

# Food & Drink

November – December 2014

TOP 100



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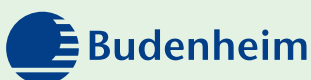


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SPECIAL OFFER

## FEATURES

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## Front Cover

Oppenheimer is now manufacturing various crumb types called "Crumbles" in partnership with our joint venture factory in China under strict QA standards and measures. Oppenheimer produces Japanese-style crumbs, which are white, orange and yellow, and a variety of crumb blends, such as herb, spicy, sweet chilli and garlic herb. Using the latest technology in Sydney, Australia, Oppenheimer is also manufacturing different kinds of world class pre-dust, batter, breadier and bread crumb coatings.



## PLUS

**25 Top 100 Australian Food & Drink Companies**  
Our annual report, produced in collaboration with IBISWorld, is a who's who of the nation's \$114 billion food and beverage sector. The report is sponsored by Oppenheimer and provides at a glance the key financial stats and strategies of Australia's largest food and drink businesses.

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# 2014 in a nutshell



**AS 2014 DRAWS** to a close, *Food & Drink Business* is cracking open the financial fortunes of the largest companies in Australia's \$114 billion food and beverage sector with our *Australia's Top 100 Food & Drink Companies 2014* report.

This annual report, produced in collaboration with IBISWorld, shows at a glance how the largest companies are faring compared to each other and their own past performance according to their most recently reported revenues.

Ryan Lin, senior industry analyst at IBIS-World Australia, says the 2014 Top 100 reveals some telling trends and also has broader implications for the industry.

Because these large companies are not seeing the same levels of growth they did a decade ago, they are responding by becoming much more switched on to consumer tastes and trends, he told *Food & Drink Business*.

Lin says that while the Top 100 also shows that some of the big beverage companies are doing it tough, it also reveals a strong dairy export sector thanks to growing demand from Asia.

Lion, for instance, regained its number two position in the Top 100 this year and cooperative Murray Goulburn rose to the number five spot, thanks to strong growth in export sales.

"We are also seeing a rising foreign interest in Australian manufacturing, driven by the recent Free Trade Agreements, the low Australian dollar

in the past year and a half, and our close proximity to neighbouring Asian nations, which makes it advantageous for multinational companies to be based here in terms of production," Lin says.

On page 48 of this issue of *Food & Drink Business* we also take a look in the rear vision mirror at the key events of 2014 in our Headline Makers section, and a flick through those pages reveals some of the shifts Lin mentions.

In terms of foreign acquisitions, for instance, Canada's Saputo's purchased WCB, R&R bought Peters Ice Cream, PZ Cusson's snapped up organic yoghurt company five:am, and Goodman Fielder is preparing for its takeover by Wilmar International and First Pacific.

We saw the signing of Free Trade Agreements with Korea, Japan and China; we also saw the supermarket giants continue to apply pressure to their suppliers – but the industry fought back; and we saw new manufacturing facilities commissioned to cater for export demand, while cost-cutting resulted in some plant closures.

2014 was also a big year for product innovation, and in this issue we introduce a special new feature on the 'Rising Stars' of Australia's food and beverage industry. Starting on page 18 we showcase ten of Australia's most progressive up-and-coming food and beverage companies. Each has broken new ground in some way, and their success just goes to prove that no matter how tough the economic conditions, there are always opportunities for those who look.



**Amanda Bryan**  
Editor

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## top hits

THE MOST VIEWED STORIES ON FOODANDDRINKBUSINESS.COM.AU LAST MONTH.

### \$3 BILLION: PROFIT TRANSFER QUANTIFIED

A Morgan Stanley report, *Raiding the Larder*, shows that a profit transfer of \$3 billion from food and grocery suppliers and smaller retailers to Coles and Woolworths has taken place over the last seven years.

### PATTIES' NEW PACKAGED AVOCADO

Patties has launched a product first – snap-frozen avocado chunks – under its Nanna's fruit pie brand. The product, 'deliciously ripe, frozen fresh' Avocado Pieces, is made from ripe Hass avocados, which have been pipped, peeled and diced into chunky pieces, snap-frozen and packed in 800g resealable bags.



### COCA-COLA TAPS INTO COCONUT WATER

Coca-Cola South Pacific launched Zico, a not-from-concentrate coconut water product, into the Australian market a day after its parent company reported falling profits on the back of declining soft drink volumes.

### BULLA SET TO LEAD THE SUMMER ICE CREAM CHARGE

The ice cream market has stabilised after four years of decline and Bulla is the most popular brand, according to Roy Morgan Research. Bulla was purchased by 20 per cent of grocery buyers in an average four weeks, while Peters, the market leader as recently as 2011, took out second place at 17 per cent, ahead of Streets at 12 per cent.

### ICED COFFEE CATEGORY HEATS UP

Companies are churning out new chilled ready-to-drink (RTD) or iced coffee products with global launches trebling in just one year, according to Innova Market Insights. The category is seeing a period of strong product and market activity in recent years. It remains one of the smallest sectors in terms of new product activity, but the actual number of launches has nearly trebled in the 12 months to the end of July 2014.

