PREMIUM FOOD AND WINE PRODUCED IN OUR CLEAN ENVIRONMENT AND EXPORTED TO THE WORLD

JANUARY 2017 UPDATE
In December 2014, the State Government announced the objectives of the Premium Food and Wine Produced in our Clean Environment and Exported to the World economic priority – one of ten economic priorities aiming to make sure that South Australia works to its strengths and prospers in the global economy.

The growing world demand for premium products that are cleanly, safely and sustainably produced creates significant opportunities for South Australia’s food and wine industries to continue to grow and our markets expand.

The premium food and wine economic priority is about working hard to capitalise on opportunities and identifying ways to increase our market share and profit margin – for example by maximising the production of differentiated and processed food and wine, and realising increased value for our premium products.

All of the one-year objectives of the economic priority were achieved by December 2015, and significant progress has been made on achieving the three-year objectives, including increasing international exports of differentiated and processed food and wine.

The original target set for this objective was to increase international exports of differentiated and processed food and wine from $2.8 billion in 2013–14 to $3.2 billion in 2016–17. Because this target was exceeded in 2014–15, it was revised to $3.6 billion for 2016–17.

The 2015–16 Food and Wine Scorecard, produced by Primary Industries and Regions SA (PIRSA), shows that the value of exports of differentiated and processed food and wine in 2015–16 was $3.39 billion – only $210 million short of the target for 2016–17 – which is great news.

Gross food and wine revenue reached record levels of $18.64 billion in 2015–16, an increase of $433 million on 2014–15. This increase was largely generated by the wine, livestock, horticulture and seafood industries.

Through Adelaide / South Australia’s membership of the Great Wine Capitals Global Network, international trade missions, and election commitments such as the Building South Australia’s Premium Food and Wine Credentials and Supporting Brands of Key Regions programs, we’re building the state’s global reputation for premium food and wine.

In addition, we’re creating opportunities for food and wine businesses to expand or co-locate, through initiatives such as the Northern Adelaide Food Park, the Premium Food and Wine Co-Innovation Cluster Program, the Regional Development Fund and the South Australian River Murray Sustainability Program.

We’re also establishing a global reputation for our food, wine and clean technology expertise, through the work of the South Australian Food Innovation Centre and the National Sterile Insect Technology Facility, as well as the redevelopment of Loxton Research Centre, which hosts the Centre of Excellence for the Australian Almond Industry.

Employment in the state’s agriculture, food and wine industries increased by 3,400 to 147,400 in the 12 months to August 2016 – almost one in five South Australian jobs – with an increase of 11% or 2,500 jobs in food and beverage manufacturing.

Based on the progress made to date, I’m confident that we can achieve all of the objectives of the premium food and wine economic priority by this time next year.

Leon Bignell MP
Minister for Agriculture, Food and Fisheries
January 2017
ONE-YEAR OBJECTIVES ACHIEVED

All of the one-year objectives of the economic priority were achieved by December 2015, with work in these areas continuing to deliver results.

Establish the South Australian Food Innovation Centre

The SA Food Innovation Centre was established in December 2015 to help food and beverage businesses find innovative solutions needed to grow, develop and deliver high-value products.

For the first time, key state and national groups have come together to understand the needs of the state’s food industry and collectively determine how they can best support innovation through targeted initiatives. This strategic collaboration has been led by PIRSA – including the South Australian Research and Development Institute (SARDI) – in partnership with Food South Australia, the University of Adelaide, the University of South Australia, the Australian Wine Research Institute, Food Innovation Australia Ltd, CSIRO, the Royal Agricultural and Horticulture Society of SA Inc., Primary Producers SA, and the Economic Development Board.

As part of stage 2, which will be implemented in 2017, the centre will be guided by leaders from South Australia’s food and beverage industry, and a dedicated case manager will be appointed to assist businesses with navigating services and ensure the centre is better positioned to respond to industry needs.

Simplify and modernise regulatory arrangements to support innovation and job creation

The Improving Road Transport for the Agricultural Industry 90-day project – a partnership between PIRSA, the Department of Planning, Transport and Infrastructure, and Primary Producers SA – has cut red tape in transport regulations and regulatory approvals while reducing compliance costs. Benefits of at least $56 million are estimated to have flowed to the transport industry and primary producers in South Australia since the completion of the project.

PIRSA’s review of South Australia’s aquaculture regulations in 2015–16 led to the development of the Aquaculture Regulations, which took effect in July. The changes will simplify regulatory requirements, streamline operations and reduce red-tape for the state’s $225 million aquaculture industry.

