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MEDIA RELEASE

Deloitte Access Economics produces first comprehensive review of Australian Dairy Processing Industry's economic and broader contribution to Australian economy

Key findings include:

- \$15.7 billion generated in revenues p.a.
- 70,158 FTE jobs supported across direct and aligned industries – 56% of them located regionally.
- \$6.1 billion of capital employed and \$383 million capital reinvested p.a.
- \$12 million p.a. invested in R&D.
- Energy use and emissions intensity have reduced by 24.5% and 23.5% respectively in the last three years.

Australian dairy processors generated \$15.7 billion in revenue, contributed \$12.4 billion to Australian Gross Domestic Product, and employed nearly \$6.1 billion in capital in 2019-20, making the industry a significant contributor to Australia, particularly regional Australia according to a new report released today.

The report, *'Economic and broader contribution of the Australian dairy processing industry'* commissioned by the Australian Dairy Products Federation (ADPF) and produced by Deloitte Access Economics, has for the first time provided an analysis of the industry's contribution to the economy, employment and diversity, regional Australia, transport, exports, environment and sustainability, and investment in capital as well as research and development.

ADPF President Grant Crothers says the report has provided the first singularly focused comprehensive positioning of the dairy processing industry regarding its economic contribution and value more broadly across Australia.

"With no barriers to import competition, the Australian dairy processing industry relies on being globally competitive and generated \$15.7 billion in revenue in 2019/20.

"It will surprise many that most of dairy processing's contribution is indirect, accounting for \$9.3 billion in value-added contributions out of the \$12.4 billion total. The remaining \$3.1 billion is direct value-added within dairy processing itself.

"This means that for every dollar of value-added in dairy processing, the industry supports 3.0 dollars of value-added elsewhere in the economy."

Mr Crothers said it was not just the industry's economic contribution covered in the report released today.

"The dairy processing industry is making significant progress when it comes to corporate social responsibility, sustainability and the environment.



“Energy use and emissions intensity have reduced by 24.5% and 23.5% respectively in the last three years.”

In terms of employment, the dairy processing industry contributes a total of 70,158 Full Time Equivalent (FTE) jobs to Australian employment. Of these, 29% are direct employees within dairy processing (20,394 FTE).

“The dairy processing industry also supports a further 49,764 FTE employees in other parts of the Australian economy meaning that for every job in dairy processing, the industry supports 2.4 indirect positions in aligned industries that are symbiotic to milk processing, such as raw milk and other ingredients, transport and utilities.

“Labour shortages have been an issue across all sectors of agriculture with dairy processors experiencing similar challenges.

The report clearly shows that unlike in primary production, nearly a quarter of the dairy processing sector’s workforce was categorised as being in the two highest skilled categories of jobs. This underlines the careers available for technical and highly skilled workers in dairy processing with many being in regional Australia,” said Mr Crothers.

The report shows that 56.5% of Australia’s direct dairy processing workforce is located in regional areas, and notably in Tasmania 95.9% of all direct employees are in regional areas, along with 61.6% in NSW and 55.5% in Victoria.

ADPF Executive Director Janine Waller added that the future for the dairy processing industry was assured, with an average of \$383 million invested in capital expenditure by dairy processors annually between 2017/18 and 19/20.



“Capital investment signals growth and drives innovation across the whole supply chain. This report shows that as a share of total food manufacturing capital investment, dairy processing accounted for an average of 15%, although in 2019-20 it reached 18.3%.

“When this is combined with around \$6.1 billion in employed capital, and dairy processing’s investment of around \$12 million a year in research and development activities, the industry is innovating to support growth and competitiveness,” said Ms Waller.

Australia’s dairy industry is sustained by dairy farmers and processors who operate side-by-side predominantly in regional communities.

“ADPF shares the National Farmers’ Federation, and now the federal government endorsed goal, of making agriculture a \$100 billion industry by 2030.

“The dairy processing industry continues to provide consumers with an abundance of choice when it comes to nutritious dairy products that are also being produced in a sustainable way and in support of regional Australia,” Ms Waller said.

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About ADPF:

The ADPF is the national peak policy body representing commercial, post farm-gate members of the Australian dairy industry, including processors, traders and marketers of Australian dairy products. Members of the ADPF process more than 90% of Australian milk volumes and provide dairy products for both domestic and export markets. www.adpf.org.au