# Industry applauds China-Australia FTA

THE trade deal announced by Australian and Chinese leaders will see significant improvements in market access for a wide range of Australian food exports into China, according to industry representatives.

The Australian Food and Grocery Council (AFGC) was among those to welcome the deal, in particular the substantial tariff reductions across most food and grocery categories.

AFGC CEO Gary Dawson said the agreement enables Australia to play to its strengths in international trade to secure maximum value for high value-add exports as well as commodities.

"China represents a \$9 billion export market for Australian agrifood, and the benefits will support Australia's largest manufacturing sector in food and grocery.

"Big winners include the beef, dairy and horticulture sectors, but the benefits will flow widely across most food and grocery categories seeking access to the Chinese market, which is growing rapidly," he said.

He also said the FTA has established a platform for further trade liberalisation through a three year review of market access outcomes.

"This is in addition to the wide ranging tariff eliminations on beef, sheepmeat, wine, horticulture and some grains."

Judith Swales, managing director Fonterra Australia also said the expanding market access offered by the FTA was "critically important to



the future profitability of the entire Australian dairy supply chain".

"This is a good time to be in dairy. The FTA will be a game changer for Australian dairy," said Swales.

"It will bring our milk closer to the Chinese consumer – a market that represents 30 per cent of global dairy imports and is the world's largest dairy importing country. We know that more milk is required to satisfy this demand and that all products in all forms are possible."

Dairy Connect, which represents the NSW dairy industry, also applauded the four-year phase in of a zero tariff agricultural export agreement.

"It is the best outcome we could have hoped for as it will certainly go a long way in ensuring growth and a positive future for NSW dairy. For the first time since deregulation, dairy farmers will be empowered and be in a position to choose which markets they sell their milk into," said Dairy Connect CEO, Mike Logan.

Ausveg also welcomed the news that tariffs on horticultural products being imported into China would be removed within the next four years under the FTA. "This agreement will cement China as a key destination for Australian vegetable exports," Ausveg spokesperson Andrew MacDonald said.

## Australia set to ride the wave of surging seafood demand

GLOBAL demand for seafood is outstripping supply with Australia's seafood sector a major beneficiary of the trend, according to Rabobank.

In its *Smooth sailing for Australian seafood* report, the agribusiness banking firm says seafood consumption has grown by 26 per cent over the past 15 years and it predicts that the growth will continue for the next 10 years.

"Rapid demand growth is outstripping supply, with an estimated 30 to 40 million tonnes of additional seafood required globally to meet consumer demand by 2030," the report says.

Australia is in a 'box seat' to take advantage of this growing demand at the high-value premium end of the global market, it says.

Although the Australian seafood industry ac-



counts for only a small proportion of world seafood production and trade, it plays an important role globally, given the wide range of premium aquaculture and wild-catch products produced in this country, it says.

Globally, the major consumers of seafood include Korea, Norway and Japan with per capita per annum consumption in 2014 expected to reach 57.7 kilograms, 57.65 kilograms and 52.6 kilograms respectively.

# Coca-Cola Company invests in Indonesia

**COCA-COLA** Amatil (CCA) plans to sell almost a third of its Indonesian business to its US partner, The Coca-Cola Company, for \$US500 million.

CCA's group managing director, Alison Watkins, who announced the plan as part of the outcome of a strategic review of the bottling business, said the 29.4 per cent equity investment would accelerate growth in CCA Indonesia (CCAI) and would also help restore earnings growth for CCA.

The strategic review, which was announced at the company's annual general meeting in May, was initiated in response to deteriorating market conditions across the group.

The investment will go toward the accelerated expansion of CCAI's production, warehousing and cold drink infrastructure, and will enable the business to broaden its product offering, develop new consumption occasions and offer a greater range of affordable packages, Watkins said.

CCA also announced it will close its soft drink bottling plant in the Melbourne suburb of Bayswater in the next 12 months.

The company will relocate production from the small facility in Melbourne to its larger facilities as part of a strategy to boost manufacturing efficiencies and productivity across the business.

"While we regret closing Bayswater, we have flagged driving greater efficiencies from our supply chain as part of our plan to return to growth, which is an imperative," Watkins said.

"Streamlining our manufacturing footprint and logistics operations to leverage our scale is an important priority. The savings we generate will support more investment in our brands and innovation."

The savings generated by the closure of Bayswater, as well as a decision to make 100 national supply chain roles redundant, form part of a \$100m cost-cutting exercise previously flagged by CCA, Watkins said.

The closure will result in the loss of 57 permanent roles.

Next year will also see the Australian launch of Coca-Cola Life, the first new cola product for seven years.

Unlike other low calorie versions like Diet Coke and Coke Zero, which are sweetened with a blend of aspartame and acesulfame K, Coke Life is sweetened with stevia and promises 60 per cent fewer calories than regular Coke.

Coca-Cola Life also uses a green version of the Coke label.