Increase global confidence in the biosecurity, product integrity and food safety standards of our food and wine

PIRSA’s ongoing investment in the delivery of biosecurity, product integrity and food safety systems has strengthened South Australia’s reputation internationally.

This year, Indonesia formally recognised the Riverland as a pest-free area for the export of fruit from the region, following an audit of the state’s fruit fly management system, and China recognised the Riverland as a pest-free area for the export of nectarines.

The 2016–17 State Budget included almost $2 million over four years for PIRSA to implement biosecurity measures to support growth in production and exports, including seeking endorsement of new pest-free areas on the Northern Adelaide Plains and in the Mount Lofty Ranges to facilitate access to high-value domestic and international markets.

Increase the use of the South Australian brand by food and beverage businesses

As at 5 December 2016, 570 food and wine businesses had registered to use the State Brand, a 123% increase since PIRSA and Brand South Australia began a dedicated program in early 2015 to encourage greater uptake and use of the brand to help increase consumer recognition of South Australian products in local, national and international markets.

The increased use of the State Brand has been complemented this year by Brand South Australia’s ‘I Choose SA’ campaign, through which every South Australian is encouraged to choose local products when making their purchasing decisions.

In December, PIRSA partnered with Foodland Frewville and Wildcatch Fisheries to promote ‘I Choose SA this Christmas’ to consumers at Foodland Frewville.
THREE-YEAR OBJECTIVES ON TRACK

All of the three-year objectives of the economic priority are on track to be achieved by December 2017. Highlights are provided below and on the following pages.

INCREASE INTERNATIONAL EXPORTS OF DIFFERENTIATED AND PROCESSED FOOD AND WINE FROM $2.8 BILLION IN 2013–14 TO $3.6 BILLION IN 2016–17

Food and wine exports and revenue in 2015–16

The economic priority objective to increase international exports of differentiated and processed food and wine from $2.8 billion in 2013–14 to $3.2 billion in 2016–17 was exceeded in 2014–15, and revised to $3.6 billion for 2016–17.

PIRSA’s 2015–16 Food and Wine Scorecard shows that the value of exports of differentiated and processed food and wine in 2015–16 was $3.39 billion – only $210 million short of the target for 2016–17.

Gross food and wine revenue reached record levels of $18.64 billion in 2015–16, an increase of $433 million on the previous year. This increase was largely generated by the wine, livestock, horticulture and seafood industries.

Key results for food in 2015–16:

- Gross food revenue increased by $114 million to a record $16.52 billion.
- The value of differentiated and processed food increased by $43 million to $6.69 billion.
- The value of differentiated and processed food exports increased by $25 million to $2.06 billion.

Key results for wine in 2015–16:

- Gross wine revenue increased by $329 million to $2.11 billion.
- The value of wine exports increased by $119 million to $1.34 billion.
- The average price per litre of exported wine increased from $2.53 to $2.83.
South Australian Wine Industry Development Scheme

PIRSA’s new $1.8 million South Australian Wine Industry Development Scheme, which commenced in 2016–17, aims to encourage growth in the wine industry and further promote South Australia as a producer of premium wine. The scheme comprises two grant programs:

- The $1 million Cellar Door Grants Program aims to assist South Australian wineries diversify and improve their traditional cellar door experience.
- The $600,000 Regional Wine Industry Association Grants Program aims to assist regional grape and wine industry associations develop regional wine tourism and visitor experiences.

In addition to the grant programs, $200,000 has been allocated to support new major wine events and promotions – helping showcase the state’s premium wine to local and international markets and strengthen Adelaide / South Australia’s Great Wine Capital identity (see page 6).

Functional and Luxury Foods Project

A study into functional and luxury food opportunities for South Australia’s food industry was commissioned by PIRSA and completed in 2015. The research provides food and wine businesses with access to unprecedented information and market insights, empowering them to make informed business decisions to help them increase market share and boost exports.

A number of activities have been underway to harness the findings and share the research with businesses, including dedicated stakeholder information sessions and the development of projects geared to advancing opportunities in the functional and luxury markets. For example, with support from PIRSA, as well as the Australian Wine Research Institute and Regional Development Australia Barossa, the Barossa Grape and Wine Association is running a pilot capability development program called ‘Creating Consumer Value’, looking at enhancing business profitability through the adoption of luxury business strategies and design thinking tools.

