Summary
This project covers product categories including machinery for food production and food preparation processes. Examples include machinery for canning, sealing containers and bottles; and machinery for processing meat, dairy products, flour milling, slicing machinery, juice extractors, commercial toasters and processing packaging machinery.

The value of the commercial food processing machinery sector is US$1.2 billion, with imports accounting for US$680 million. The U.S. is highly regarded for performance and technology and currently holds a 12.5 percent market share in the Australian market. The Australian commercial food processing machinery sector is currently experiencing a growth rate of 5 percent, which is being driven by an increased interest in nontraditional markets such as, vitamin water, energy drinks, new lines of soft drinks/sodas and varieties of other food.

Market Demand
The most significant factor affecting the commercial food processing machinery sector is that Australians continue to demand high quality foodstuffs using gourmet food and as a result of the Global Financial Crisis (GFC) are entertaining at home more frequently.

According to 2009-2010 data from the Australian Bureau of Statistics, Food and beverage processing is Australia’s largest manufacturing industry with sales and services income around US$78 billion accounting for around 18 per cent of manufacturing employment. Meat is the largest segment, with a 26 percent share. Next are grains (19 percent), followed by wine, dairy and sugar.

The demand for food processing machinery is also being driven by other factors such as an interest in health foods. There is a push in Australia toward organic, gluten-free and functional foods, and a greater awareness of the health benefits of such foods. Adding impetus to the sector is also the increasing demand for prepared meals, with the majority of these meals sold in major supermarket chains of Coles and Woolworths. Such foods are resulting in an increased demand for specialist and lower capacity food processing equipment. IBISWorld estimates that the useful life of machinery would range from 15 to 20 years before needing reconditioning or replacement. The availability of locally produced ingredients, in order to reduce costs, is also a strong influence on sector activity.

Major areas of growth in food manufacturing in Australia are flour mill and cereal products; sugar, bread, cakes, biscuits, beverages and malt sub sectors. Likewise, with Australian tastes becoming more diverse, the outlook for a greater variety of food equipment is expected.
Market Data
MARKET SIZE FOR THE COMMERCIAL FOOD PROCESSING MACHINERY INDUSTRY
(All figures in US$million)

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2010</th>
<th>2011 (estimated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Market Size</td>
<td>1127</td>
<td>1272</td>
<td>1,344</td>
</tr>
<tr>
<td>Total Local Production</td>
<td>721</td>
<td>815</td>
<td>861</td>
</tr>
<tr>
<td>Total Exports</td>
<td>193</td>
<td>218</td>
<td>231</td>
</tr>
<tr>
<td>Total Imports</td>
<td>599</td>
<td>676</td>
<td>714</td>
</tr>
<tr>
<td>Imports from the US</td>
<td>74</td>
<td>84</td>
<td>89</td>
</tr>
</tbody>
</table>

Exchange rates:
2009  0.9166
2010  0.9944
2011  1.00 (estimated)

Principal 2010 Import Market Shares

Best Prospects
Over the next year, the Australian food processing market will provide good opportunities for U.S. suppliers of the following products:

- Sophisticated equipment that overcomes food safety risks allied with food handling standards, allowing preparation of food in a clean and safe environment.
- Equipment offering productivity and efficiency improvement: Strong design & after sale service capabilities.

Examples of best prospects include the following: robotics, mixing systems, homogenizers, meat and poultry equipment, dairy equipment and hygiene systems.
Key Suppliers

Local Production
The Australian commercial food machinery manufacturing industry is highly fragmented, with a large number of small operators. These local companies, concentrated on the Eastern seaboard (more than 80 percent located in New South Wales, Victoria and Queensland) are popular for their reputation of selling niche machinery in order to remain competitive with imports. For instance, the two leading processing operators in Australia are Heat and Control Pty Ltd (a subsidiary of Heat and Control Inc., California) and Moffat Group Pty. Ltd which accounts for 13 percent of sales in the food processing machinery manufacturing in Australia.