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# AUSPACK 2015: next-gen processing equipment to go on show

**THE** next generation of processing machinery is shaping up to become a major focus at next year's AUSPACK in Melbourne, according to organisers.

tna Australia, Heat and Control, Walls Machinery, Kronos and JL Lennard are returning in 2015, and international processing companies such as Daxner Pacific and Lothar A.Wolf Spezialmaschinen, as well as first-time exhibitors Viking Food Solutions and Summit Machinery, will also be exhibiting next year.

Viking Food Solutions specialises in vacuum packaging equipment and materials, dip tanks, shrink packaging, tray sealers, trays, and film and food labels for fresh and processed meat, poultry, seafood, dairy and other chilled food products.

Stuart Mead, director of Viking Food Solutions, said that the "first impression is the last impression and that in a rapidly growing economy, no one understands this better than owners in the food industry".

Viking Food Solutions will be demonstrating a broad range of solutions on its stand including the A-MAPS tray sealer, the Viking XG 680 automatic tray sealer, the Viking 1020, 250 and 423 vacuum packers, the Viking dip tank 66 and the Viking Planus hamburger machine.

"The Viking automatic hamburger machine is designed to be used in the manufacture of

many different shaped burger patties; all to a uniform size and weight," Mead said. "The Viking XG 680 automatic tray sealer is an inline tray sealer suitable for MAP packing of a large range of products such as cold cuts, meats, poultry, cheese, fresh pasta and ready meals. These are just two of the solutions that we will have on our stand at AUSPACK 2015."

Summit Machinery, also a first-time exhibitor, is active in the vegetable, salad, cheese, meat and nut industries across Australia and New Zealand. It also represents FAM (Belgium) dicers, slicers, shredders; Stumabo (Belgium) industrial machine knife manufacturers; Dofra (Holland) processing machinery for potatoes, onions and capsicums; and Tenrit (Germany) processing machinery for carrots.

"Summit Machinery believes that AUSPACK 2015 will be a good fit for our offerings as any company looking for new packaging solutions has to, in the first-instance, produce the product to be packed," Summit's general manager, Julie Taylor, said.

"We are planning to showcase the FAM Centris, FAM Flexifam and Tenrit solo carrot peeler on our stand as well as other processing equipment.

AUSPACK 2015 will be held from 24-27 March at the Melbourne Convention & Exhibition Centre.



## Kerry cooks up new baking centre

Irish ingredients company Kerry Group is poised to plough \$13.7 million into a new centre of excellence for baked products in Altona, Victoria.

The centre of excellence will feature new manufacturing equipment including an automated baking line, pastry line, automated cake and doughnut decorating, freezing and packaging lines, slicing equipment and silos.

"We have obtained strong endorsement from our Irish parent for establishing the Kerry Centre of Excellence for bakery products in Victoria, which is expected to deliver a range of new products catering to the discerning requirements of consumers in

Australia and the broader Asia Pacific region," Kerry's Australian spokesperson Keven Doyle said. The new centre will be established at a newly renovated site and will create almost 120 new jobs in the region, according to Victoria's Minister for State Development, Peter Ryan.

"This investment will create 118 new highly skilled jobs and new export opportunities for Victorian food products," he said.

"The development of this new \$13.7 million bakery operation will feature state-of-the-art manufacturing equipment and investment in research and development.

"This illustrates Victoria's attractiveness to global food processing companies and will allow the company to look to export products into growing Asian markets."



## Fonterra opens \$126m UHT plant

**FONTERRA** has officially opened its \$NZ126 million UHT greenfield plant in Waitoa, New Zealand.

The facility, which will make products such as UHT white milk and UHT cream, features the latest processing and Tetra Pak packaging equipment.

The combined daily production capacity of the plant is 250,000 litres and products will be packed in Tetra Brik Aseptic 1000ml, 250ml, 200ml and 125ml and Tetra Prisma Aseptic 250ml cartons for export to China.

Dennis Jonsson, president and CEO of Tetra Pak, said that since his last visit to New Zealand three years ago, there had been an explosion in the demand for dairy products from Asian countries.

"The part played by New Zealand in meeting that need has been quite incredible," Jonsson said.

"Population growth, increasing prosperity and further urbanisation across Asia will see that demand growth continue through the years ahead."

The site will be able to process up to 100 million litres of milk a year once all of its five processing lines are up and running.



# JBS snaps up Primo Smallgoods

**BACON** and smallgoods company, Primo Smallgoods has been swallowed by Australia's largest meat processor, JBS Australia, for \$1.45 billion.

The company was sold to JBS Australia, the local arm of Brazilian food company JBS, by Hong Kong private equity firm Affinity and Primo's co-founder, Paul Lederer.

Affinity acquired 70.1 per cent of the company off the Lederer family, who continue to own 30 per cent, in 2011.

JBS Australia is the largest meat processing company in Australia, and Primo, which owns the Primo, Hans and Beehive brands, is Australia and New Zealand's largest processed ham bacon and smallgoods company.

"While it will remain very much business as usual for our employees, suppliers and customers, this transaction offers tremendous opportunities for a producer of high quality products like Primo," Primo Group CEO, Paul Hitchcock, said. "We look forward to being part of JBS and capitalising on its international distribution network."

