
Food processing

Invest in Victorian
agriculture and food

August 2018

Economic Development,
Jobs, Transport
and Resources


AGRICULTURE VICTORIA



Innovative
Efficient
World-class

 **30%**

OF AUSTRALIA'S VALUE OF
PROCESSED FOOD IS PRODUCED
IN VICTORIA

 **\$1.3BN**

WORTH OF PROCESSED
FOOD EXPORTS FROM
VICTORIA IN 2015-16



Why invest in Victoria's food processing industry

01



National leader with proven track record

Victoria is Australia's major food processor state, accounting for one third of the processed food produced by Australia. An IBM international plant location benchmarking study found that Victoria is the best location in the Asia Pacific for advanced food and beverage processing.



Outstanding quality foods and inputs

Victorian food processors have ready access to a diverse range of clean and green agricultural produce. Advanced control systems, such as Dairy Food Safety Victoria and PrimeSafe, ensure that processed foods are certified and safe. These advantages underpin Victoria's strong international reputation for premium quality foods.



Competitive costs

Melbourne has the lowest operating costs for food processing of any Australian city. Victoria has world-class export infrastructure, and is investing \$12 billion in ongoing improvements, to ensure that export rates for sea and air-freight remain competitive.



Highly innovative food sector

Around 30 per cent of Australian food research development and extension (RD&E) occurs in Victoria, through collaboration between government and industry. Examples include the Red Meat Innovation Centre, the Grains Innovation Centre, the Centre for AgriBioScience, the Food Innovation Centre and the CSIRO Food Innovation centre and Division of Food and Nutritional Sciences. Victoria has a critical mass of RD&E capabilities and talented scientists to turn research into innovative solutions for the food processing industry.



Booming export markets

Victoria exported \$1.3 billion worth of processed food in 2015-16. This represents over 40 per cent of Australia's processed food exports.



Skilled food processing labour force

Victoria has a large, experienced and well-trained food processing workforce, the legacy of a long history as a manufacturing state. Within Victorian manufacturing, food processing is a standout sector.



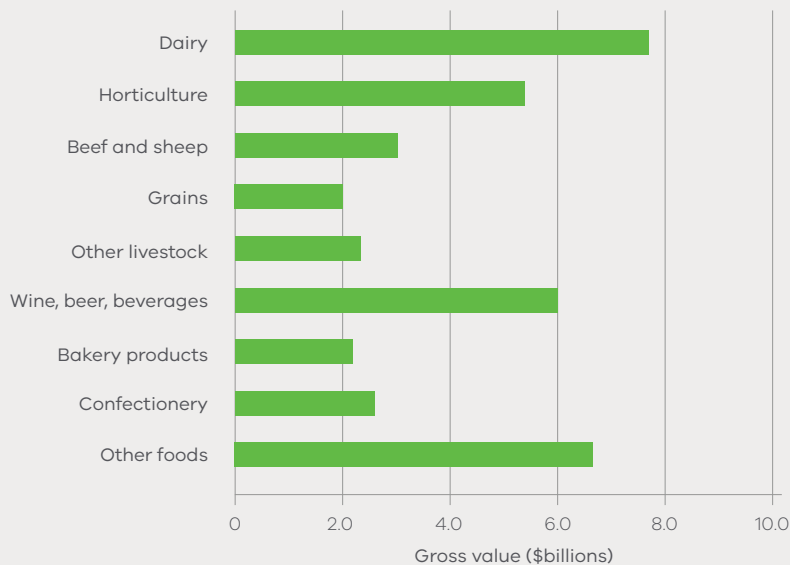
Victoria is Australia's major food processor

Victoria has Australia's largest and most established food processing sector. A number of key categories of food drive most of the processing output in Victoria.

Victoria is Australia's major food processor, producing around 30 per cent of Australia's processed food by value.

