

# Trends and challenges facing Australia's food processing sector

Gary Dawson

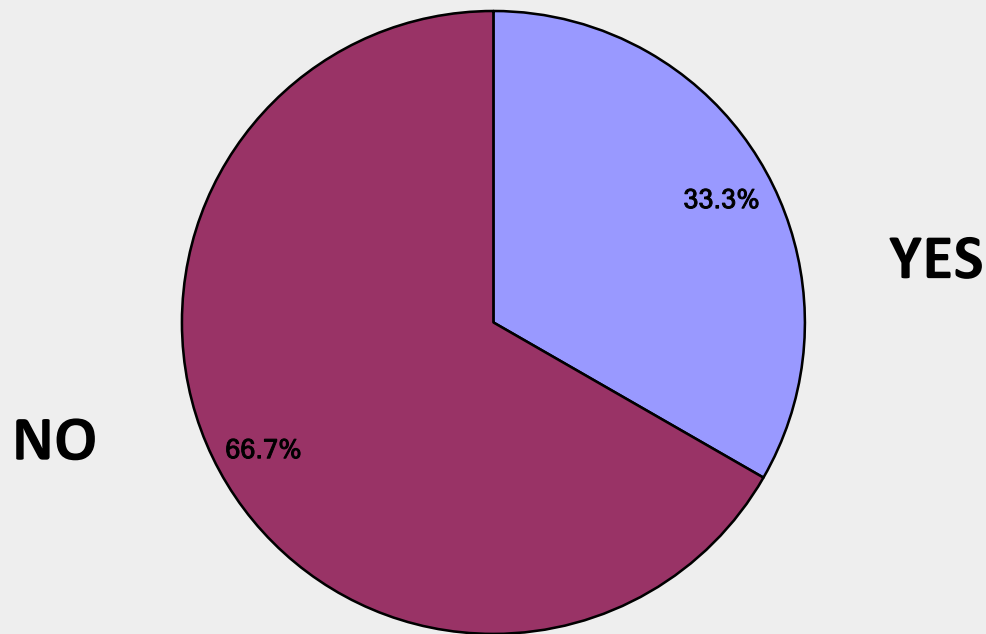
CEO, Australian Food and Grocery Council