JBS Chief Executive Officer, Wesley Batista said the acquisition is strongly aligned with the JBS global strategy to expand its presence in the value-

added product category with well-known brands.

"Primo Group is the leading company in this segment with strong brands and represents an outstanding opportunity to grow our business in Australia and internationally. We are seeing strong annual growth in consumption of processed meat products with good prospects to increase exports of high quality convenience products from the Primo Group's portfolio."

Brent Eastwood, CEO of JBS Australia said: "Primo Group has strong brands and a reputation for high quality products manufactured to the highest level of food safety. There is a great opportunity for JBS to invest in the ongoing growth of this business, both domestically in Australia and New Zealand, and through expanding the sales of Primo Group products into offshore markets. We look forward to working with the management of the Primo Group to support the continued future success of this business."

The sale is the latest in a line of foreign acquisitions including the purchase of Warrnambool Cheese & Butter by Canada's Saputo, the sale of Peters Ice Cream to R&R Ice Cream, and PZ Cusson's acquisition of five:am.

## Fresh claims against Coles

A Coles TV advertisement for Tasmanian Pink Lady apples has the supermarket giant back in the spotlight over its "fresh" claims. The ad saw celebrity chef Curtis Stone asking what was fresh at Coles right now, followed by a screenshot of Tasmanian Pink Lady apples on special for \$2.80 per kg. A viewer complained about the ad, saying fresh apples at that time of year in Tasmania was "wrong and not possible".

Coles defended the ad, saying that the Pink Lady variety were harvested in April this year, but were fresh due to advanced cold storage facilities. However, the Advertising Standards Board said that a reference to 'spring' fruit in the advertisement changed the context of the word 'fresh' to imply that the advertised apples were freshly picked during the spring season, making the advertisement misleading.



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# Coopers boosts sales but profits fall

**COOPERS** Brewery has boosted its beer sales by eight per cent in the 2013-14 financial year, but its profits have fallen due to a consumer shift to bottles over keg beer.

The company says beer sales shifting from kegs to less profitable packaged beer formats, and costs associated with the installation of a second bottling line, led to a 9.1 per cent fall in profit from \$30.8 million to \$28.0 million.

Coopers managing director, Dr Tim Cooper, said total bulk or kegged beer sales fell 1.5 per cent during the year, while packaged beer sales were up 10.3 per cent.

"Total beer sales in 2013-14 grew 8.1 per cent to 75.3 million litres, continuing the steady growth Coopers has enjoyed since 1994," Cooper said.

"Turnover for the year reached a record \$231 million, 6.9 per cent better than the \$216 million in 2012-13."

Overall, Coopers now represents just under five per cent of the total Australian beer volume, but total Australian sales for 2013-14 fell about one per cent, the fifth year in a row total volume has fallen.

Cooper said the company's sales in South Australia fell 0.8 per cent during the year, but it remained Coopers' largest market, accounting for

26.8 per cent of total beer sales. Sales in NSW grew 8.2 per cent in the same period and it now accounts for 26.0 per cent of Coopers' volume.

Exports, which account for 2.4 per cent of total sales, were up 16.6 per cent.

Sales on the international beers Coopers distributes such as Sapporo, Carlsberg, Kronenbourg 1664, Kronenbourg Blanc and Mythos rose 44 per cent in volume and now represent 9.8 per cent of Coopers' total beer volume.

Cooper said the company planned to spend more than \$4.5 million in the next few months to streamline truck movements around the brewery and install four more fermenters to cope with ongoing growth.

The new fermenters will be installed in early 2015, taking the total number at the brewery to 28.

Cooper said installing the new fermenters required changes to internal roads within the brewery and this work had already commenced.



## George Weston sees profit rebound



Abbott's Village Bakery is one of George Weston's bread brands.

George Weston Foods has seen a strong recovery and is now seeking a larger slice of the local bread market, according to parent company Associated British Foods (ABF). ABF's chief executive, George Weston, said the recovery in profitability at George Weston Foods in Australia "was well established this year". "George Weston Foods in Australia achieved a major improvement in performance with higher bread prices, increased meat volumes, the delivery of a number of cost reduction initiatives and improved commodity procurement," he said. Weston said Tip Top had successfully implemented bread price rises in the first half of the year which, together with an increase in the proportion of higher margin products sold and further productivity improvements, led to a higher operating profit for the bakery business. Factory productivity was also better at Don KRC, which contributed to better meat yields and a reduction in labour costs, Weston said. George Weston Foods owns the Tip Top, Burgen and Abbott's bread brands and its plan, according to Fairfax Media, is to take over from its bakery rival, Goodman Fielder, as the market leader. "Our ambition across Australia and New Zealand is to be the leading bakery business – if that means the market leader, we're more than happy to sign up to that," George Weston chief executive Andrew Reeves told the *Australian Financial Review*. "Goodman Fielder is certainly the market leader in packaged bread. I'd like to think over time we could wrestle leadership in that segment."

# The way forward for Australia's food industry

Australia is slipping behind in the productivity and innovation stakes globally. Food companies wanting to buck this trend will need to develop a wide range of networks, writes John Hine.