- According to IBM's Plant Location survey, Victoria is the best quality location in the Asia Pacific for advanced food and beverage processing.
- Victoria's food processing value amounted to approximately \$38 billion in 2015-16.
- Food processing products range from lightly processed commodities such as milk and meat, to highly transformed and value-added products, such as frozen meals, nutraceuticals and luxury items.
- Food processing is undertaken in all regions, but is concentrated in Victoria's capital city, Melbourne (64 per cent).
- The state boasts the country's most efficient container port.
- A key segment of Victoria's food processing sector is dairy. Around 90 per cent of Victoria's milk production by volume is used in dairy product processing. This is equivalent to about 5 billion litres. Major milk processing products include milk powder, cheese, yoghurt and ice cream.
- Victoria is the major producer of sheep meat and a key producer of beef within Australia. Victoria also produces other types of meat including pork, chicken, goat, rabbit and venison.
- Victoria's processed meat is quality assured and safe, and supervised by PrimeSafe and the Australian Quarantine and Inspection Service.

Figure 1: Gross value of food processing subsectors in Victoria (2016)



Sources for this page: food processing value, Victorian Government estimate based on 2016 REMPLAN data and 2011-12 RISE data; food processing location benchmark, IBM Plant Location International.



Competitive advantages of Victoria's processing industry

Deloitte Access Economics has assessed data on numerous factors of competitive advantage relating to agriculture and food at the regional and industry levels. Victoria has key competitive advantages that underpin its world class food processing industry.

Skilled workforce

- Victoria has more university course completions than any other state in agriculture, environmental and related studies.
- With a high level of education, the Victorian workforce has the capability to use advanced technologies and sophisticated thinking around branding, product development and packaging.
- Victoria's food processing sector can also leverage sophisticated business support sectors such as logistics, marketing and biotechnology.
- The extensive experience and size of Victoria's food processing industry enables it to produce high value, high quality food products.



Innovative research and product development

- Victoria's RD&E facilities contribute to the development of efficient and effective methods of storing, processing and developing high-value food products. For example, the CSIRO's Food Innovation Centre provides extensive food innovation to the Australian industry.
- Government-owned facilities also contribute to Victoria's innovation, including the Red Meat Innovation Centre, the Grains Innovation Centre, the Centre for AgriBioScience (La Trobe University), the Food Innovation Centre (Monash University) and CSIRO Division of Food and Nutritional Sciences.



Competitive costs

- Based on the cost of operating an agri-food processing business of the same size and characteristics across Australian cities, Melbourne ranks number one for lowest total operating costs and total location-sensitive costs.¹
- Victoria has world-class export infrastructure, including two ports (Melbourne and Geelong) and two major curfew-free airports. The Victorian Government is investing \$12 billion in its infrastructure priorities.
- Compared to competitors in North America and Europe, Australia has a shipping advantage into South East Asia (e.g. Indonesia, Malaysia, Vietnam and Thailand). This means Victoria's bulk-freight rates are a third to half the cost of its North American and European competitors.
- Victorian air-freight exports have doubled since 2011-12.



