

Economic Significance of the Food Sector

La Trobe University for VLGA

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For:



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Executive Summary

The activities related to the production of food cut across a wide range of different industries. The growing and cultivation of food is merely the start of process. Next comes the processing and packaging and distribution to retailers. All of which requires significant input in terms of transportation. Some retailers, such as restaurants undertake significant processing of the food before it is served to the final consumer.

As this cuts across a number of industries, extracting the economic contribution of food to the economy from published statistics is not a straightforward process. However, within the National Accounts framework there is the flexibility to produce a set of economic accounts which cut across different industries, via the use of a Satellite Account. Satellite Account allow selected topic to be examined while maintaining the concepts and structures of the core National Accounts.

Using this method a Food Satellite Account for Victoria and Melbourne has been developed by SGS Economics & Planning. The data used to construct the Food Satellite Account is drawn from a wide range of Australian Bureau of Statistics data sources.

In 2007-08, the Food sector as measured by the Food Satellite Account represented 15.0% (\$36.2 billion) of Victoria's Gross value added. In Melbourne, the Food Satellite Account represented 12.3% (\$21.2 billion) of Melbourne's Gross value added. In 2007-08, the Food industry employed 366,000 people in Victoria, of which 210,000 were employed in Melbourne.

The result from the Food Satellite Account indicates that the Food sector is one of the largest sectors when compared to the traditional industries. The largest industries in terms of Gross value added are Property & Business services (15.5%) and Manufacturing (14.2%). While in terms of employment Retail (14.3%), Manufacturing (12.8%) and Property & Business services (12.5%) are the largest industries. In 2006-07 (which is the latest available year), Tourism contributed \$6.9 billion (3.0%) to Victoria's Gross value added and was directly responsible for generating 102,179 (4.0%) jobs in the Victorian economy.

Some caution should be made when comparing the Food Satellite Account estimates to traditional industries. For example, 20% of Manufacturing is Food Manufacturing which is included in the Food Satellite Account. Also there is overlap in both the Tourism and Food Satellite Accounts for the Accommodation, cafes and restaurants industry.

Spending on food and beverage is a necessary activity for all travellers. However, for some visitors, the decision to travel to Victoria, and the choice of activities that the visitor pursues are determined by the availability of particular food and dining experiences. The role of destination marketing to raise the awareness of these food and dining experiences and thus leverage the potential visitor's interest in visiting Melbourne and Regional Victoria is well documented.

Food has an integral role in destination marketing for the reason that it is closely associated with national and regional identity. As such, while it is difficult to calculate the value of the effect, a sustainable high quality food production and food service industry generates visitation and increases total tourism receipts.

1 Introduction

The economic activity related to the production of food takes a number of very diverse forms. The growing and cultivation of food is merely the start of the process. Next comes the processing, packaging, and distribution to retailers. All of which requires significant input in terms of transportation. Some retailers, such as restaurants undertake significant processing of the food before it is finally sold to the consumer.

These activities cut across a wider range of different industries, so extracting the economic contribution of food to the economy from published statistics is not a straightforward process.

However, within the National Accounts framework there is the flexibility to produce a set of economic accounts which span across different industries, via the use of a Satellite Account. Satellite Accounts allow selected topics to be examined while maintaining the concepts and structures of the core National Accounts.

Using this method a Food Satellite Account for Victoria and Melbourne has been developed by SGS Economics & Planning Pty Ltd (SGS). The data used to construct the Food Satellite Account is drawn from a wider range of ABS data sources.

Aside from the direct economic contribution, the Food sector in Victoria also helps attract visitors to the State. Spending on food and beverage is a necessary activity for all travellers. However, for some visitors, the decision to travel to Victoria, and the choice of activities that the visitor pursues are determined by the availability of particular food and dining experiences.

The role of destination marketing to raise the awareness of these food and dining experiences and thus leverage the potential visitor's interest in visiting Melbourne and Regional Victoria is well documented. Food has an integral role in destination marketing for the reason that it is closely associated with national and regional identity. As such, while it is difficult to calculate the value of the effect, a sustainable high quality food production and food service industry generates visitation and increases total tourism receipts

The remainder of this report is structured as follows; Section two defines the conceptual framework, concepts, data sources and method used to construct the Food Satellite Account. Section three presents the results and provides comparisons to other areas of the Victorian economy. Some concluding remarks are presented in Section four.

2 Food Satellite Account Method

This section outlines the conceptual framework, concepts, data sources and method used to construct the Food Satellite Account.

2.1 Conceptual Framework

The Australian System of National Accounts is a comprehensive framework used to produce a consistent set of economic accounts for all productive activities. It is directly comparable to the framework used by other nations which allows for international comparisons to be made with some degree of confidence. Underlying the Australian National Accounts is the *Australian and New Zealand Standard Industrial Classification* (ANZSIC). ANZSIC is used to group together similar firms according to the primary goods and services which they produce.

In the case of food, the form it can take is quite diverse, which means that no one industry within ANZSIC covers all aspects of food production. For example, the primary production of food is different to the canning and processing of food, which is different to the preparation of a meal in a restaurant. As a result the production of food is scattered across a range of different industries.

However, there is the flexibility within the National Accounts to produce a set of economic accounts which cut across different industries, via the use of a Satellite Account. Satellite Accounts allow a selected topic to be examined while maintaining the concepts and structures of the core accounts. Satellite Accounts present the growth and contribution of a particular topic in an account which is separate but still linked to the core accounts.