Other activities and information materials to support businesses better understand the findings of the research and take advantage of the opportunities in key Asian export markets as well as the Australian domestic market are being developed.

Advanced Food Manufacturing Grants Program

PIRSA’s Advanced Food Manufacturing Grants Program encourages collaboration between food manufacturers and research and development providers, creating partnerships that aim to strengthen our food industry’s innovation capabilities, productivity and export competitiveness. Since launching, the program has assisted 19 food businesses to develop novel or innovative food products or manufacturing processes through the commercialisation of research.

As part of Round 3 of the program, PIRSA has partnered with Food Innovation Australia Limited, boosting available funding to drive greater collaboration and innovation in our food manufacturing industry.

Examples of successful projects under the program include a $100,000 grant to Solar Eggs to support the development of a new range of eggs with enhanced levels of Omega 3, and a $66,500 grant awarded to Pangkarra Foods who developed a new range of roasted and ready to serve chickpeas and faba beans, which recently won the New Product Award in the 2016 SA Food Industry Awards.
ESTABLISH A GLOBAL REPUTATION FOR PREMIUM FOOD AND WINE

International marketing activities

South Australia is well regarded for its exceptional food quality and safety. These credentials present a significant competitive advantage in global markets and an opportunity for our industries to achieve a premium price for their products. Increasing global demand for food means we need to continue our efforts to innovate, leverage our reputation and emphasise our brand with global consumers.

In July 2016, Adelaide / South Australia became a member of the Great Wine Capitals Global Network, reinforcing the state’s international reputation in food and wine tourism. Since joining the network, a series of international engagement and wine showcase activities has been undertaken to promote South Australian wines and increase market recognition, develop business capacity in exporting, and build brand awareness at both a statewide level and with individual wine labels. These activities will continue throughout the year ahead.

To build on the state’s global reputation for premium food and wine, PIRSA has expanded the Premium Food and Wine Ambassador Program, which was established in 2013. Renowned South Australian identities who are highly respected and passionate advocates have been selected as ambassadors to champion South Australia’s premium produce in local, national and international markets. There are currently 25 ambassadors involved in the program, including two international ambassadors, Wong Wing Chee in Hong Kong and Shigemi Hirata in Japan.

To help food and wine businesses leverage the state’s brand, PIRSA has developed a comprehensive industry toolkit for the wine, grains, horticulture, dairy, seafood, and meat and livestock industries. The toolkit has been created in response to industry feedback that consistent messages and resource aids were needed for marketing activities.

International trade missions

PIRSA’s support of the State Government’s international trade missions program is helping to strengthen South Australia’s global reputation as a premium producer of food and wine, as well as boost exports, bring investment into the state and create platforms for information exchange.

Activities including site visits, workshops and meetings with buyers and distributors help South Australian food and wine companies to foster new and further build on existing business connections and export leads.

In 2016, South Australia and Shandong celebrated the anniversary of the 30-year sister-state relationship between the two states, with South Australia’s largest ever trade mission to China led by Premier Jay Weatherill in April 2016.

In addition, the commencement of direct flights between Adelaide and Guangzhou, and Adelaide and Qatar, sees our premium food and wine products, including meat and dairy, flying out of Adelaide to key export destinations.
Building South Australia’s Premium Food and Wine Credentials Program

The Building South Australia’s Premium Food and Wine Credentials Program co-invests with South Australian food and beverage businesses and/or industry aiming to improve access to particular markets and secure price premiums. One key program component is an industry co-contribution third-party certification grants program that has seen three rounds offered to the food and beverage industry and 16 projects supported.

With support from the program, the Spencer Gulf King Prawn Fishery recently achieved recertification to the Marine Stewardship Council – an independent environmental accreditation that acknowledges and rewards sustainable fishing. The Spencer Gulf King Prawn Fishery is the state’s largest prawn fishery, producing around 1,800 tonnes, directly employing more than 160 people and generating $65 million for the state’s economy every year.

PIRSA is currently piloting another program component, the Statement of Recognition, with the seafood sector. This seeks to assist South Australian seafood businesses promote the key regulatory requirements and frameworks that may be valuable in particular export markets by having a government-issued Statement of Recognition signed by the Minister for Agriculture, Food and Fisheries.

Supporting Brands of Key Regions Program

The Supporting Brands of our Key Regions Program has seen 12 regions across South Australia allocated funding totalling $412,000 to help them develop sustainable region-specific marketing activities that support the collaboration and development of South Australia’s food, wine and culinary tourism industries.

