

5. Industry snapshot: Manufacturing and processing

Key takeaways

- Manufacturing industry delivers \$30.8 billion or 10.8 per cent of Gross State Product and employs 295,100 people
- Outlook is highly dependent upon dairy and horticulture market growth
- During 2014-15, Australian manufacturing industry employment fell by 2.6 per cent while sales and service income fell by 2 per cent

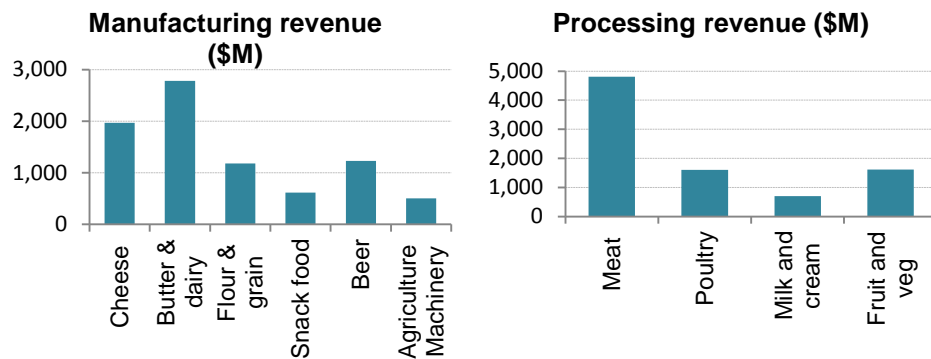
Overview

Victoria has the largest manufacturing industry in Australia, employing about 30 per cent of the country's manufacturing workers. It services a broad range of client industries, including automotive, advanced electronics and machinery, aerospace and aviation, defence, chemicals and plastics, pharmaceuticals, fabricated metals, textiles, clothing and footwear and food processing. It is a key part of Victoria's economy, accounting for \$30.8 billion of Gross State Product and directly employing 295,100 people, making it the state's largest full-time employer. Food processing is a high value complement to agricultural production within GMW's region.

Source: Live in Victoria, 2016

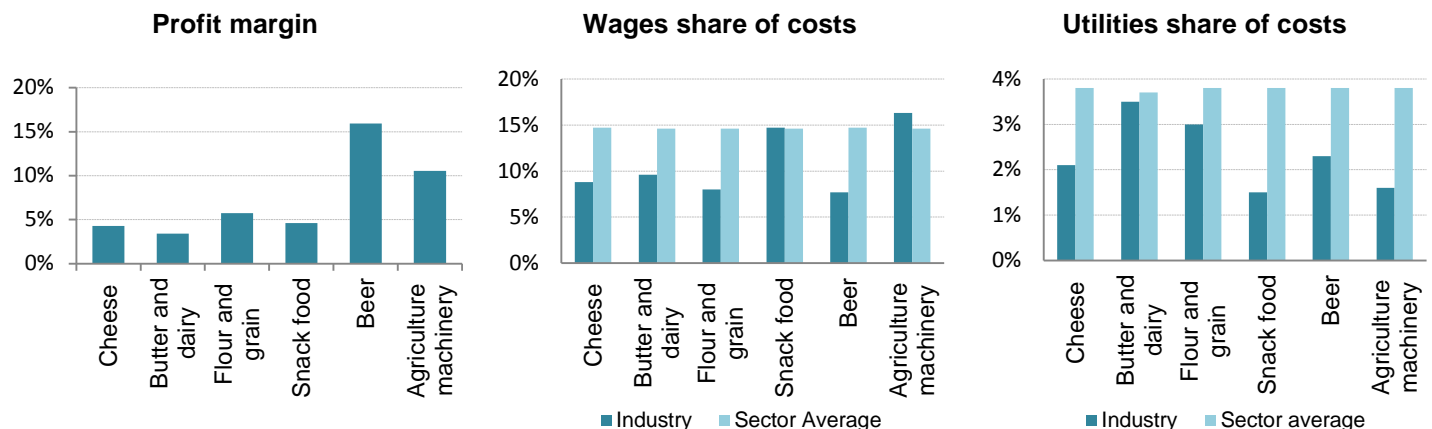
Key statistics

The following charts represent data on processing and manufacturing in Victoria, as it stood at 2016.