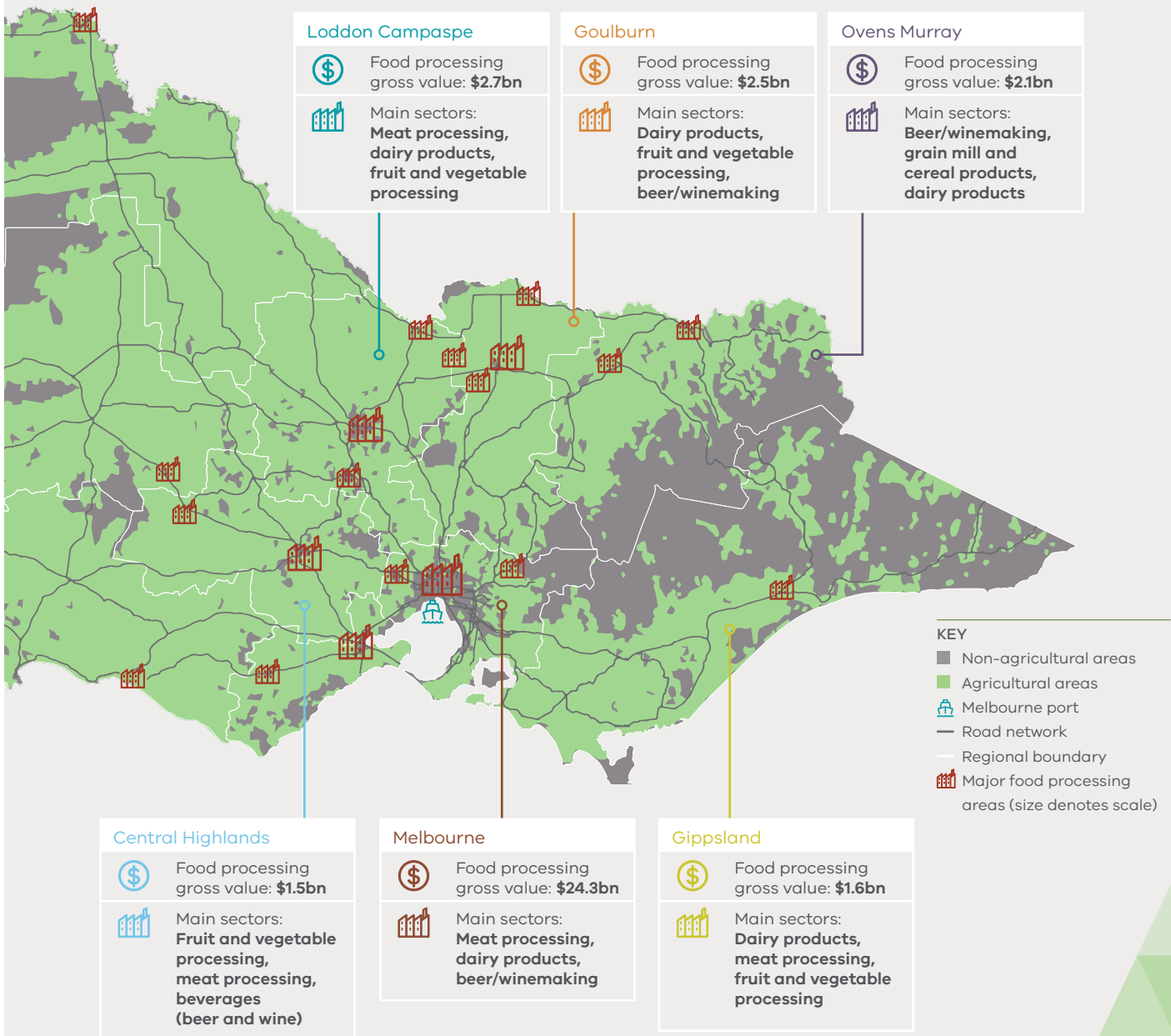
Outstanding quality foods and inputs

- Victoria has readily available and diverse, clean and green agricultural products for use as inputs into food processing.
- Victoria has very high food safety and biosecurity standards, contributing to our international reputation for safe, premium quality foods.
- Advanced systems for ensuring food safety and quality throughout the supply chain, such as PrimeSafe and Dairy Food Safety Victoria, enable Victoria to produce high value, high quality food products.
- Identification tracking within horticulture and livestock ensures strict quality assurance across food processing plants and along the supply chain.

¹ KPMG, (2016) *Ripe for investment*.

Victoria's major food processing regions

Victorian food processing activity is strategically located to access fresh produce, transport infrastructure, skilled labour and other resources.



Sources for this page: map, VLUIS 2016; ABS Agricultural Census 2016; food processing value, Victorian Government estimate based on 2016 REMPLAN data and 2011-12 RISE data.