Examples of topics where the Australian Bureau of Statistics (ABS) has applied Satellite Accounts include Tourism, Information & Communication Technology and Non-Profit Institutions. The Tourism Account is the most comprehensive and regularly published of these Satellite Accounts. Using this method, a Food Satellite Account has been developed by SGS Economics & Planning. The remainder of this section outlines the method and data sources in more detail.

2.2 Identifying Food Industries

The first step in developing a Food Satellite Account is to identify all industries which are related to the production of food. These might be principally involved or have a peripheral involvement in the production of food. For example, an apple grower is principally involved in the food industry. The firm producing the tin cans in which the apples are placed is seen to have peripheral involvement in food production. Appendix A lists all the industries which have been identified as principally and peripherally involved in food production.

Measuring the economic contribution of principal food industries is fairly straightforward from published ABS data. The peripheral industries required an additional step of analysis as not all of the production of the peripherally involved industries is related to food production. For example,

Metal Container Manufacturers may produce tin cans for food and metal containers for paint. Via the use of Input – Output Table analysis, the amount of production of Metal Container Manufacturers which is used by principal food industries can be estimated. This share of produce was then used to allocate employment to the Food Satellite Account. For example, if 10% of Metal Container Manufacturers production was allocated to the Food Satellite Account, then 10% of employment in that industry was allocated to the Food Satellite Account.

Table 1 presents the principal and peripheral industries at the industry division Level. Within some industries, for example Manufacturing there are principal industries (Biscuit Manufacturing) and peripheral industries (Metal Container Manufacturing).

Table 1 Principal & Peripheral Industries

Industry	Principal	Periphery	Contains Both	No significant contribution to Food
Agriculture	✓			
Mining				✓
Manufacturing			✓	
Electricity, gas and water		✓		
Construction				✓
Wholesale			✓	
Retail	✓			
Accommodation, cafes & restaurants	✓			
Transport		✓		
Communication				✓
Finance				✓
Property & Business		✓		
Education				✓
Health & Community	✓			
Culture & Recreation				✓
Personal & Other				✓

Source: SGS Economics & Planning

If no clear breakdown was made by ANZSIC between non food and food (which would result in no reliable data being available) then these activities were not included. The one main example of this is within Government Administration, where a small proportion of economic activity would be attributed to food. For example, health inspectors and other administrative staff involved in issuing licenses to food related businesses. Without any data on these activities including them within the Food Satellite Account is not possible.

It should be noted that unpaid work falls outside conventional definitions of economic production. This unpaid work includes the growing and preparation of food by households. While the preparation of food by households constitutes production in a very broad sense, the international

statistical standards recommend its exclusion from defined production due to conceptual and measurement difficulties.

The preparation of food by households cannot be valued in the same way as more formal food production. There are unresolved conceptual issues surrounding the boundary between preparation of food and leisure activities. That is, is the cooking purely for the purpose of eating or is the cooking in part a leisure activity?

2.3 Data Sources used in the Compilation

The data used to construct the Food Satellite Account is drawn from a wide range of ABS data sources. These include:

- Australian National Accounts: State Accounts (cat. no. 5220.0).
- Australian National Accounts: Input-Output Tables (cat. no. 5209.0.55.001).
- Tourist Accommodation, Small Area Data, Victoria - Electronic Delivery (cat. no. 8635.2.55.001).
- Agricultural Commodities: Small Area Data, Australia (cat. no. 7125.0).
- Manufacturing Industry, Victoria (cat. no. 8221.2.55.001).
- Manufacturing Industry, Australia (cat. no. 8221.0)
- Retail and Wholesale Industries, Australia, 2005-06 (cat. no. 8622.0)
- Australian National Accounts: National Income, Expenditure and Product (cat. no 5206.0).
- Labour Force, Australia, Detailed, Quarterly (6291.0.55.003).
- Census Employment Data.

The State Accounts publication provides the main statistical output which drives the Food Satellite Account. This publication is released on an annual basis and provides the Gross value added for each industry in Victoria. Gross value added is the value of output of an industry minus the value of intermediate consumption (inputs).

From the State Accounts, SGS uses where possible, the same data sources and methods as the ABS to produce a Gross value added for each industry for Melbourne and the Balance of Victoria.

The Input-Output Tables are the most detailed view of the economy and employment produced by the ABS. These are produced on an irregular basis, with the recent tables being published for the financial years 1998-99, 2001-02 and 2004-05. These years contain the most detailed information and are viewed as having the highest data quality. As a result, these will be referred to as benchmark years. The State Accounts, Labour Force Survey and other data are used to estimate the Food Satellite Account outside the benchmark years.

The estimates are also subject to revision when more up to date data is released by the ABS. For example, the three most recent years of the State Accounts estimates are subject to revision. These revisions will flow into the Food Satellite Account. Also the Manufacturing Industry publication is based on a census of all Victorian manufacturing firms conducted every five years. It provides the most detailed view of the split between Melbourne and the Balance of Victoria in terms of food manufacturing. The next Manufacturing Industry publication is due for release in late 2009. This will also result in some revisions to the Food Satellite Account.