**WORLD ECONOMIC FORUM** (WEF) data comparing productivity and innovation criteria between different countries shows that Australia is being overtaken and is falling behind key competitors around the globe.

WEF data also shows that our level of networking of companies with other companies, science laboratories, university business departments and other sources of advice and input is at the bottom of international tables.

A range of national and international commentators have also spoken about the need for a new, more intensive approach to economic development and innovation. These commentators include OECD representatives, federal Minister for Industry Ian Macfarlane, and Australia's former chief scientist, Professor Penny Sackett.

Some efforts to address this are underway, such as the government's recently announced Industry Innovation and Competitiveness Agenda program, and The Australian Government's Green Paper on Agricultural Competitiveness.

The G20 Finance Ministers' meeting in Brisbane in September also agreed with the Australian proposal that the G20 aim for a two per cent growth rate into the future.

So it would seem likely that governments in the leading nations, including Australia, will be aiming

at widespread reform to promote economic growth.

If Australia is to link with these international plans, we need to look at innovation in all areas.

But what is innovation? The Queensland chief scientist, Dr Geoff Garrett, says that innovation is best described as 'ideas successfully applied'. If we look at the latest government programs and the stance of the chief scientists, that would imply that more scientific research at universities and CSIRO is a key component.

The OECD says that innovation policy will need to move beyond supply-side policies, focused on R&D and specific technologies, to a more systemic approach that addresses those factors that influence innovation performance.

This means that our food companies need to develop a wide range of networks from which they can get information and advice on science, technology, market research, branding, packaging, labelling, distribution, product support and communication programs and the other aspects of moving a product from concept to profit.

Larger companies may well have all this range of expertise internally.

Smaller companies will find it difficult, not only in sourcing the expertise, but in paying for it.

To assist with this, the Australian Government is rolling out a new set of programs, such as



its Research Connections, the Entrepreneurs Infrastructure Program and the Manufacturers Transition Program. The new Industry Skills Program is also being finalised.

The Entrepreneurs Infrastructure Program is aimed at helping smaller companies to gain the skills needed to bring new products and services to market. Other existing programs such as the R&D Tax Incentive continue.

Innovation Optimisers is an organisation that can also provide outsourced teams of experts straddling the entire innovation process.

All businesses need to assess their innovation capability in order to create sustainable growth.

## ABOUT THE AUTHOR

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# Raiding the larder:

## report quantifies \$3bn profit shift to retailers

Billions of dollars in profits have quietly slipped off the balance sheets of Australia's food and beverage manufacturers and into the pockets of the major retailers over the last seven years, according to a new report from Morgan Stanley.



**MORGAN STANLEY'S 'RAIDING** the Larder' report shows that a profit shift of \$3 billion from food and grocery suppliers and smaller retailers to Coles and Woolworths has taken place over the last seven years.

The report found that the duo's share of the food retail profits has more than doubled to \$4.4 billion in the period while the profits of smaller food retailers have fallen to \$2.5 billion, down from \$3.2 billion.

Overall, it found aggregated profits in the grocery industry have reduced from \$11.9bn to \$10.7bn since 2010, but over the same timeframe, the combined profits of food and grocery suppliers have fallen to \$3.7bn, down from \$6.1bn.

The combined profits of Coles and Woolworths have, in contrast, climbed to \$4.4bn, up from \$3.1bn.

**"While suppliers are still profitable, we feel that the profit migration from suppliers to retailers will need to slow, otherwise suppliers will be forced to exit the Australian market."**

According to the report, the 2014 financial year was the first year that the supermarkets made higher margins than suppliers.

If the current profit shifting trend continued, Coles and Woolworths would soon be reaping 100 per cent of the profit, the report's lead author, Thomas Kierath, writes.

"Assuming industry profits remain flat and that Coles and Woolworths continue to grow profits as they have recently, this would imply all industry profits will accrue to the majors by 2020," he writes.

Kierath writes that this scenario is implausible, but he does predict that the retailers' profit windfall may be coming to an end as governments and regulators crack down on anti-competitive practices.

The ACCC recently launched another major legal action against Coles over its conduct towards its suppliers (see opposite page).

Kierath references the Competitiveness and Sustainable Growth Report conducted by KPMG for the Australian Food and Grocery Council (AFGC) and released in May, which found that profitability among grocery suppliers has reduced collectively by 30 per cent in the past four years on the back of rising trade spend and declining revenues.

In addition to having the highest manufacturing costs in the world, the KPMG report found, retailers are extracting even greater payments from suppliers. A key finding was that one dollar in every four earned by suppliers was being returned to retailers to fund discounts, rebates and promotions.

The KPMG report also showed that supplier trade spend had risen by over \$400m while revenues declined by over \$600m in the past four years.

"This shows that promotions aren't driving revenue growth but rather appears to be another cost line," Kierath writes.

"While suppliers are still profitable, we feel that the profit migration from suppliers to retailers will need to slow, otherwise suppliers will be forced to exit the Australian market," he wrote.

"Australia has experienced relatively tough economic times since FY10. Accordingly, the Australian grocery supplier and retail profit pool has on our estimated contracted from \$11.9bn to \$10.7bn since FY10.