Victoria leads Australian processed food exports

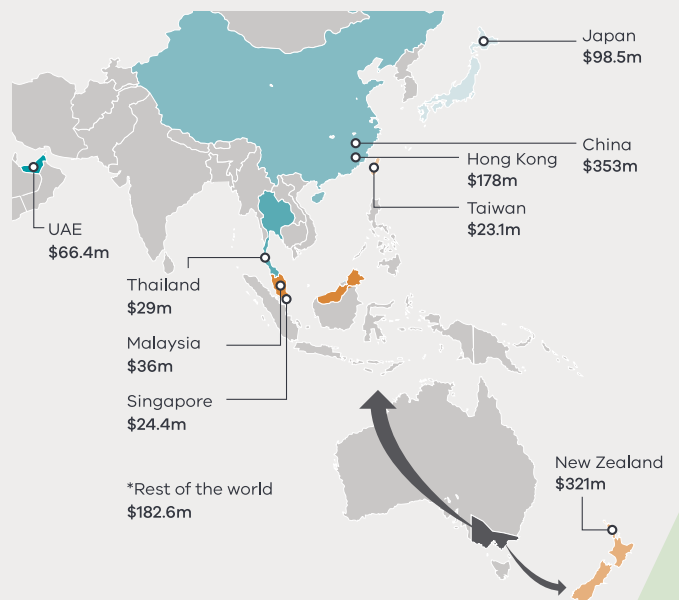
Victorian exports of processed food are valuable and growing, with 38 per cent growth between 2014-15 and 2015-16.

- Victoria accounts for more than 40 per cent of Australia's processed food exports by value.
- Victoria exported \$1.3 billion worth of processed food in 2015-16.
- Victoria's processed food exports are also growing, having increased 38 per cent compared to 2014-15 and over 50 per cent since 2011-12.
- Victoria exports processed foods to a number of fast-growing Asian economies, which are forecast to demand even more of our world-class products in the future.
- Of Victoria's export markets, China was the highest value market for Victorian processed foods, valued at \$353 million in 2016, followed by New Zealand (\$321 million) and Hong Kong (\$178 million).
- Victoria's major processed food export categories are food preparations (valued at \$595 million in 2015-16), cereal based foods (\$432 million), and confectionery (\$145 million).
- The food preparations segment is the fastest growing segment (with 320 percent growth in the value of its exports over the past five years) and is contributing to much of the growth of Victoria's processed food industry.²

Table 1: Growth of processed food exports in Victoria over time

Year	Processed food exports (\$m)	Processed food exports ('000 tonnes)	Processed food exports (\$) as a percentage of total Victorian food exports (\$)
2011-12	867	255	12.4%
2012-13	884	256	11.7%
2013-14	907	242	10.3%
2014-15	957	228	10.9%
2015-16	1,325	266	15.4%