3 Results

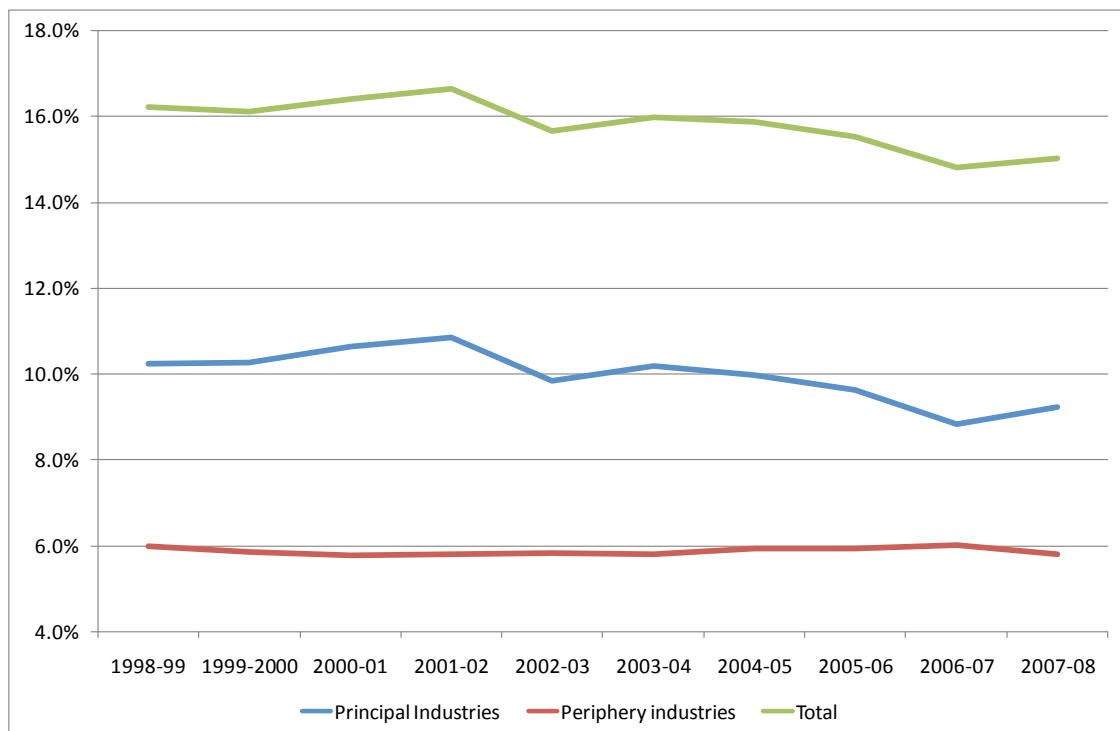
3.1.1 Economic Contribution

In 1998-99, the Food Satellite Account represented 16.2% (\$25.5 billion) of Victoria's Gross value added (Figure 1). The principal industries represented 10.2% and the peripheral industries 6.0%. Agriculture and Food Manufacturing represented around 60% of the principal industries contribution. By 2007-08, the principal industries contribution had fallen to 9.2% and the peripheral industries had fallen slightly to 5.8%.

This fall in principal industries was driven by a decline in Food Manufacturing. In 2007-08, the Food Satellite Account represented 15.0% (\$36.2 billion) of Victoria's Gross value added. The fall between 2001-02 and 2002-03 in the share of principal food industries is a result of the impact of the drought on agricultural production. A similar drop can be seen in 2006-07.

It should be noted that this analysis does not attempt to model the indirect (or multiplier) impact of the Food sector. The indirect impact on demand is a broader notion that includes the downstream effects of the demand for food. For example, when a food product is tinned, demand is generated for the steel, which requires more ore iron and other products further up the supply chain.