The Australian Grains Industry Conference – 31 July 2013



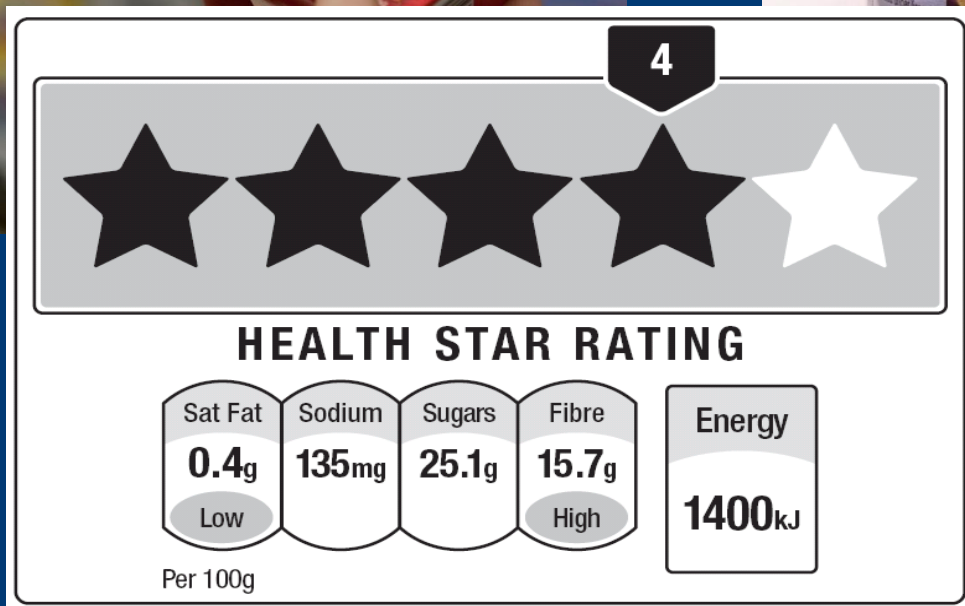


**Were you able to pass through any of the  
increase in costs from the carbon tax to  