Figure 2: Victoria's key processed food markets, 2015-16



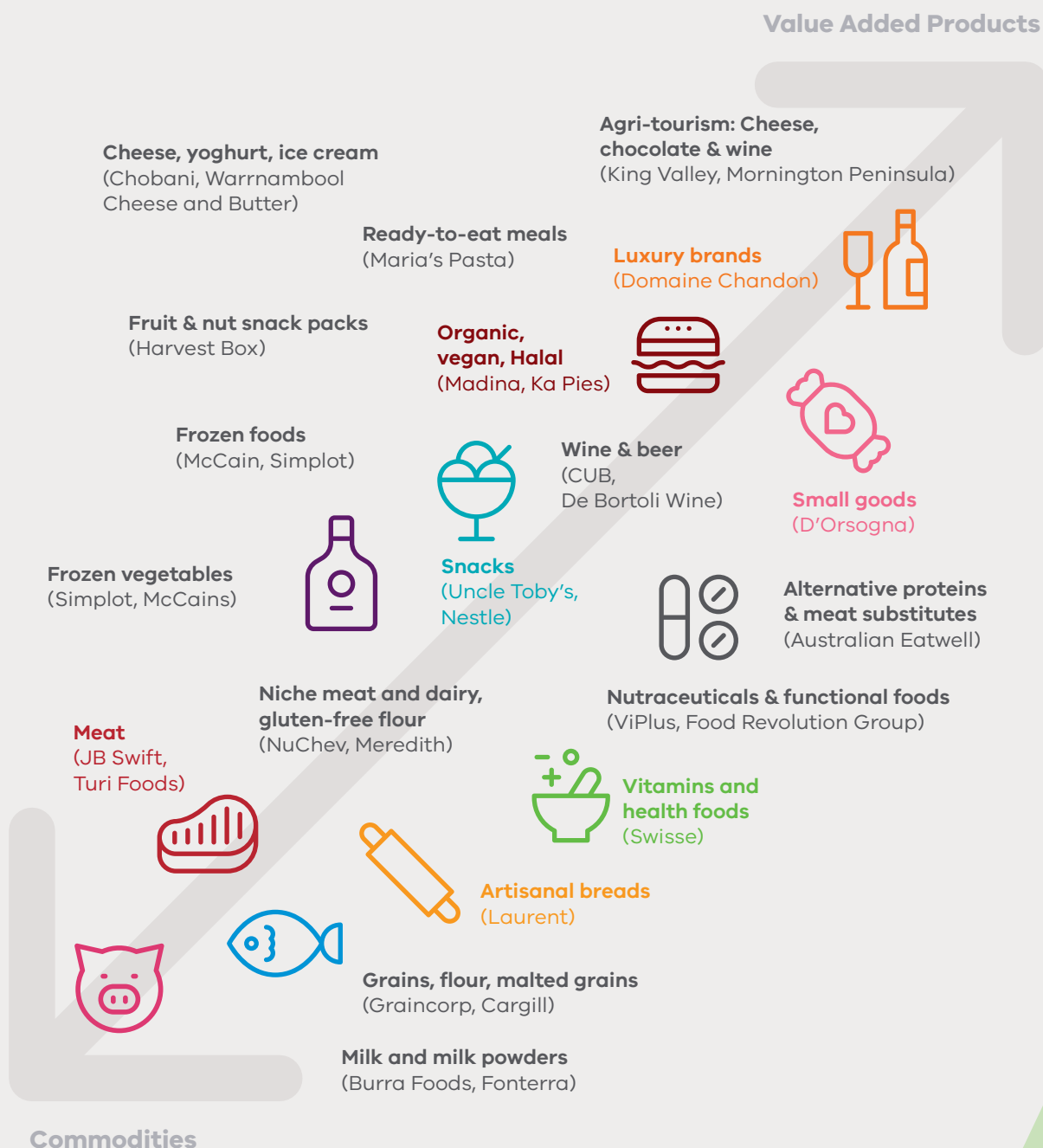
Sources for this page: exports, Victorian Food and Fibre Export Performance Report 2016-17.

Victoria's extraordinarily diverse landscape, clean environment and mild climate allows it to export forty per cent of the nation's food making it the largest food exporter in the country.

– Invest Victoria

Diverse opportunities for adding value

Victoria's processed foods range from lightly-processed commodities to highly transformed and value-added speciality products. They may offer consumers convenience, health or luxury. Value may be added through advanced science and technology, product development, packaging or marketing. The result is a wide and dynamic range of products, brands and opportunities.



Victoria's food processing technologies

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The application of advanced technologies and innovations in food processing enables Victoria to produce high value, high quality food products.



1. The Victorian Dairy industry has adopted leading-edge technologies to deliver increased quality control and improved efficiency including:



- Flow cytometry testing to enable real time monitoring of milk powder production
- Membrane technologies, especially ultra-filtration and reverse osmosis for cheese processing.



2. The Commonwealth Scientific and Industrial Research Organisation's (CSIRO) Food Innovation Centre in Werribee is a national leader in collaborating with industry to deliver hi-tech food and packaging products including:



- Bioactive delivery systems such as microencapsulation for opportunities in novel or functional foods
- Development of new dairy products that retain freshness by using novel technologies, such as high pressure processing, pulsed electric field, ultrasound, ultraviolet and short-time heat processing.



3. Monash University's Food Innovation Centre is a fee-for-service innovation organisation for fast-moving consumer goods' manufacturing, supply and retail channels.



- Collaborating with the COFCO Corporation, China's largest food company, under an agreement between Monash University and COFCO to deliver traceability platforms, regulatory experience and marketing platforms for Australian exporters.
- Offers design and visualisation tools such as 3D printing processes for creating packaging prototypes, and virtual store environments.