Figure 1 Contribution of Food to the Victorian Economy

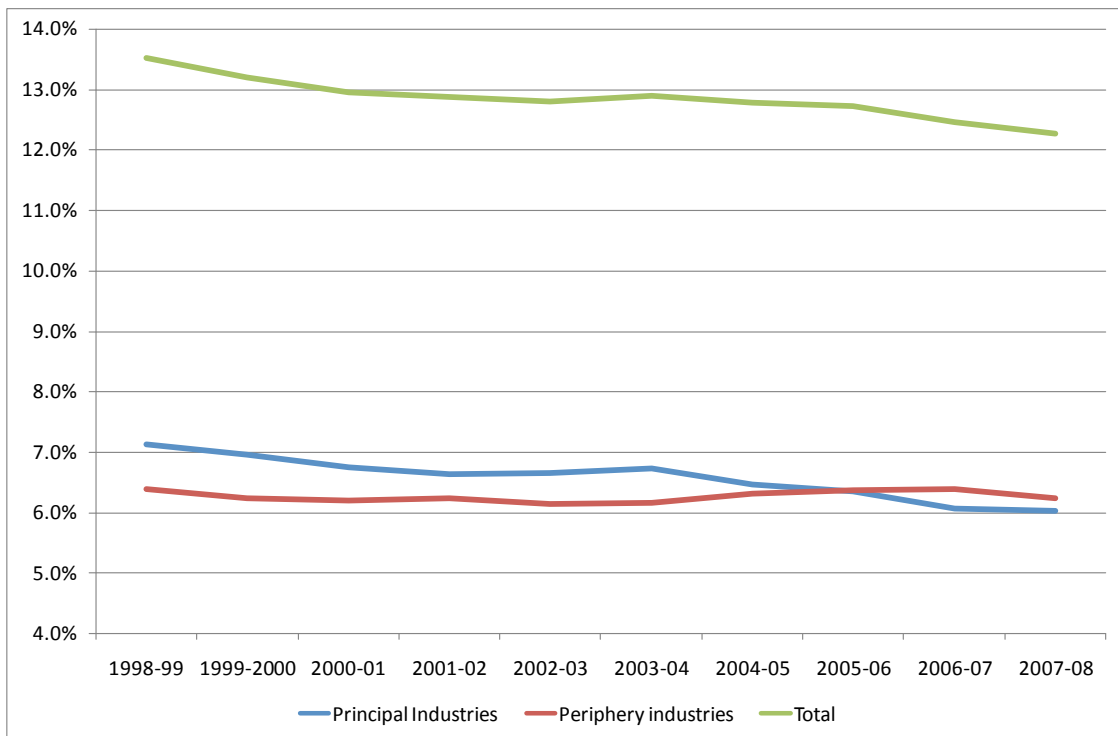


Source: SGS Economics & Planning

Figure 2 presents the economic contribution of the Food Satellite Account to the Melbourne economy between 1998-99 and 2007-08. In 2007-08, the Food Satellite Account represented 12.3% (\$21.2 billion) of Melbourne’s Gross value added. This is down from 13.5% in 1998-99 (\$13.4 billion). In 2007-08, the principal industries represented 6.0% and the peripheral industries 6.2%.

The difference between the principal industries contribution to Victoria and Melbourne is driven by the relatively smaller amount of Agricultural production within the Melbourne Statistical Division (MSD) compared to the rest of Victoria. The decline in the principal industries contribution to Melbourne’s Gross value added has been driven by a steady decline in agricultural production within the MSD. This is related to agricultural land being converted to residential or employment land.

Figure 2 Contribution of Food to the Melbourne Economy



Source: SGS Economics & Planning

3.1.2 Employment Contribution

Table 2 presents the employment in each of the three benchmark years, including the full-time and part-time disaggregation. The impact of the drought in 2001-02 can be observed in the drop in full-time employment. 35,000 full-time jobs were lost between 1998-99 and 2001-02. Full-time employment then returned to around the 1998-99 level in 2004-05 as the drought eased. Employment in both full-time and part-time employment in the peripheral industries has increased by around 5,000 jobs between 1998-99 and 2004-05.

Table 2 Victorian Employment in Benchmark Years

	Principal Industries			Peripheral Industries		
	Full-time	Part-time	Total	Full-time	Part-time	Total
1998-99	199,000	43,000	242,000	82,000	32,000	114,000
2001-02	164,000	46,000	210,000	86,000	36,000	122,000
2004-05	194,000	45,000	239,000	87,000	37,000	124,000

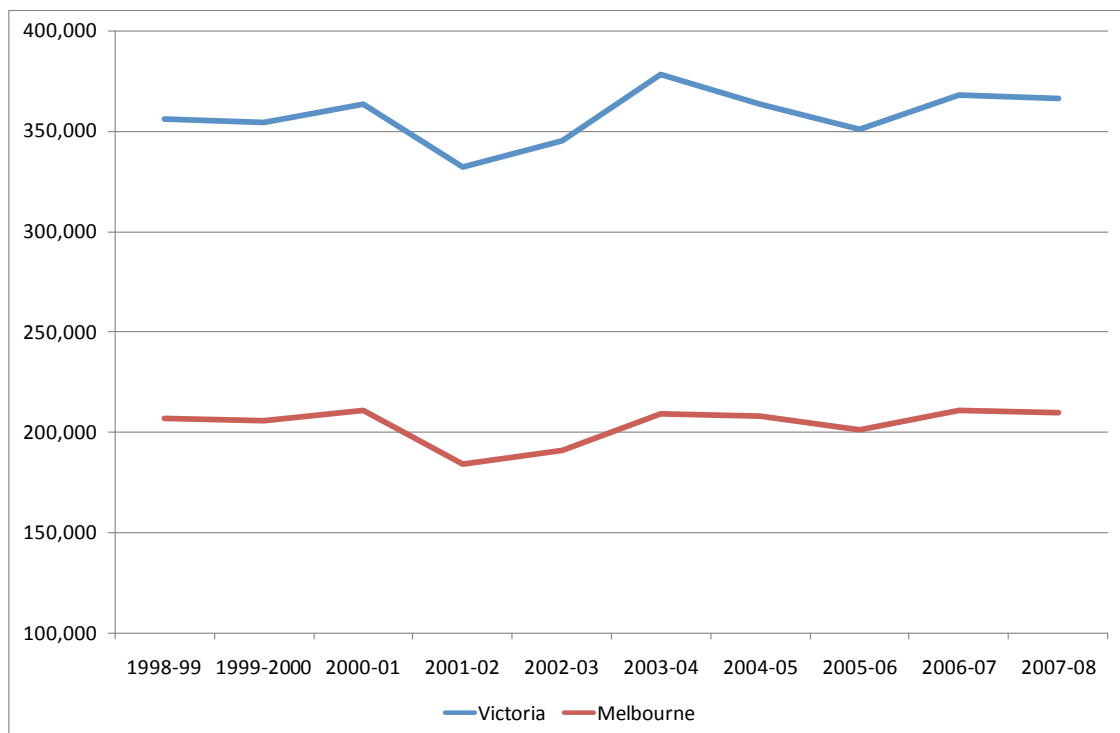
Source: SGS Economics & Planning

Employment within Melbourne exhibits a similar pattern to the Victorian employment estimates. The impact of the drought can be observed in 2001-02 in the principal industries, while employment in peripheral industries has steadily increased.

Table 3 Melbourne Employment in Benchmark Years

	Principal Industries			Peripheral Industries		
	Full-time	Part-time	Total	Full-time	Part-time	Total
1998-99	99,000	21,000	120,000	63,000	24,000	87,000
2001-02	71,000	20,000	91,000	66,000	27,000	93,000
2004-05	91,000	21,000	112,000	67,000	29,000	96,000

Source: SGS Economics & Planning

Figure 3 Employment in Food Satellite Account

Source: SGS Economics & Planning

The benchmark years provide the most detailed view of employment in the Food Satellite Account. A less detailed set of employment estimates can be produced for each year and these are presented in Figure 3. In 2007-08, around 366,000 people (14% of total employment) were employed in both principal industries and peripheral industries in Victoria. Of this, 210,000 (10% of total employment) were employed within Melbourne.