your customers?**



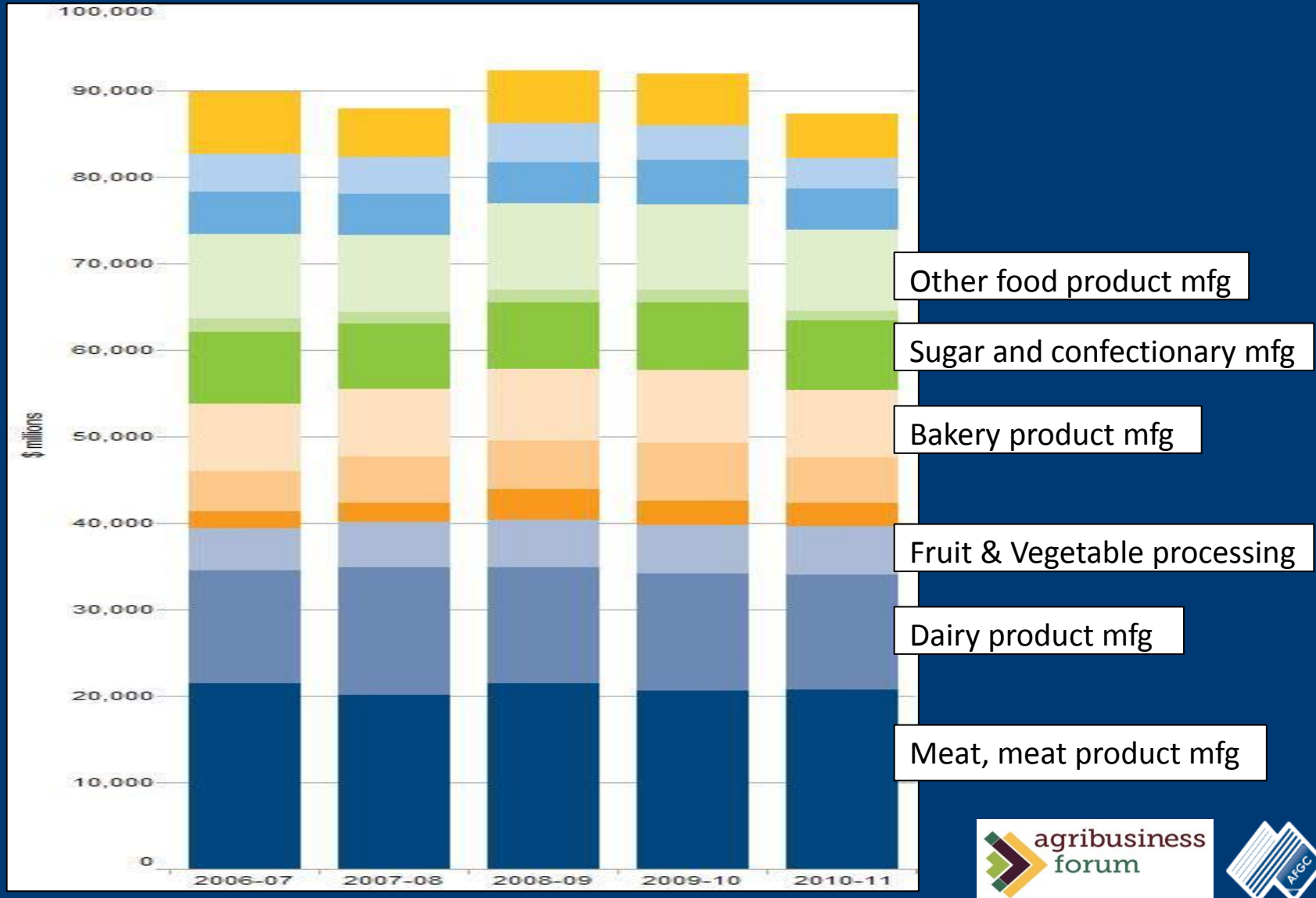
AFGC Carbon Tax Survey July 2013





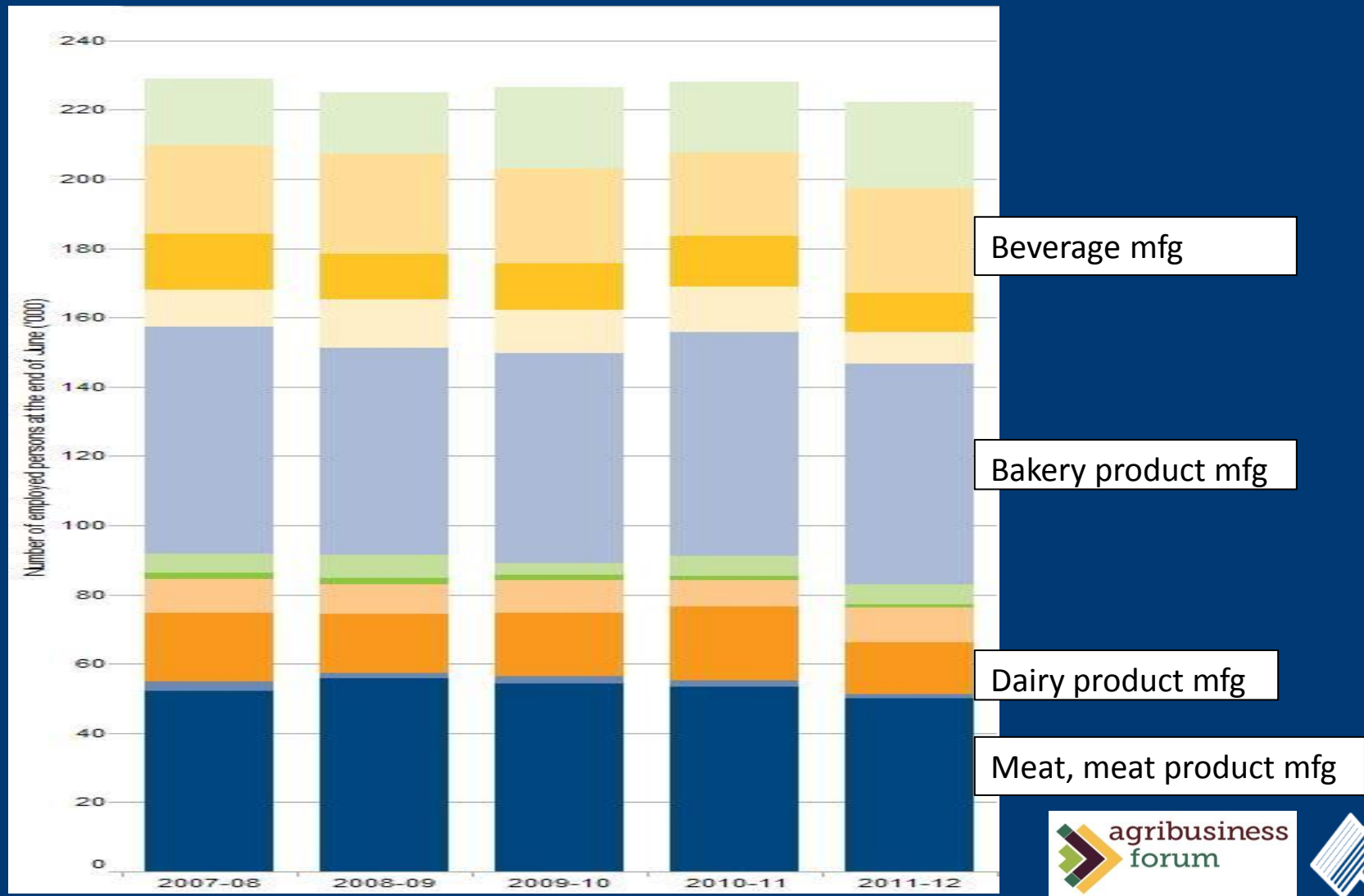
# Food & Beverage manufacturing sector - Turnover