Imports
According to ABARE Australian Food Statistics 2010, New Zealand remains the major source of Australia’s food processing equipment imports, accounting for $1.88 billion or 18.6 per cent of total Australian food imports in 2009-10, followed closely by Germany (18 percent), Italy (17 percent), and the U.S. (12.5 percent) as the leading suppliers.

Prospective Buyers
There are over 4,000 food manufacturers in Australia that purchase food processing machinery. These manufacturers produce foodstuffs in the following categories:

- Bakery products
- Beverage and malt manufacturing
- Dairy products
- Flour mill and cereal food manufacturing
- Fruit and vegetable processing
- Meat and meat products
- Oil and fat manufacturing
- Seafood processing
- Sugar and confectionery manufacturing

The market segments of this industry and their share of the market are shown in the graph below:
Large Food Manufacturers
Large food production manufacturers are the primary market for commercial food processing machinery. These food manufacturers can be further divided by industry sector, with most activity in dairy, meat, bakery, sugar and confectionery production.

Small Food Manufacturers
Machinery for smaller applications accounts for 60 percent of industry revenue. Categories include commercial food machinery in restaurants, convenience stores and small food producers. The customer base for this size of machinery is primarily food machinery distributors and to a less degree, retailers.

The Top 10 food and beverage manufactures in Australia are:

<table>
<thead>
<tr>
<th>Company</th>
<th>Major Food Product Categories</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coca Cola Amatil</td>
<td>Soft drinks, bottled water, fruit juices</td>
</tr>
<tr>
<td>Fosters</td>
<td>Beer and wine</td>
</tr>
<tr>
<td>Nestle Foods</td>
<td>Dairy, cereals, snack bars, ice cream, confectionary, infant food, pet food</td>
</tr>
<tr>
<td>Goodman Fielder</td>
<td>Breads, spreads and oils, dressings, sauces and vinegars, baking, pastry, cakes and desserts, dairy dips and small goods</td>
</tr>
<tr>
<td>Murray Goulburn</td>
<td>Dairy products- Devondale and Liddells</td>
</tr>
<tr>
<td>Cadbury</td>
<td>Confectionary, soft drinks, chocolate sector leader</td>
</tr>
<tr>
<td>Swift Australia</td>
<td>Beef processing</td>
</tr>
<tr>
<td>Lion Nathan</td>
<td>Alcohol giants</td>
</tr>
<tr>
<td>Fonterra</td>
<td>Dairy products- Mainland, Bega, western star</td>
</tr>
<tr>
<td>National Foods/ Kirin</td>
<td>Milk, desserts, yoghurt, juice, specialty cheeses</td>
</tr>
</tbody>
</table>

Source: “Food & Drink” Publication, January 2009

Market Entry
Quality, innovation, price and customer service are key considerations for the Australian market. As this sector in the Australian market is mature and well established, U.S. companies looking to enter into the market would need to aggressively price new equipment and ensure that new equipment has technological competitive advantages as well as being able to establish a long term servicing commitment. Well developed infrastructure in Australia provides support for easy distribution.

Market Issues & Obstacles
The Australian market demands high-quality machinery due, in part, to stringent health regulations. The Australian Quarantine and Inspection Service (AQIS) establish quarantine standards that must be met by machinery used in food related activities. Australia has one of the world’s most stringent quarantine conditions, particularly for used machinery. AQIS has the power to re-export contaminated machinery. The agency issues permits for imported machinery, conditional that machinery arrives in a clean state. Further information can be viewed at www.aqis.gov.au.

The Free Trade Agreement between the U.S. and Australia (FTA) eliminates the import duty on food processing equipment from the U.S. Under the FTA, commercial food processing machinery is duty free. The Goods and Service Tax (GST) was introduced in Australia on July 1, 2000, and all commercial food processing machinery being shipped to Australia is subject to this tax. It is a broad-based tax of 10 percent on the sale or provision of most goods and services. While the responsibility to pay GST to the Australian Tax Office lies with the producer/supplier, it is the final consumer who ultimately bears the GST cost. The importer pays the GST to the Australian Customs Service.
Food processing machinery suppliers should be familiar with standards covering food safety. SAI Global publishes these standards, which can be found on the SAI website, www.saiglobal.com.