3.1.3 Comparison to Other Industries

To help provide some context to the results from the Food Satellite Account, this section provides comparison to other ANZSIC industries and the Tourism industry in Victoria. Some caution should be made when comparing the Food Satellite Account estimates to ANZSIC industries and the Tourism Industry estimates. This is due to overlap between the different sectors. For example, 20% of Manufacturing is Food Manufacturing which is included in the Food Satellite Account. Also there is overlap in both the Tourism and Food Satellite Accounts for the Accommodation, cafes and restaurants industry.

In 2007-08, the Food Satellite Account represented 15.0% (\$36.2 billion) of Victoria's Gross value added. In 2007-08, the Food industry employed 366,000 people in Victoria.

Table 4 presents the Gross value added and employment shares for each ANZSIC industry. The Manufacturing industry is broken down into a number of sub-industries to provide more detail on the industry.

The largest industries in terms of Gross value added are Property & business services (15.5%), Manufacturing (14.2%) and Finance & Insurance (10.3%). In terms of employment Retail (14.3%) Manufacturing (12.8%) and Property & Business services (12.5%) are the largest.

Motor vehicle manufacturing¹ is included as part of the Machinery & equipment industry. The whole Machinery & equipment industry represents 1.1% of Gross value added and 1.2% of employment.

In 2006-07 (which is the latest available year and hence is not included in the table), Tourism contributed \$6.9 billion (3.0%) to Victoria's Gross value added and was directly responsible for generating 102,179 (4.0%) jobs in the Victorian economy².

These comparisons help provide an idea of the relative size of the Food sector, when compared to the rest of the economy.

¹ Motor Vehicle Manufacturing is an industry which regular receives support from the government grants and subsidies.

² http://www.crctourism.com.au/WMS/Upload/Resources/VIC_TSA_Factsheet.pdf

Table 4 Victorian Employment & GVA Share of ANZSIC Industries

Industry	Share of GVA³	Share of employment
Agriculture	3.2%	3.1%
Mining	2.1%	0.4%
Manufacturing	14.2%	12.8%
<i>Food product</i>	2.9%	2.5%
<i>Beverage and tobacco product</i>	0.6%	0.3%
<i>Textile, leather, clothing and footwear</i>	0.5%	0.9%
<i>Printing (including recorded media)</i>	0.4%	0.6%
<i>Petroleum and coal product</i>	1.3%	0.1%
<i>Basic chemical and chemical product</i>	1.1%	0.7%
<i>Polymer product and rubber product</i>	0.8%	0.8%
<i>Fabricated metal product</i>	1.0%	1.3%
<i>Transport equipment</i>	2.1%	1.8%
<i>Machinery and equipment</i>	1.1%	1.2%
<i>All Other Manufacturing</i>	2.5%	2.5%
Electricity, gas and water	2.9%	0.9%
Construction	7.8%	8.5%
Wholesale	6.7%	5.1%
Retail	6.3%	14.3%
Accommodation, cafes & restaurants	1.6%	4.3%
Transport	5.0%	4.1%
Communication	3.7%	1.9%
Finance	10.3%	4.1%
Property & Business	15.5%	12.5%
Government Administration	3.0%	3.2%
Education	5.7%	7.6%
Health & Community	7.6%	10.4%
Culture & Recreation	2.0%	3.0%
Personal & Other	2.2%	3.7%

Source: Australian Bureau of Statistics & SGS Economics & Planning

³ Excluding Ownership of dwellings.

4 Food Sector Contribution to Tourism

The previous section has focused on quantifying the economic contribution of the Food sector to the Melbourne and Victorian economy. The offer provided by the industry also plays an important part in attracting tourism to Victoria. However, it is difficult to attribute how great an impact the industry has on a tourist's propensity to visit Victoria.

There is a range of data which shows the significance of the Food sector to Tourism. Food service constitutes a significant share of total economic activity within the defined 'tourism' industry. Cafes & restaurants and takeaway food services combined contributed approximately 10% to tourism's Gross value added in the Australian economy during 2005-06. The tourism-related output of cafes & restaurants was at \$3.08 billion during the year and that of pubs, taverns and bars at approximately \$1 billion (Tourism Satellite Account, (cat. no. 5249.0)). Nearly 14% of all tourism consumption by visitors to Australia (including international and domestic) was on takeaway food and restaurant meals.

Food and beverage consumption is unanimous to all visitors, and almost all visitors also consume prepared food during their stay. Approximately 88% of all international visitors to Melbourne (1.2 million) in 2008 dined out. The corresponding figure for the number of international visitors to regional Victoria was nearly 300,000. Visitors create significant demand for food and beverage manufacturers, retailers and food service providers.

Of all the 6.6 million domestic overnight visitors, approximately 64% dined out (4.2 million diners). This ratio was relatively lower for regional Victoria (49%) and for Victoria as a whole (55%). In addition, Melbourne received 11.6 million domestic daytrip visitors, 40% of whom dined out (4.7 million diners). A total of \$2.3 billion was spent on food and drink by domestic overnight visitors in Victoria during 2007.