- \$87.4bn (2010-11), down 5%



# Food & Beverage manufacturing sector - Employment

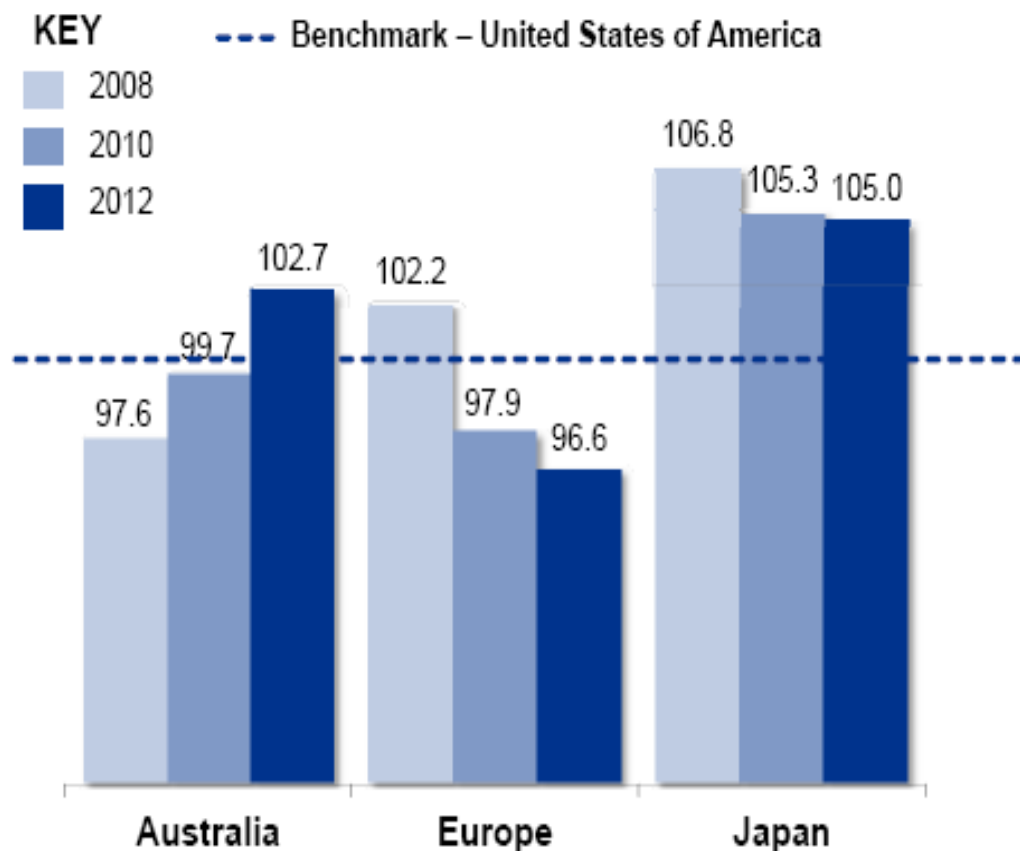
- 222,300 directly employed (2011-12), down 2.5%



# Cost Index

## Agri-Food manufacturing (2008, 2010 and 2012)

Source: Competitive Alternatives | KPMG's Guide to International Business Location Costs, KPMG (2008, 2010, 2012)