Highlights include the development and implementation of the Riverland Trust Mark, which aims to create a credible identity for Riverland brands, products and services, an interactive online hub called ‘The Table’, which lists Langhorne Creek wineries, accommodation and recipes, and the Branding Yorke Peninsula Project, which includes a Yorke Peninsula brand and targeted assistance for distribution of regional food and beverage products, and a food directory.

Value of international exports and net interstate trade of ‘finished’ food and wine ($ billion)
CREATE OPPORTUNITIES FOR FOOD AND WINE BUSINESSES TO EXPAND OR CO-LOCATE

Northern Adelaide Food Park

The Northern Adelaide Food Park is being established to facilitate the co-location of food manufacturers and processors, food packaging specialists, storage, logistics and transport companies, and other related service providers to increase industry efficiency and international competitiveness and stimulate employment. It will create an environment for food businesses to unlock innovation possibilities, increase efficiencies and expand operations into global markets, where the demand for premium food and wine continues to grow.

The food park is a key initiative of the Northern Economic Plan, which has been developed by the State Government in partnership with local councils, industry, business and the community to support economic growth and create jobs in Northern Adelaide.

PIRSA is working in collaboration with Parafield Airport Limited (PAL) to undertake detailed concept, infrastructure and implementation planning for the 40-hectare plus site at PAL’s Cross Keys Precinct. Work to date has involved concept design and infrastructure planning, tenant attraction activities, development of marketing materials and investment attraction strategies, and implementation planning.

As the project moves into the implementation phase, new direct and indirect jobs will be created through the construction activity over the life of the development, additional production from interstate and overseas businesses moving to South Australia, and growth of local food manufacturing businesses.

Premium Food and Wine Co-Innovation Cluster Program

PIRSA’s Premium Food and Wine Co-Innovation Cluster Program is helping food and wine businesses increase collaboration, explore new opportunities for growth and develop efficiencies.

The $2.7 million program has been piloted in the Murraylands and Riverland, and Limestone Coast regions to develop greater economic benefits for these regions – leading to sustainable growth, a boost in industry competitiveness and an increase in productivity.

‘100th Monkey Vignerons’ represents a cluster of four Riverland wine producers who received $70,000 in funding to transform their business model. The group collaborates on a number of fronts, such as marketing and branding and the development of new varieties, to build efficiencies and increase their competitive edge. This is opening long-term growth prospects and boosting the profile of the Riverland’s premium grapes and wine, as well as supporting the state’s reputation as a Great Wine Capital.
Regional Development Fund

PIRSA’s Regional Development Fund (RDF) continues to help regional food and wine businesses grow and expand.

In 2015–16, more than $11.7 million worth of RDF grants supported expansion or innovation in the agriculture, food and wine sector, and led to the creation of 229 direct jobs. This has brought the total RDF grant funding awarded to the sector in 2014–15 and 2015–16 to about $27.5 million, with more than 780 direct jobs created.

For example, a $1.5 million project to increase grain storage options in the Limestone Coast is improving access to premium markets for local farmers and creating job opportunities through the supply chain. With a $250,000 RDF grant, T E Storage and Logistics is modifying its grain handling and storage processes to cater for the high end, niche segregated market for premium grain, creating direct and flow-on jobs in the region as a result.

Beerenberg Farm in the Adelaide Hills was awarded a $1 million RDF grant towards the second stage of its multi-million dollar expansion project that will ensure the company’s future growth and expansion into national and international markets. The second stage of the expansion is set to create 19 ongoing full-time positions, as well as 35 jobs during construction. Beerenberg’s increased production capability will flow on to local fruit producers and apiarists who supply produce to the company.

South Australian River Murray Sustainability Program

The $265 million South Australian River Murray Sustainability Program, funded by the Australian Government and delivered by PIRSA, is helping deliver new employment opportunities, economic diversification and regional development along the length of South Australia’s River Murray. It is also supporting these communities and businesses in their efforts to be better placed to respond to the Murray–Darling Basin Plan and be more resilient to the effects of fluctuating water availability.

To date, almost $177 million has been offered to 186 projects under the first three rounds of the $240 million Irrigation Industry Improvement Program, securing about 35 gigalitres of water to return to the river – within 5 gigalitres of the program’s 40 gigalitres target. By the time the Irrigation Industry Improvement Program finishes in mid-2019, it will have supported the creation of more than 550 full-time equivalent long-term jobs throughout River Murray communities.