A wealth of skills and knowledge

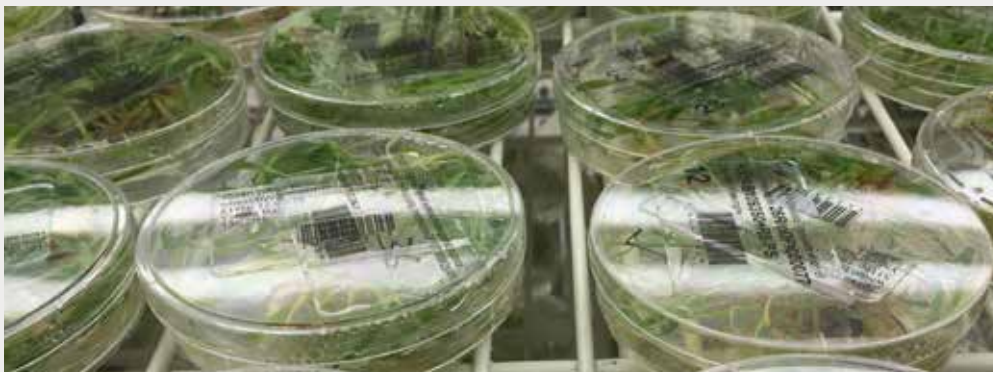
Victoria has a number of top universities teaching specialised food processing and agriculture courses. These are building the agronomic, scientific, technological and agribusiness capabilities of today's food processing workforce and tomorrow's leaders.

Institution	Specialist Courses Related to Food Processing and Food Technology
Skills Victoria Technical and Further Education (TAFE) Institutes e.g. The Gordon, Melbourne Polytechnic, Bendigo TAFE and South West TAFE	Certificates and Diplomas in Food Processing Food Science and Technology, Agriculture, Agribusiness, and Rural Operations
RMIT University	Master of Food Science and Technology Bachelor of Science (food technology)
Victoria University	Bachelor of Applied Science (food science) Bachelor of Science (biotechnology)
The University of Melbourne	Master of Food Science Master of Food Packaging Innovation
Monash University	Bachelor of Food Science and Technology
La Trobe University	Bachelor of Agriculture and Technology Bachelor of Business (Agribusiness)

Victoria also has a number of dedicated agricultural colleges such as Longerenong College and Marcus Oldham College.

Postgraduate studies related to food processing and food technology are offered through the Centre for AgriBioScience and CSIRO Food Innovation Centre.

There are also industry shared service platforms that provide world class expertise, capabilities and facilities at cost, such as The Food Innovation Centre at Monash University and Mondelez's Asia-Pacific Centre of Excellence at Ringwood.



Examples of major food processing companies in Victoria

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Many top global companies have a presence in the Victorian food processing industry, reaping the benefits which come with operating facilities in the region. According to IBISWorld and Deloitte's analysis, major food processing companies in Victoria include:

Tyrrells

In 2015 Tyrrells Crisps purchased Yarra Valley Snack Foods, in Lilydale Victoria, to establish a manufacturing base for the domestic and Asian markets. The company has a strong share in the Australian snack food processing market and this purchase was an endorsement of Victoria's credentials as a clean, green and safe manufacturer, and exporter of premium quality food and beverages.

Australian Lamb Company

The Australian Lamb Company Group is a lamb processor with facilities in Colac and Melbourne. From July 2016, the company expanded production to 2.8 million lambs per year, in response to a ten year deal to process lambs for major leading supermarkets across eastern Australia. The Australian Lamb Company Group also sells its lamb products to other retailers and wholesale outlets, and exports to 60 countries.

Nestlé

Nestlé is the world's largest food and beverage company. The company, which has operated in Victoria for over 100 years, operates four factories in Victoria, making chocolate in Campbellfield, lollies in Broadford, cereals and snacks in Wahgunyah and specialist medical nutrition, beverages, milks and culinary products in Tongala.