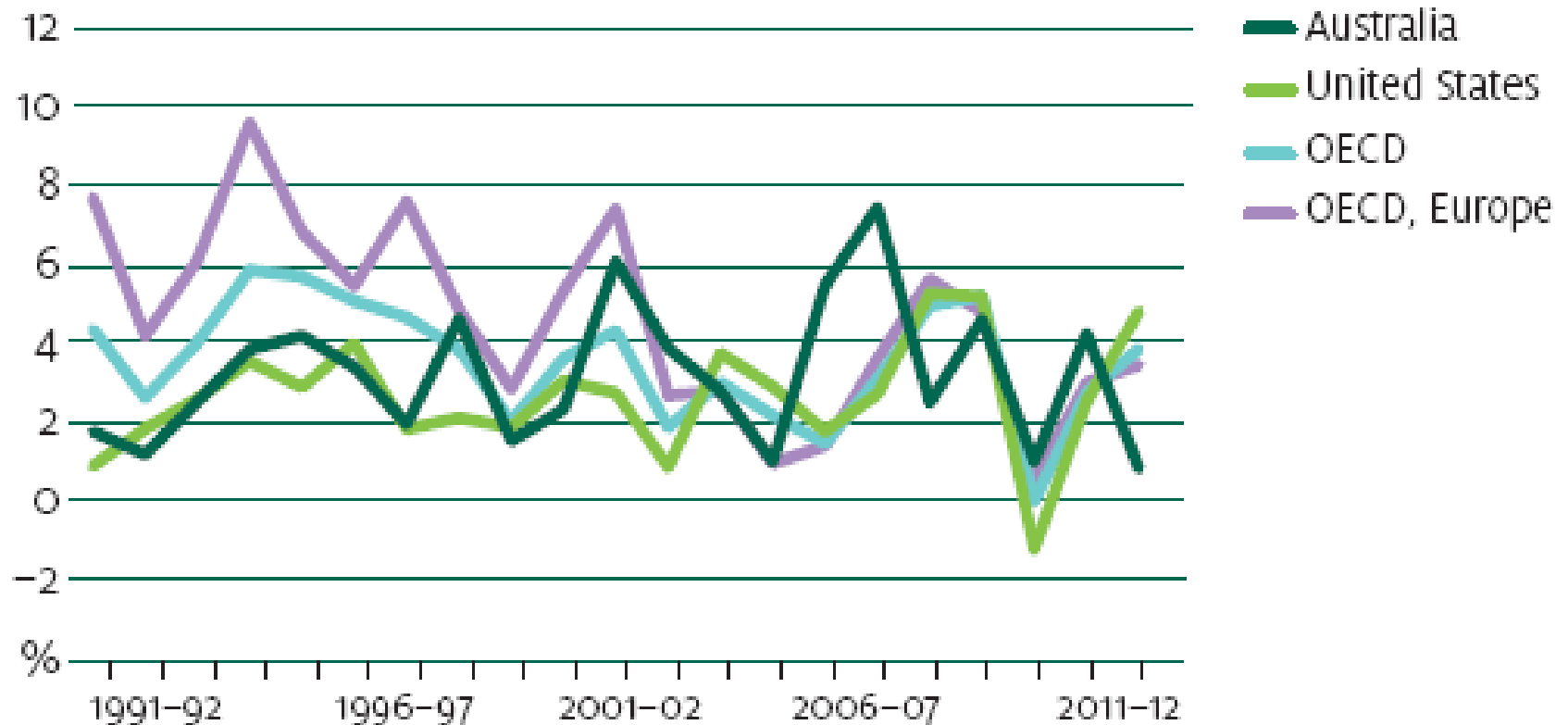


- The price differential of operating in Australia compared to the US, Europe and neighbouring Asian markets is widening
- Labour increased by ~10%\* over the last 2 years\*

Note: Adjusted for foreign exchange rate impacts

Source: Competitive Alternatives / KPMG's Guide to International Business Location Costs, KPMG (2008, 2010, 2012)