"Despite this, Coles' and Woolworths' profitability has increased from \$3.1bn to \$4.4bn. The profit shift from suppliers and smaller food retailers to the majors has been significant."

## Grocery code: ACCC says more work needed

The Australian Competition and Consumer Commission (ACCC) says that while it welcomes industry efforts to develop a code of conduct to address unfair practices in the grocery sector, more work needs to be done.

The ACCC is calling for issues around enforceability and coverage to be addressed before a conclusion is reached.

ACCC chairman Rod Sims told the Australian Food and Grocery Council's industry leaders' forum in Canberra recently that a code of conduct that provides clear rights and legally enforceable norms of conduct would be of considerable assistance to food and grocery industry participants.

"However, many of the protections of the proposed code are qualified and retailers and suppliers are able to agree to 'contract out' of code provisions," Sims said.

Sims also welcomed the Harper competition review draft report, including its consideration of competition laws.



# Aldi moves into WA and SA with \$700m expansion

**DISCOUNT RETAILER ALDI** is on its way to Western Australia and South Australia in a \$700 million expansion plan that will see it build two distribution centres and up to 120 stores in the two states.

The move could present a major challenge to the Coles and Woolworths duopoly and increase the pressure on independent retailers.

Aldi has appointed construction firm Georgiou Group to build a 45,000 to 50,000sqm distribution centre at Jandakot Airport in WA that is capable of supplying as many as 100 stores.

It has also contracted Badge to build a 35,000 to 40,000sqm distribution centre at Regency Park, SA, which will supply up to 50 stores.

Work in SA has begun while construction on the WA site will begin in November.

Aldi says the combined value of the contracts is over \$100 million, while the total project value of \$700 million includes the distribution centres, stores and additional infrastructure.

Badge managing director Jim Whiting and Georgiou Group general manager for building, Frank Dilizia, say the projects will establish Aldi's presence and form the basis for its expansion in the two states.



An artist's impression of the South Australian distribution centre.

## Profit gaps, pressure, penalties: Coles back in court over supplier conduct

**THE COUNCIL OF** Small Business Australia (COSBOA) recently called for 'bullied' suppliers to come forward as the Australian Competition and Consumer Commission (ACCC) initiates further legal action against Coles over its conduct.

The ACCC claims Coles took advantage of its superior bargaining position by demanding money from suppliers that it was not lawfully entitled to.

ACCC chairman Rod Sims says the latest allegations are a matter of significant public interest as they relate to unconscionable conduct by a large national company in its dealings with small

business suppliers in the highly concentrated supermarket industry.

COSBOA executive director, Peter Strong, is calling on suppliers who have been "stifled, who have been forced to label their professionalism and innovation skills behind Coles and Woolworth labels, or just been bullied" to let COSBOA know.

"COSBOA will actively support the ACCC's current pursuit and continue to fight for equal rights and opportunities for small business people everywhere," Strong says.

The latest proceedings arose out of the same

investigation that led to the ACCC action against Coles in May over the retailer's Active Retail Collaboration (ARC) program.

However, these new proceedings concern conduct that occurred in the course of Coles' day to day interactions with suppliers. The ACCC alleges that in 2011 Coles:

- pursued agreements to pay Coles for "profit gaps" on a supplier's goods, being the difference between the amount of profit Coles had wanted to make on those goods and the amount it had achieved
- pursued agreements to pay Coles, both retrospectively and prospectively, for amounts it claimed as "waste" on a supplier's goods which occurred after Coles had accepted the goods, and price reductions, or "markdowns" implemented by Coles to clear goods
- imposed fines or penalties on suppliers for short or late deliveries.

The ACCC alleges that the causes of both profit gaps and "waste and markdowns" were usually outside the control of suppliers, and that the amount of the fines Coles imposed was unrelated to the value of the goods, to any loss that Coles might actually have suffered from the short or late delivery, or to the reasons for the short or late delivery.

Coles responded by saying it conducted substantial training with all team members to ensure that its suppliers are treated in an open and fair manner.

"Furthermore, since 2011 Coles has taken substantial steps to improve its ways of working with suppliers," the retailer says.



# A brand new brew

Coffee beans and tea leaves used to be good for just one thing: a steamy hot beverage. Things have changed, and these days they are giving rise to new product categories, and finding new markets as flavourings and ingredients. Here's a taste of what some companies are cooking up.

**RESEARCH SHOWS AUSTRALIANS** are increasingly embracing herbal teas, green teas and fruit infusions at the expense of standard black tea, and further category growth is inevitable, according to category, customer and shopper management specialist Bridgethorne.

Euromonitor figures show that black tea experienced a decline in off-trade volume sales of four per cent last year, compared to strong growth in the fruit, herbal and green tea categories.

In contrast, the market for flavoured health teas in Australia, which includes flavoured black, herbal and green teas, is now worth \$43.9 million, or 16.6 per cent of the whole tea market, according to the Australian Green Tea Growers Association.

John Nevens, co-founder of Bridgethorne, says

suppliers that can deliver on these types of insights stand to do well.