In Victoria, food and beverage service by cafes, restaurants, food outlets, clubs, pubs and taverns (the Food Service Industry) accounted for 14.9% of total tourism economic output in 2006-07.

Food Service, together with the production of food and beverage for purchase and consumption by visitors, constituted a \$946 million industry in Victoria in 2006 – 7⁴. Restaurant and café dining and prepared to order takeaway meals dominate visitor spending on food. In the 2006-07 financial year, visitors to Victoria spent:

- \$404.1 million on restaurant and takeaway meals;
- \$150.8 million on alcoholic and other beverages; and
- \$309.9 million on retail food products.

For all visitors, food is a significant part of the overall travel experience. For some visitors, the decision to travel to Victoria or more specifically to Melbourne, and the choice of activities that the visitor pursues while travelling are determined by the availability of high quality dining experiences. Food consumed in a place becomes an integral part of the local person or visitor's

⁴ Tourism Satellite Account, Victoria, 2007-08

experience and memory of that place. Because eating is an essential and ubiquitous activity, subtle differences in the food offering between places become part of a collective experience that distinguishes the image and identity of places from one another.

The promise of high quality food experiences is an important draw card to the potential traveller. This is recognised and capitalised upon by tourism marketers. The marketing of those destinations that offer a comprehensive and quality food and wine experience for the traveller regularly incorporate reference to regional food specialties and notable restaurants. In turn, the recognition of some urban destinations is closely aligned with recognition of their specialty food experiences. Paris in its entirety, Singapore's Historic District and New Orleans' Bourbon Street are well known international examples of this phenomenon.

4.1 The Relationship between Food and Tourism

The destination marketing of Melbourne relies on the prominent promotion of the City's restaurants, bars and cafes. While the promotion of restaurants features in the destination marketing of all of Australia's capital cities, States and Territories; Melbourne has positioned itself as the self declared 'cultural capital' and 'restaurant capital' of Australia.

Food features clearly in the language that tourism promotion agencies employ to market the 'cultural capital' image of Melbourne. Melbourne's food scene is given a high profile on the web pages of key local tourism marketing organisations. This shows that Melbourne's restaurants, bars and cafés are one of the key marketing devices or draw cards used to appeal to potential visitors who are browsing these sites and to help them decide to visit Melbourne.

"...this stylish, vibrant city is a maze of hidden laneways, opulent bars, exclusive restaurants and off-the-beaten-track boutiques.....Wander Southbank's cafes, bistros and bars and get a world tour of cuisines in Carlton, Richmond and Fitzroy.⁵"

"Melbourne's dining spots offer a dizzying spread of the world's great cuisines, serving meals from the substantial and classic to the truly exotic.⁶"

"Melbourne is home to as many styles as there are chefs, with a culinary diversity as rich as anywhere around the globe.⁷"

Independent travel writers typically depict Melbourne as a culinary destination of international significance.

"[Melbourne] produces some of the best art, music, cuisine, fashion, performance, design and ideas in the world.⁸"

⁵ Tourism Australia website www.australia.com/destinations/states/vic.aspx

⁶ Tourism Victoria website

⁷ City of Melbourne promotional website www.thatsmelbourne.com.au/DiningandNightlife

⁸ Lonely Planet Guide 2008 www.lonelyplanet.com/australia/melbourne

"Melbourne's dining scene is a vast smorgasbord of cuisines and experiences. Chinese restaurants on Little Bourke Street are the equal of anything in Hong Kong. The Richmond neighbourhood's Victoria Street convincingly reincarnates Vietnam."⁹

Promotional literature suggests that food and 'dining out' are more important to the image and identity of Melbourne as a visitor destination than they are to the identity of key competitor destinations in Australia.

In comparison, Sydney's visitor marketing promotes foremost, the natural attraction of Sydney Harbour and the iconic Opera House.

"You'll love Sydney's spectacular harbour, seductive outdoor lifestyle and great natural beauty. See a performance of opera, ballet or theatre at the world famous Opera House."¹⁰

The language used to introduce Adelaide and Perth on each of the relevant State tourism authority websites affords low prominence to food among naming a broad set of attractions that these destination offer.

"Festivals and food. Arts and culture. Shopping and sports. This is Adelaide - the city where there's always something on."¹¹

"Perth Australia - All the essential ingredients for a great holiday. Some of the country's best beaches, plenty of nightlife, bustling markets, inner city parks, outdoor dining and amazing marine adventures."¹²

A 2008 nationwide survey of destination brand perceptions¹³ indicates that consumer perceptions closely align with the promoted image of Melbourne's food and 'dining out'. The survey showed that Melbourne leads Sydney in the effective positioning of its food and beverage service offer to the domestic market. 'Interesting cafes bars and nightclubs' were identified as a key Melbourne attribute by 48% of respondents and a key Sydney attribute by 24% of respondents. 'Food experiences and world class restaurants' were identified as a key Melbourne attribute by 44% of respondents and a key Sydney attribute by 31% of respondents.

However, Melbourne's reputation, in terms of fine dining at least, appears to exceed its recent performance. Of the *2008 Savour Restaurant and Catering Awards* Finalists, 32 Sydney restaurants

⁹ Fodor's Travel Guide 2008 www.fodors.com

¹⁰ Tourism Australia website www.australia.com

¹¹ Adelaide - South Australia website www.southaustralia.com/Adelaide.aspx

¹² Perth Australia – Tourism Western Australia
www.westernaustralia.com/au/Destinations/Experience_Perth

¹³ Brand Health Survey, Roy Morgan Research, 2008

and 27 Melbourne restaurants were represented¹⁴. In recent years, *The Good Food Guide* has awarded fewer 'hats' (measures of distinction) to Melbourne restaurants than to Sydney restaurants (see Table 5 below). In 2006 and 2007 Melbourne had a small lead over Sydney in the total number of hat restaurants. In 2008 and 2009 the two cities were on a level footing, with Sydney continuing to dominate the 3 Hat restaurant arena. The relative size, in terms of population, of the two cities may also play a part determining the number of Hat restaurants.