A search of the SAI website indicates the following Australian standards for food safety:

**AS SO 22000** Food Safety Management Set  
**AS ISO 22004** Food Safety Management Systems  
**AS 4125.1-2009** Sound laboratory practice in food and water microbiology laboratories

Food processing equipment must conform to Australian Specifications of 240 volts, 50 cycles, and have metric measurements.

**Trade Events**

**Auspack Plus**  
Date: March 22-25, 2011  
Location: Melbourne, Victoria  
Website: www.auspackplus.com.au

**FoodService Australia**  
June 19-21, 2011  
Location: Melbourne, Victoria  
Website: www.foodserviceaustralia.com.au

**Fine Food Australia**  
Date: September 5-8, 2011  
Location: Sydney, New South Wales  
Website: www.finefoodaustralia.com.au

**Resources & Contacts**

**Australian Beverages Council**  
Suite, 6-8 Crewe Street  
Rosebery, NSW 2018  
Tel: 61-2-9663-2844  
Fax: 61-2-9662-2899  
http://www.australianbeverages.org  
Email: info@australianbeverages.org

**National Association of Food Equipment Suppliers Ltd**  
P.O. Box 1575  
Chatswood NSW 2057  
Tel: 61-2-9884-7100  
Fax: 61-2-9884-8700  
http://www.nafes.com.au  
Email: info@nafes.com.au
“Food Management News”  
Published by Yaffa Publishing Co.Pty. Ltd  
17-21 Bellevue Street  
Surry Hills NSW 2010  
Tel: 61-2-9281-2333  
Fax: 61-2-9281-2750  
Miss Miranda Fitzgerald, Editor  
Email: mirandafitzgerald@yaffa.com.au  
Frequency: Monthly  
Food manufacturing and general food industry news.

“Food Magazine”  
Published by Reed business information Pty. Ltd  
Tower 2, 475 Victoria Avenue  
Chatswood NSW 2067  
Tel: 61-2-9422-2999  
Fax: 61-2-9422-2959  
Mr David Stone, Editor  
Email: david.stone@reed.com.au  
Frequency: Bi-monthly  
Plant equipment, technology, marketing, and packaging.

For More Information

The U.S. Commercial Service in Melbourne, Australia can be contacted via e-mail at:  
annette.ahern@trade.gov; Phone: 61-3-9526-5928; Fax: 61-3-9510-4660; or visit our website:  
www.buyusa.gov/australia

The U.S. Commercial Service — Your Global Business Partner

With its network of offices across the United States and in more than 80 countries, the U.S. Commercial Service of the U.S. Department of Commerce utilizes its global presence and international marketing expertise to help U.S. companies sell their products and services worldwide. Locate the U.S. Commercial Service trade specialist in the U.S. nearest you by visiting http://www.export.gov/eac.

Comments and Suggestions: We welcome your comments and suggestions regarding this market research. You can e-mail us your comments/suggestions to: Market_Research_Feedback@trade.gov. Please include the name of the applicable market research in your e-mail. We greatly appreciate your feedback.

Disclaimer: The information provided in this report is intended to be of assistance to U.S. exporters. While we make every effort to ensure its accuracy, neither the United States government nor any of its employees make any representation as to the accuracy or completeness of information in this or any other United States government document. Readers are advised to independently verify any information prior to reliance thereon. The information provided in this report does not constitute legal advice. The Commercial Service reference to or inclusion of material by a non-U.S. Government entity in this document is for informational purposes only and does not constitute an endorsement by the Commercial Service of the entity, its materials, or its products or services. International copyright, U.S. Department of Commerce, 2007. All rights reserved outside of the United States.