"Cafes and coffee shops are having to offer more than just standard black tea," Nevens says.

"Even the bigger brands have introduced fruit, green, herbal and decaffeinated teas into their ranges. This is attracting younger drinkers who perceive them as having health and wellbeing benefits, something which has also underpinned the growth in sales of decaffeinated tea in the last year.

"With new formats including biodegradable pyramid bags and loose leaf teas and new blends, the category offers strong prospects for growth for suppliers who do what is needed to understand the category."



## Killer coffee

**WHEN IT COMES** to buying their daily coffee, consumers no longer just want to find the best-tasting brew. They want to try something a little different, and to also make more ethical purchasing decisions.

This has opened the way for smaller roasters, unique blends and direct traded single origin beans, and boutique coffee roaster Coffee Galleria is tapping into this trend.

Nick Mastro, who founded the company, says that in addition to roasting its own coffee range under the Adore Estate Coffee, Coffee Galleria also custom roasts and packages coffee for other cafes.

Coffee Galleria has a library of specialty blends it can draw from, or cafes can work with its 'blend architect' to create a unique blend that works with the characteristics of the cafe's own brand.

To showcase its skills, Coffee Galleria has also launched its latest offering: Killer Coffee, which it describes as "the strongest coffee you'll ever taste".

## Category crosser

Green tea has long been known for its antioxidant properties, but it is also emerging as a distinctively flavoured, healthy ingredient.

According to ITO EN, which supplies Japanese green tea products, including green tea powder, to consumers and manufacturers, it is well suited for use as a flavouring in foods like swiss rolls, gelato, lattes, chocolate, macaroons and beverage products.

The company, which handles more than 20 per cent of all the green tea grown in Japan, began developing ready-to-drink (RTD) green



tea beverage products in 1985, and it now makes a wide range of green tea products.

To preserve the freshness, colour and aroma of the tea, ITO EN's primary processing is carried out very soon after the tea is picked, near its tea plantation in Japan. Its production methods aim to mimic tea brewed traditionally in a Japanese teapot or kyusu.

# A lighter pod-print

**OXFAM HAS LAUNCHED** its first range of Fairtrade certified, organic and biodegradable coffee capsules that are compatible with Nespresso coffee machines and are locally roasted in Victoria.

Oxfam Australia Trading general manager Julia Sumner says the new range is an exciting development for the Oxfam Fair brand.

“Not only do our capsules taste great, they also provide Australian shoppers with a convenient, ethical and environmentally friendly option in the market,” Sumner says.

“Oxfam has been working hard to develop a range of capsules that are not only Fairtrade certified and organic, but also reduce the environmental and waste impacts often associated with capsules.”



# More versatile blend

**FAMILY-OWNED AUSTRALIAN COMPANY** Black Velvet Coffee Roasters has launched a Melbourne-inspired blend that works as an espresso and in a milk-based coffee.

The company’s owner and head roaster, Darren Silverman, says he developed the product in response to the current trend toward fruitier flavours.

“A lot of boutique roasters are moving towards acidic, fruity floral, lightly roasted coffee, which is wonderful to accentuate notes in an espresso or long back, but lots are also using those for milk-based coffee and you lose those notes when milk is added,”

Silverman says.

It’s an important point, he says, given that over 80 per cent of Australians order a latte, cappuccino or a flat white.

“We’ve come up with something at the medium level that cuts through milk, stays true to its flavour and has that dark berry undertone that people are going for at the moment,” he says.

“We’ve been working on this one for six months, and our customers are loving it.”



# Iced tea heats up

Calidris 28 Australia & New Zealand specialises in the marketing and distribution of innovative beverages, and also has the local importation rights to Arizona, an iced tea segment leader in the US.

Chris Graebner, the company’s MD, says Arizona specialises in catering to consumer demand for innovative flavour combinations like Pomegranate Green Tea and Blueberry White Tea.

The product, which is on sale in Woolworths and IGA stores as well as BP petrol stations, also specialises in eye-catching packaging and is strategically priced five to 10 per cent lower than local category leader Lipton.

“Already, although the brand has never been advertised, it has 33 per cent awareness among 15 to 19 year-olds, thanks to the fact that it’s a huge brand overseas and because of its visibility in-store,” Graebner says.



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# Confoil cooks up sealing solution

Community start-up WindMeals has installed a new Confoil 'pack and seal' system for its expanding home-style meal service.

**WINDMEALS IS PART** of the not-for-profit Dutch-Care community organisation that runs aged care facilities and services throughout Melbourne for retirement living, home care and residential care.

In the four years since WindMeals began, it has evolved from a local start-up to an established business servicing hundreds of customers every week from Moe to Geelong.

WindMeals operates out of its own premises in Seaford, where 10 staff produce approximately 75,000 meals a year in a kitchen that runs for 10 hours each day, four days a week.

Customers can order online with more than 40 nutritionally balanced meals to choose from, and drivers deliver the meals Monday to Friday in refrigerated vans and will assist customers if they need their meals packed into their freezer.

