart" logistics control and e-commerce. These technologies are opening up new product ideas, new market opportunities, and new, more cost-effective business processes.



WE'RE PRODUCING SUCCESS STORIES TOO

Take a look at some of the agri-food companies we've helped grow, through NSW Trade & Investment.

BEAK & JOHNSTON

Greenacre in Western Sydney will soon be the site of a new \$15 million food processing facility for Beak & Johnston Pty Ltd.

The facility, which will create 400 jobs, will make chilled ready-to-eat meals for Australian and overseas consumers.

The department helped secure the project ahead of Queensland and Victoria with an assistance package including relief from State Government taxes and charges, and facilitation of development approval processes.

When fully operating, the facility will source \$55 million worth of raw ingredients, utilities, maintenance, freight and packaging materials each year.

The state-of-the-art operation will produce meals, soups and sauces, positioning Beak & Johnston as one of Australia's largest producers of ready-to-eat meals.

The facility's design will incorporate the latest environmental features to maximise water efficiencies and the use of renewable energy.

The Greenacre facility will become a key supplier for supermarkets across Australia, as well as a range of other food retail and food service operators, both domestic and international.

BLUETONGUE BREWERY

In November 2010 the new Bluetongue Brewery at Warnervale on the Central Coast was officially opened.

This \$120 million project will deliver more than 120 jobs over five years.

The department helped secure the Bluetongue Brewery for the Central Coast against competition from Victoria and Queensland with assistance provided for site selection, mitigation of land and infrastructure costs, resolution of planning issues, as well as financial assistance.

The three stage Bluetongue Brewery development will eventually allow for production of up to 150 million litres of beer a year for Australian markets.

The Bluetongue Brewery includes the latest brewing technology enabling the production of a variety of beer styles ranging from traditional European lagers to modern American and Australian beer styles.

The brewery is also fitted with \$10 million worth of water and energy saving technology and infrastructure.

BROOKFARM

Pam and Martin Brooks established Brookfarm Pty Ltd in 1999 and started selling a range of macadamia products to gourmet markets across Australia. With the department's help, the company has since undergone rapid growth, installing new processing facilities and developing export markets in Singapore, Japan, the UAE, the USA and the UK.

Brookfarm creates high quality, gourmet, shelf stable macadamia products for everyday use: natural, toasted and gluten free macadamia mueslis; premium macadamia oils (natural, lemon myrtle infused, lime and chilli infused); and oven roasted macadamias with sea salt, bush pepper spice and kashmiri chilli.

The products have won many prestigious awards in Australia and overseas. A number of high-end outlets stock the product, including Dean & DeLuca in New York and Harvey Nichols in the UK. Brookfarm also supplies Virgin Australia.

VITERRA

At Minto in Western Sydney, global agribusiness company Viterra is establishing a \$110 million malthouse and container packing facility which will create at least 40 new jobs.

This facility will produce up to 110,000 tonnes of malt each year for Australian and international brewers.

It will also include an adjacent container packing facility that will handle a further 147,000 tonnes of grain each year.

The Viterra facility is strategically central to road and rail connections to Port Botany, the Australian Rail Track Corporation's main Sydney to Melbourne rail line, and adjacent to the Macarthur Intermodal Shipping Terminal.

The department helped secure the project with an assistance package including support for infrastructure requirements and liaison on planning and environmental issues.

Viterra Malt, which produces Joe White Maltings branded malt, is the largest maltster in Australia and produces about 500,000 tonnes of malt per annum.

The new Minto facility will provide an ongoing source of business for NSW barley growers and contribute to NSW's food processing and export base.



100% PREMIUM GRADE SUPPORT

The NSW Government,
through Trade &
Investment, is right
behind the State's
agri-food industry.

We've launched a comprehensive, integrated NSW 2020 Agri-food Sector Growth Strategy to help maximise the growth of the industry over the next decade and beyond.

We also offer a wide range of assistance to agri-food companies seeking to establish, relocate or expand operations in this State. This covers product and process innovation, supply chain management, enterprise improvement, domestic and export market development, investment facilitation, environmental sustainability, and regulatory enhancement – it means we're always there to lend a hand, whatever part of the industry you're looking to get involved in.

- 1) Austrade, Food and Beverage in Australia – Industry Capability Report, July 2010
- 2) Commonwealth Department of Agriculture, Fisheries and Forestry, Australian Food Statistics 2009–10
- 3) Industry & Investment NSW, 2020 NSW Business Sector Growth Plan, September 2010
- 4) ABS Cat No. 8501.0, Retail Trade, 2010, April 2011
- 5) Commonwealth Department of Agriculture, Fisheries and Forestry, op cit
- 6) ABS Cat No. 8104.0, *Research and Experimental Development, Businesses*, Australia, 2007–08
- 7) Commonwealth Department of Agriculture, Fisheries and Forestry, op cit

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