# Consumer Price Index for Food



Source: AFGC, State of the Industry 2011-12

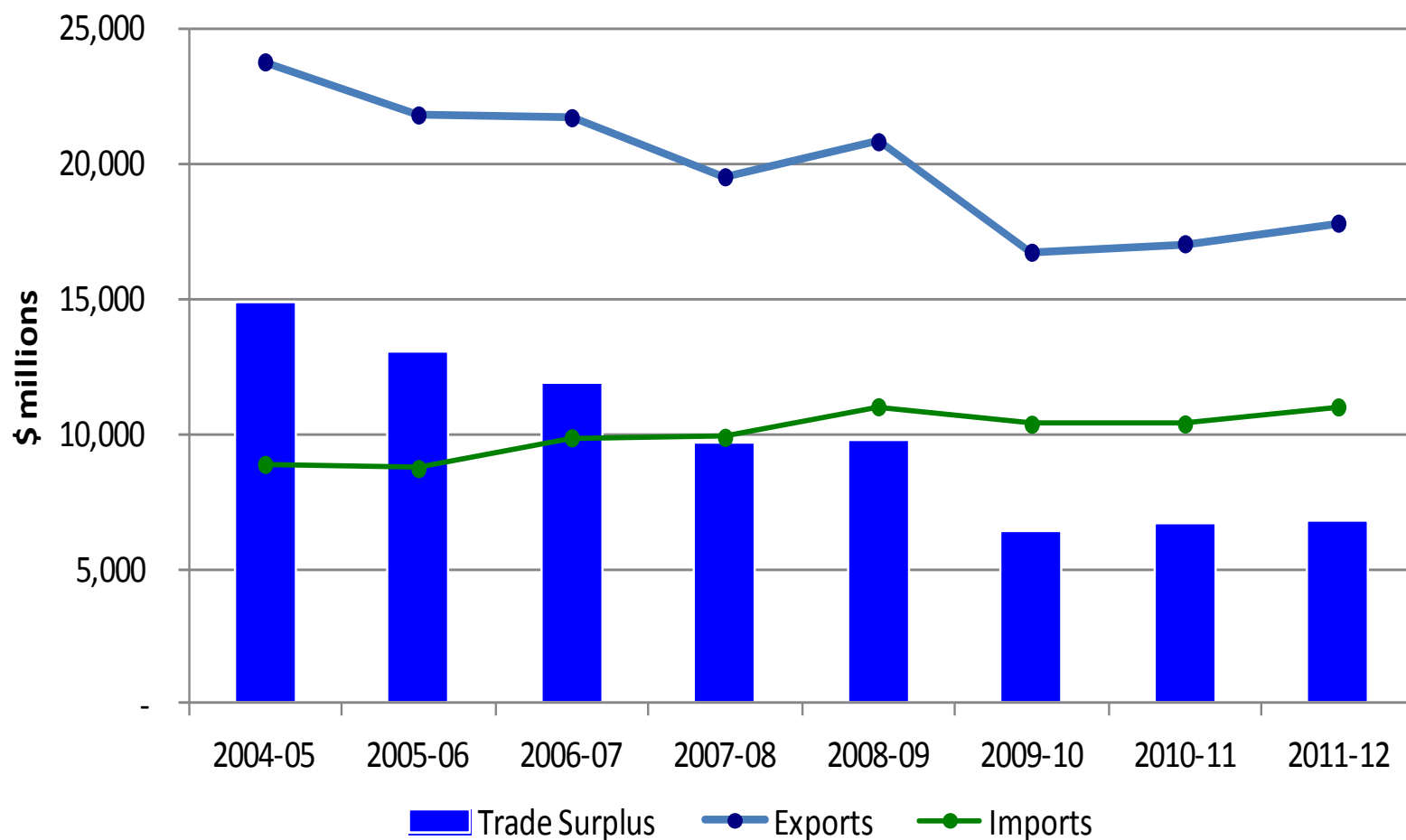




Source: AIG Performance of Manufacturing Index, April 2013

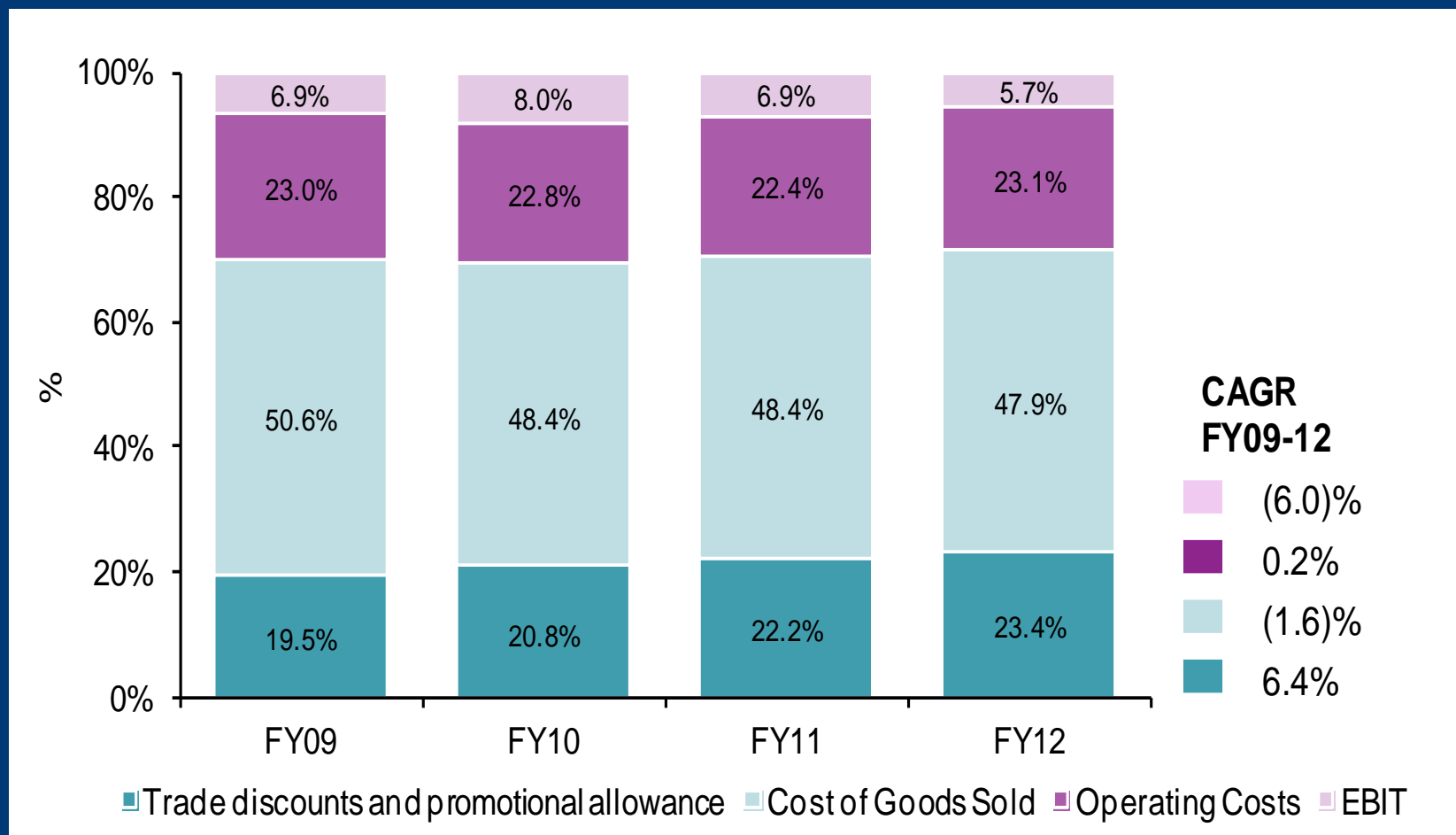
# Imports and Exports of Substantially and Elaborately Transformed Food Products (\$ 2011-2012)