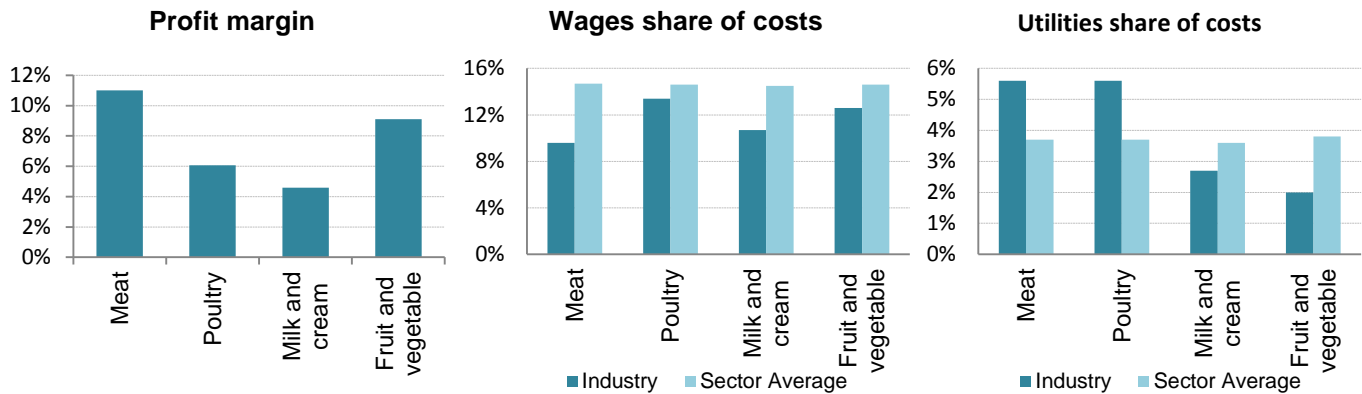


Source: IBIS World, 2016

The following charts represent the manufacturing industry in Australia, as it stood at 2016.



The following charts represent the processing industry in Australia, as it stood at 2016.



Source: IBIS World, 2016

Use of water

- Milk processing plants require constant volume of supply through the year
- Irrigated feed and fodder production requires more intensive irrigation systems which rely on higher levels of service in irrigation delivery
- Relative to irrigation usage, manufacturing and processing is a minor water user. However its value per ML is extremely high

Source: Victoria's Food Bowl, 2011

Trend

Growth in investment from milk processors in GMID

- Industries are investing in pursuit of efficient utilisation of their processing infrastructure in the region
For example: Murray Goulburn Co-operative (MGC) invested \$74 million in a new cheese plant at Cobram in 2015, while Fonterra has recently announced a similar investment at its Stanhope plant

Source: RMCG, 2016

Increase in demand for agriculture machinery and equipment

- An increase in agricultural production resulted in stronger demand for machinery and equipment
- Demand from agriculture is expected to increase in 2016-17, helped by increased overseas demand for Australian agricultural products

Source: IBIS World, 2016

Rising demand in export markets for Australian beef industry

- Beef industry has contributed to strong revenue growth during the past three years
- Industry revenue forecast to grow at 10.7 per cent annually during the next five years from 2015-16, to reach \$20.9 billion

Source: IBIS World, 2016

Strong and rising competition in the manufacturing industry

- United States and Germany provide the strongest import competition, mainly offering technologically advanced and value-added products such as tractors and harvesters

Source: IBIS World, 2016

Increase in use of specialist equipment and facilities in the cheese manufacturing industry

- The use of new technology to improve quality and facilitate frequent product innovation

Source: IBIS World, 2016



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OUR STRATEGIC PLAN

Briefing Paper

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