Select Harvests

Select Harvests is the largest vertically integrated nut and health food company in Australia. The company is a grower, processor, marketer and distributor of nuts, seeds, dried fruit and health foods. Select Harvests' focus is on almonds. The company has an almond primary processing facility in north-west Victoria and a value added processing facility in Thomastown, Melbourne, which processes around 20,000 tonnes of almonds during harvesting season. Most of the almonds that Select Harvests produce are exported to Asia.

McCain

McCain Foods Limited is a multi-national leader in the frozen food industry, processing quality products such as French fries, appetisers, pizzas, vegetables, desserts, and prepared meals. It has a major production site in Ballarat, Victoria.

Burra Foods

Burra Foods is an Australian dairy ingredient processor that produces and markets value-added products to the global food manufacturing market. The company focuses on supplying high quality dairy products such as natural cheese, fresh milk concentrates, infant formula, specialty milk powders and fresh dairy ingredients. Its manufacturing plant is located at Korumburra in Gippsland, Victoria. Burra Foods processes more than 350 million litres of milk a year and produces over 65,000 metric tonnes of product.

The Victorian Government can facilitate your next investment

The Victorian Government provides local and international investors with the information needed to establish or expand their business.

What the State Government of Victoria can provide

The Victorian Government's investment team provides free confidential services and professional advice to both existing and new investors. Invest Victoria is the first point of contact for new clients. It provides support to international investors, and can direct domestic clients to investment advisors specialising in Melbourne (Metropolitan Investment) or regional Victoria (Regional Development Victoria), including a dedicated Agribusiness Facilitation service.

Services include:

1. Help with your market-entry business case.
Our dedicated team will supply you with up-to-the-minute information on market potential, existing companies, research and development capabilities, labour market skills and costs.
2. Introductions to our great industry contacts and local suppliers.
3. Confidential expert advice to help support your choice of investment. Our experienced team can help you work through the formal approvals you might need and even visit potential sites with you and speak to estate agents on your behalf.
4. On-ground support for existing and local investors seeking assistance for their business expansion plans through our metropolitan or regional investment engagement teams. Support for international investors in their home market through our extensive network of international offices.
5. Introductions to contacts across all levels of government. Financial support to attract projects of strategic significance may also be available.
6. A large team of experienced local and overseas officers ready to give you the practical support you need to maintain your new project's momentum.
7. Investment facilitation specialists who can work with you in relation to sites, infrastructure connections and project approvals.

See the 'Who to Contact' section, on the next page, or visit: invest.vic.gov.au


Grants for businesses

The Victorian Government offers a range of grant programs to help grow Victoria's agriculture and food processing industries, infrastructure and supporting systems. To identify the programs most relevant to your project, contact us directly using the details on the following page, or browse the links below.

- Grants for the agriculture and food industries: agriculture.vic.gov.au/agriculture/food-and-fibre-industries
- Grants directed at strategic priorities, including food and fibre: invest.vic.gov.au/how-we-can-help/planning/incentives-grants-and-programs
- Grants focused on regional development: rdv.vic.gov.au
- Financial incentives offered under the Latrobe Valley Economic Growth Zone: lva.vic.gov.au/economic-growth-zone/
- Targeted programs to support business growth: business.vic.gov.au/support-for-your-business/future-industries
- Programs to support infrastructure or innovation: rdv.vic.gov.au/programs-and-grants

Further Information

This document is one of 16, which describe the investment opportunities in each of Victoria's agriculture and food processing industries and regions. The Victorian document is especially relevant to Food Processing industries. These are available at the website below. This website also has an interactive map providing access to data on rainfall, production, processing, infrastructure, and other factors relevant to agriculture and food processing.

 invest.agriculture.vic.gov.au

Who to contact

All investment inquiries

Invest Victoria can put you in touch with the best advisors for your project:

 info@invest.vic.gov.au

 invest.vic.gov.au

Victorian regions

If you already know which part of regional Victoria you wish to invest in, you may wish to speak directly to Regional Development Victoria:

 rdv.vic.gov.au/contact-us

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