The second stage of Beerenberg Farm's expansion is set to create 19 ongoing full-time positions in the Adelaide Hills.
ESTABLISH A GLOBAL REPUTATION FOR OUR FOOD, WINE AND CLEAN TECHNOLOGY EXPERTISE

Leading research organisations relocate to Adelaide

South Australia is cementing its reputation as the food and wine capital of Australia, with two of the nation’s leading research organisations – the Grains Research and Development Corporation and Fisheries Research and Development Corporation – relocating their offices from Canberra to Adelaide in 2016. Both are now based in the National Wine Centre of Australia building in Adelaide, alongside Wine Australia.

National Sterile Insect Technology Facility up and running

Construction of the $3.8 million, world-leading National Sterile Insect Technology (SIT) Facility at Port Augusta has been completed, with the site officially opened by Minister for Agriculture, Food and Fisheries Leon Bignell in November 2016. The construction of the facility was funded by the State Government through PIRSA, with a contribution of $800,000 from Horticulture Innovation Australia (HIA). PIRSA has contributed an additional $745,000 towards a three-year pilot program for HIA to operate the facility.

The facility will provide a powerful new line of defence against one of horticulture’s most damaging pests, Queensland fruit fly, producing 50 million sterile male flies each week. The flies will be released across the state and Australia to mate with females, thereby collapsing wild populations in fruit fly affected horticulture growing regions.

The initiative is supported by a $45 million national research and development program, known as SITplus, led by HIA in partnership with PIRSA, the NSW Department of Primary Industries, the Victorian Department of Economic Development, Jobs, Transport and Resources, CSIRO, Plant and Food Research Australia and Macquarie University.

Loxton Research Centre redevelopment completed

The building works are completed, and planning for the official opening is underway, for the $7.5 million Loxton Research Centre redevelopment, supported through the $265 million Australian Government–funded South Australian River Murray Sustainability Program.

The new Loxton Research Centre is set to become a showcase for South Australia’s extraordinary River Murray region, supporting and promoting our world-class reputation as a leader in agriculture and producer of premium food and wine.

SARDI supporting our agriculture, food and wine industries

In 2016, SARDI entered into a $50 million five-year bilateral agreement with the Grains Research and Development Corporation to secure the future of grain industry research in South Australia, focusing on programs of state and national importance including farming systems for low to medium rainfall areas, crop protection and crop improvement.

SARDI has assisted more than 100 small-to-medium enterprises in developing new food and beverage products or improving production processes through the Food Technology Program, and is exploring commercial options related to the successful completion of the two-year Functional Food Focus Program, including testing of a ‘gluten free’ line of oats with coeliac disease sufferers.

SARDI worked with South Australian food businesses to create functional food products and produced juvenile oysters for South Australia’s $32 million oyster industry in response to a critical state shortage of Pacific Oyster spat following the February 2016 outbreak of Pacific Oyster mortality syndrome in Tasmania.
Research and expertise being shared internationally

A memorandum of understanding between PIRSA and the Chinese province of Shandong’s Department of Agriculture signed in April 2016 will enable the sharing of agricultural research and expertise in 2017. This will involve PIRSA assisting with the establishment of farms in the Yellow River Delta sustainable ecological region, by providing support to enhance pasture quality, livestock genetics and trade opportunities in pasture seeds and red meat.

Recent inbound trade missions included representatives from 12 Asia Pacific countries of the Asian Productivity Organization visiting South Australia – and Australia – for the first time in their 55-year history to learn about innovations in agriculture to increase productivity and profitability, and 14 staff from Shandong’s Department of Agriculture visiting South Australia to learn about our plant health and biosecurity practices.

Industry investment in research and development increasing

Data released in late 2015 showed that South Australian agriculture, food and wine businesses invested $41.6 million in research and development in 2013–14, up 11% from 2011–12. The data has been released biennially since 2011–12, with the figures for 2015–16 expected to be released in late 2017.
CREATING EMPLOYMENT OPPORTUNITIES

Employment in the state’s agriculture, food and wine industries increased by 3,400 to 147,400 in the 12 months to August 2016, with an increase of 11% or 2,500 jobs in food and beverage manufacturing, the state’s largest manufacturing employer.

![Staff at Bickfords](image)

Employment in South Australia’s agriculture, food and wine industries
‘000 jobs, in the 12 months to August each year

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