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## FOOD - IN BRIEF

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### 2020: Industry at a Crossroads

In this month's, 'Food – In Brief', we take a quick look at some of the unique challenges facing the Australian food sector, recently identified by the Australian Food & Grocery Council's research.

#### *Contribution to manufacturing -*

- With turnover valued at \$108 billion the sector represents 26% of all Australian manufacturing.
- Compare this value with:-
  - Equipment / machinery manufacturing at \$37.1 billion.
  - Primary metal manufacturing at \$69.8 billion.

#### *Contribution to employment -*

- There are currently 312,000 employees in the sector.
- Salaries paid are approximately \$13 billion.
- Since 2005 employment in the sector has declined from 3.2% to 2.8%.
- By 2020 this may have dropped to 180,000.

#### *Contribution to research & development -*

- Current R&D expenditure is 0.5% of turnover, about \$368 million.

#### *Current versus potential growth -*

- Current growth rate for the food & grocery sector is 2.1%.
- Demand for food & grocery is 3.8%.

#### *Market competition -*

- Coles & Woolworths share 78% of the supermarket sector.
- Imported foods attract a 25% cost advantage over local produce.
- Imported foods are valued at \$25 billion.
- This equates to almost 23% of the sector's turnover.
- Between 2003 & 2010 private labels increased from 15% to 25% of sales.
- Private label share of the European market averages 45%.

Upon release of the report the federal government responded positively making a commitment to additional investigation via the ACCC.

However, as an industry are we investing enough in research & development? And, have we targeted the right areas for that research & development? Are we attracting secondary school students who will choose food science at universities only to follow on with a career in the food sector?

<http://www.afgc.org.au/2020-industry-at-a-crossroads-report.html>

<http://www.aifst.asn.au/>