- Surplus of \$6.8bn in 2011-12

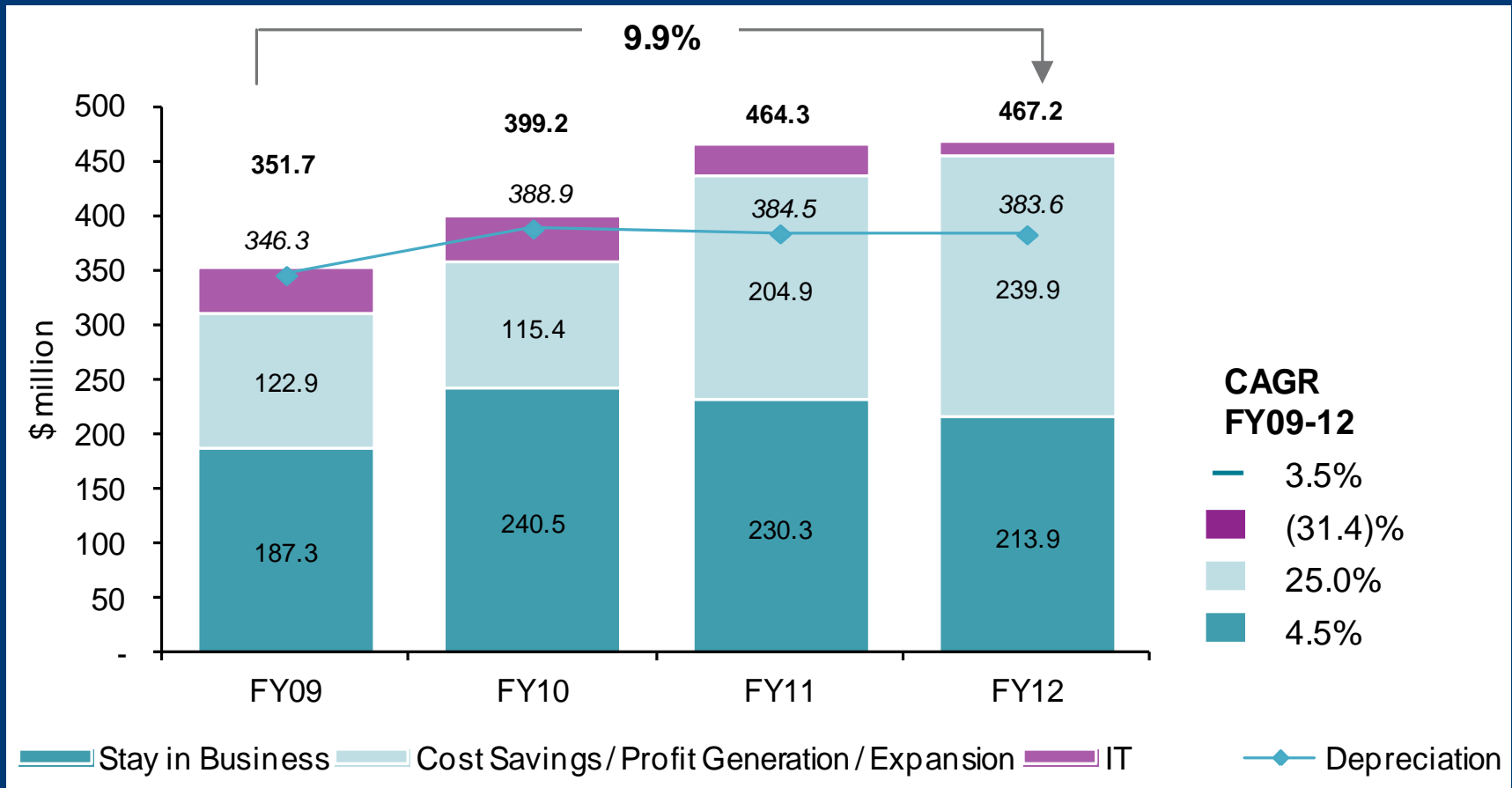


# Key cost categories

as a proportion of gross sales FY09-12



# Capital expenditure split by purpose and Depreciation FY09-12







# Keys to competitiveness

- Play to our comparative advantage
- Improve productivity
- Brand building
- Removing trade barriers
- Confidence & incentives to invest
- Regulatory relief