Table 5 Good Food Guide City Restaurant Awards 2006 – 2009

	2006		2007		2008		2009	
	Melb	Sydney	Melb	Sydney	Melb	Sydney	Melb	Sydney
3 Hats	4	6	2	8	1	7	2	7
2 Hats	12	18	18	14	18	14	18	15
1 Hats	38	26	39	34	39	36	34	32
Total	54	50	59	56	58	57	54	54

Source: The Age Good Food Guides 2006 – 2009. The Sydney Morning Herald Good Food Guides 2006 - 2009

4.2 The Contribution of the Food Service Industry to Tourism - Regional Victoria

The destination marketing of Victoria relies on the prominent promotion of the State's primary food producers. While the promotion of food and beverage producers features in the destination marketing of all of Australia's States and Territories; it is especially significant for Victoria.

"From Melbourne's array of superb restaurants to the citrus fruits of Mildura and the fresh seafood at Lakes Entrance, Victoria is a food lover's paradise."¹⁵

As elsewhere; in Regional Victoria, many primary producers have made their products and the wider local food and beverage offering accessible to the visitor by providing both food retail and dining facilities at the farm or winery.

Regional Victoria's winery restaurants are strongly promoted as tourist attractions.

"The Yarra Valley is recognised as one of the world's great wine growing regions, and Australia's finest region for pinot noir and sparkling wines. Over 40 wineries open for cellar door sales and many have excellent restaurants matching local food with wine made on the premises."¹⁶

¹⁴ 2008 Savour Australia Restaurant and Catering Awards for Excellence
www.eatanddrink.com.au

¹⁵ Flickr website, Yahoo Travel Media 2009
<http://au.travel.yahoo.com/guide/australia/victoria/>

¹⁶ Tourism Victoria consumer website www.visitvictoria.com

In addition to the onsite restaurants of winemakers and food producers, Regional Victoria's stand alone restaurants are promoted to visitors on the Tourism Victoria website¹⁷ and referred via other marketing/information media. In total, 465 Regional Victoria restaurants are featured on the Tourism Victoria website.

A 2008 nationwide survey of destination brand perceptions¹⁸ indicates that consumer perceptions closely align with the promoted image of Regional Victoria as a centre of food preparation and food service excellence. The survey showed that Regional Victoria marginally leads South Australia in the effective positioning of its food and beverage service offer to the domestic market. 'Quality Regional Food and Wine Experiences' were identified as a key Regional Victorian attribute by 24% of respondents and a key South Australian attribute by 23% of respondents.

While Regional Victoria is perceived by the domestic consumer as offering the best fine dining of Regional Australia, the opinion of leading restaurant critics disputes this. There were 4 finalists from Regional Victoria in the *2008 Savour Restaurant and Catering Awards* compared to 31 Regional New South Wales and 3 Regional South Australian finalists¹⁹.

Table 6 Good Food Guide Regional Restaurant Awards 2006 – 2009

	2006		2007		2008		2009	
	Regional Victoria	Regional NSW	Regional Victoria	Regional NSW	Regional Victoria	Regional NSW	Regional Victoria	Regional NSW
3 Hats	-	-	-	-	-	-	-	-
2 Hats	4	5	3	3	4	-	6	3
1 Hats	5	19	11	20	14	23	12	18
Total	9	24	14	23	18	23	18	21

Source: The Age Good Food Guides 2006 – 2009. The Sydney Morning Herald Good Food Guides 2006 - 2009

In recent years, *The Good Food Guide* has awarded more 'hats' (measures of distinction) to Regional New South Wales restaurants than to regional Victorian restaurants (see Table 6).

As in Melbourne, it can be expected that the Food Service Industry in Regional Victoria attracts patronage and value added expenditure through a perceived reputation of being 'top ranking' compared to its regional competitors.

¹⁷ Tourism Victoria's consumer website features a Food and Wine homepage and subpages featuring individual restaurants by region.

¹⁸ Brand Health Survey, Roy Morgan Research, 2008

¹⁹ Eat and Drink – Information site for fine food and wine www.eatanddrink.com.au

5 Concluding Remarks

As Food production cuts across a number of industries, extracting the economic contribution of food to the economy from published statistics is not a straightforward process. Via the use of a Satellite Account method a Food Satellite Account for Victoria and Melbourne has been developed. This has drawn on a wider range of Australian Bureau of Statistics data sources. Further research will lead to refinement of the method and the release of new data sources will also enhance the quality of the Food Satellite Account.

In 2007-08, the Food sector as measured by the Food Satellite Account, represented 15.0% (\$36.2 billion) of Victoria's Gross value added. In Melbourne, the Food Satellite Account represented 12.3% (\$21.2 billion) of Melbourne's Gross value added. In 2007-08, the Food industry employed 366,000 people (14% of total employment) in Victoria, of which 210,000 (10% of total employment) were employed in Melbourne.