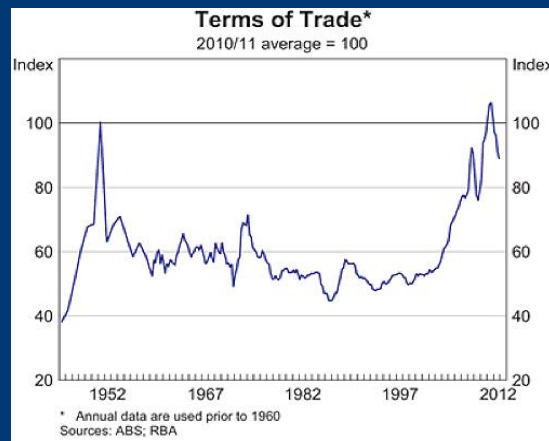


# Agribusiness challenges

➤ Large scale, rural/ regional location



➤ Trade-reliant



# AFGC Agribusiness Forum

## ➤ Improve cost-competitiveness

- energy, infrastructure, tax
- foreign investment



## ➤ Increase exports

- increase market access
- remove trade barriers
- Brand Australia

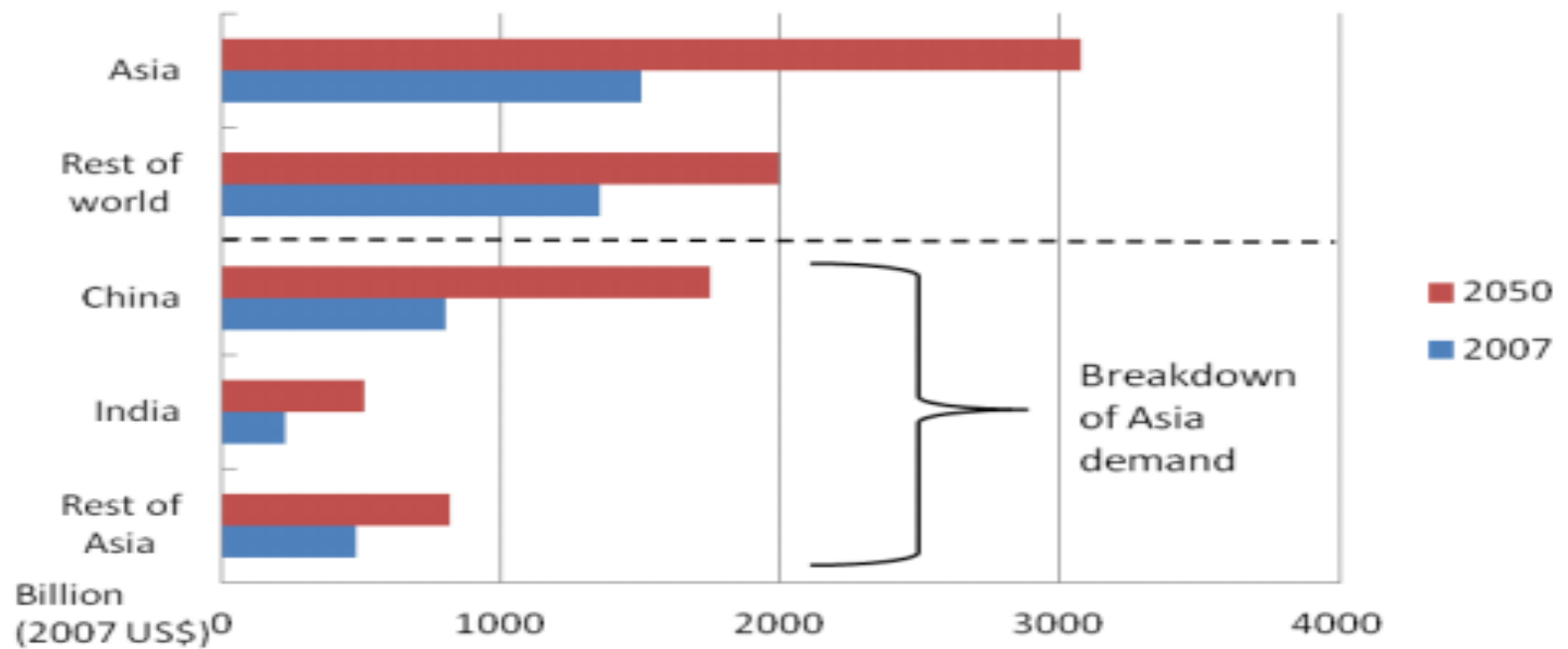






# 70% increase in global food demand by 2050

Figure 3 World agrifood demand by region



Data source: ABARES model output

Source: ABARES, Food Demand to 2050: Opportunities for Australian agriculture



# Representing Australia's Food, Beverage And Grocery Manufacturing Industry