The result from the Food Satellite Account indicates that the Food sector is one of the largest sectors when compared to the traditional industries. The largest industries in terms of Gross value added are Property & Business services (15.5%) and Manufacturing (14.2%). While in terms of employment Retail (14.3%), Manufacturing (12.8%) and Property & Business services (12.5%) are the largest industries. In 2006-07 (which is the latest available year), Tourism contributed \$6.9 billion (3.0%) to Victoria's Gross value added and was directly responsible for generating 102,179 (4.0%) jobs in the Victorian economy.

Spending on food and beverage is a necessary activity for all travellers. However, for some visitors, the decision to travel to Victoria, and the choice of activities that the visitor pursues are determined by the availability of particular food and dining experiences. The role of destination marketing to raise the awareness of these food and dining experiences and thus leverage the potential visitor's interest in visiting Melbourne and Regional Victoria is well documented.

Food has an integral role in destination marketing for the reason that it is closely associated with national and regional identity. As such, while it is difficult to calculate the value of the effect, a sustainable high quality food production and food service industry generates visitation and increases total tourism receipts.

Appendix A Food Industries

Industry	ANZSIC93 Code	Principal Industries	Peripheral Industries
Vegetable Growing	0113	x	
Grape Growing	0114	x	
Apple and Pear Growing	0115	x	
Stone Fruit Growing	0116	x	
Kiwi Fruit Growing	0117	x	
Fruit Growing n.e.c.	0119	x	
Grain Growing	0121	x	
Grain-Sheep and Grain-Beef Cattle Farming	0122	x	
Sheep-Beef Cattle Farming	0123	x	
Sheep Farming	0124	x	
Beef Cattle Farming	0125	x	
Dairy Cattle Farming	0130	x	
Poultry Farming (Meat)	0141	x	
Poultry Farming (Eggs)	0142	x	
Pig Farming	0151	x	
Deer Farming	0153	x	
Livestock Farming n.e.c.	0159	x	
Sugar Cane Growing	0161	x	
Crop and Plant Growing n.e.c.	0169	x	
Aerial Agricultural Services	0213		x
Services to Agriculture n.e.c.	0219		x
Hunting and Trapping	0220	x	
Rock Lobster Fishing	0411	x	
Prawn Fishing	0412	x	
Finfish Trawling	0413	x	
Squid Jigging	0414	x	
Line Fishing	0415	x	
Marine Fishing n.e.c.	0419	x	
Aquaculture	0420	x	
Meat Processing	2111	x	
Poultry Processing	2112	x	
Bacon, Ham and Smallgood Manufacturing	2113	x	
Milk and Cream Processing	2121	x	
Ice Cream Manufacturing	2122	x	
Dairy Product Manufacturing n.e.c.	2129	x	
Fruit and Vegetable Processing	2130	x	
Oil and Fat Manufacturing	2140	x	
Flour Mill Product Manufacturing	2151	x	
Cereal Food and Baking Mix Manufacturing	2152	x	

Bread Manufacturing	2161	x	
Cake and Pastry Manufacturing	2162	x	
Biscuit Manufacturing	2163	x	
Sugar Manufacturing	2171	x	
Confectionery Manufacturing	2172	x	
Seafood Processing	2173	x	
Prepared Animal and Bird Feed Manufacturing	2174	x	
Food Manufacturing n.e.c.	2179	x	
Soft Drink, Cordial and Syrup Manufacturing	2181	x	
Beer and Malt Manufacturing	2182	x	
Wine Manufacturing	2183	x	
Spirit Manufacturing	2184	x	
Fertiliser Manufacturing	2531		x
Pesticide Manufacturing	2544		x
Glass and Glass Product Manufacturing	2610		x
Metal Container Manufacturing	2751		x
Sheet Metal Product Manufacturing n.e.c.	2759		x
Agricultural Machinery Manufacturing	2861		x
Food Processing Machinery Manufacturing	2863		x
Water Supply	3701	x	
Sewerage and Drainage Services	3702		x
Cereal Grain Wholesaling	4512	x	
Farm Produce and Supplies Wholesaling n.e.c.	4519	x	
Farm and Construction Machinery Wholesaling	4611		x
Meat Wholesaling	4711	x	
Poultry and Smallgood Wholesaling	4712	x	
Dairy Produce Wholesaling	4713	x	
Fish Wholesaling	4714	x	
Fruit and Vegetable Wholesaling	4715	x	
Confectionery and Soft Drink Wholesaling	4716	x	
Liquor Wholesaling	4717	x	
Grocery Wholesaling n.e.c.	4719	x	
Supermarket and Grocery Stores	5110	x	
Fresh Meat, Fish and Poultry Retailing	5121	x	
Fruit and Vegetable Retailing	5122	x	
Liquor Retailing	5123	x	
Bread and Cake Retailing	5124	x	
Takeaway Food Retailing	5125	x	
Milk Vending	5126	x	
Specialised Food Retailing n.e.c.	5129	x	
Accommodation	5710		x
Pubs, Taverns and Bars	5720	x	
Cafes and Restaurants	5730	x	

Clubs (Hospitality)	5740		x
International Sea Transport	6301		x
Coastal Water Transport	6302		x
Inland Water Transport	6303		x
Non-Scheduled Air and Space Transport	6403		x
Pipeline Transport	6501		x
Stevedoring	6621		x
Water Transport Terminals	6622		x
Port Operators	6623		x
Travel Agency Services	6641		x
Road Freight Forwarding	6642		x
Freight Forwarding (Except Road)	6643		x
Customs Agency Services	6644		x
Services to Transport n.e.c.	6649		x
Grain Storage	6701	x	
Storage n.e.c.	6709	x	
Veterinary Services	8640		x

Source: Australian Bureau of Statistics & SGS Economics & Planning