WindMeals coordinator Sue Pyper had for some time been looking for a system that could automate the packaging of meals and make the process of packing and sealing meal trays more efficient.

"We were using foil trays with cardboard covers, but I felt these were impersonal as you couldn't see the food and they were not that attractive," Pyper says. "Also, there was a perception they couldn't be microwaved and when customers heated their meals in the oven, this had the potential to pose scalding [risks]."

"In looking for a change we tried plastic trays with clip-on lids but these had many drawbacks. We wanted an environmentally friendly solution and one that would have a high return on investment."

Confoil was the existing supplier. When it became aware of the need to update, the packaging company introduced WindMeals to its range of Oliver paperboard trays and automated sealing machinery. The bench-top sealer can comfortably package 300 meals per day and drastically reduce meal preparation hours.

The Oliver 1308 system comes with film lidding that has a generous overhang on the tray. Even though it is tamper evident, it is very easy to open. The complete meal package can go in the microwave or oven and because the tray is made of a paperboard construction, which is a natural insulator, they are comfortable to handle straight from the oven.

The trays come in single or multi-cavity sizes and can be recycled. They are HACCP compliant and are accredited under the Aged Care Standards.

Before deciding on the Confoil pack and seal system, however, WindMeals sent out samples to customers and surveyed them to gauge their response

In the WindMeals kitchen, traditional boerenkool, a dish of mashed potatoes and kale, is served with rookworst, a type of smoked sausage that is popular in The Netherlands.



"We wanted an environmentally friendly solution and one that would have a high return on investment."

and feedback was very positive, according to Pyper.

"The greatest benefit to customers though is that they can take the meal direct from the freezer and pop it in the microwave or oven and remove it without the danger of burning themselves on the tray."

Operationally, WindMeals is benefiting from the Confoil system through better control of wastage, she says.

"Because our process is portion controlled and we have set menus, you can monitor your wastage better. It's a direct benefit because we know how much labour is needed for how long to produce the stock that's on the menu that week or month."

## Sealing the deal

WindMeals says the Confoil system offers the following benefits:

- Faster meal processing, which saves time and money
- Meals can be stacked on top of each other, which saves space in the freezer and van
- The equipment is simple to use with just an on/off switch so technical staff or specialised training isn't required
- Using the Confoil system allows WindMeals to run the kitchen four days a week, which reduces overheads
- Customers are happy with the attractive design and ease of use. The convenience of freezer to oven or microwave means they can eat straight from the tray or decant onto a plate
- Ordering via the website has grown since it went online last year and, because of the automated sealing system, WindMeals has been able to handle the increased business
- The reduction in hot steam escaping upon peeling back the lid due to the perforated, anti-fog film lidding makes it safer for customers.



WindMeals coordinator Sue Pyper using Confoil's Oliver meal processing system.



## Tronics turns up the heat on labelling

**THE WORLD OF** food and beverage labelling is about to become more interesting with the launch of a new digital printer capable of producing heat transfer labels.

Keikon, in partnership with Tronics, has just signed off on a new type of digital printer that can create heat transfer labels.

The new technology, which will go on show at AUSPACK next year, is the culmination of a two-year collaboration between the two companies. By enabling a much faster turnaround and shorter run length, it promises to slash the ongoing costs of heat transfer labelling, and provide a viable alternative to direct print and in-mould labelling (IML), according to Frank Floriano, business development director at label application equipment maker Tronics.

Floriano says heat transfer labels are safe and durable and provide a bold, high quality result for greater shelf impact. They also don't wash off or fade over time.

Heat transfer can create photographic quality images, the 'no label' look, and special effects such as the frosted look, thermochromics, metallics and pearlescents.

However, until now, the take-up of technology has been limited by the fact that the labels could only be produced by means of gravure, Floriano says.

These types of systems are large and slow, so the technology has, until now, been best suited to larger containers.

Also, because no Australian companies had heat transfer label-making capabilities, companies that wanted them had to order them from overseas.

The new Keikon printers, however, change all that, the partners say. They work by reverse printing graphics onto special release coated paper. These are designed to adhere to various plastic materials and glass, and are transferred from the release paper with heat and pressure onto the container. This leaves no paper or film on the containers.

Though the upfront cost of heat transfer application technology is still higher than alternatives, the new digital printer means the ongoing costs are now reduced, Floriano says.

"Heat transfer in certain circumstances is cheaper than other forms of labelling such as sleeving," he says.

"The capital outlay is higher than a standard pressure sensitive applicator, but it's cheaper than an IML robot. The labels are also better quality and cheaper if you can use your own digital press, which offsets the upfront expense."

Heat transfer labels have other benefits over other technologies, Floriano says, including ease of application, high accuracy of label placement, low label cost, ability to decorate a hot bottle, decorating flexibility and its use of ink only technology.

The disadvantages are the multiple step application process, the slower application speed, and the need to air inflate the bottle.

Heat transfer suits relatively large containers from half a litre, up to 20 litres, he says.



## Multipack embraces pouch power

Contract packaging specialist Multipack has added a new pouch filling line to its food-accredited packaging facility in Sydney's Moorebank.

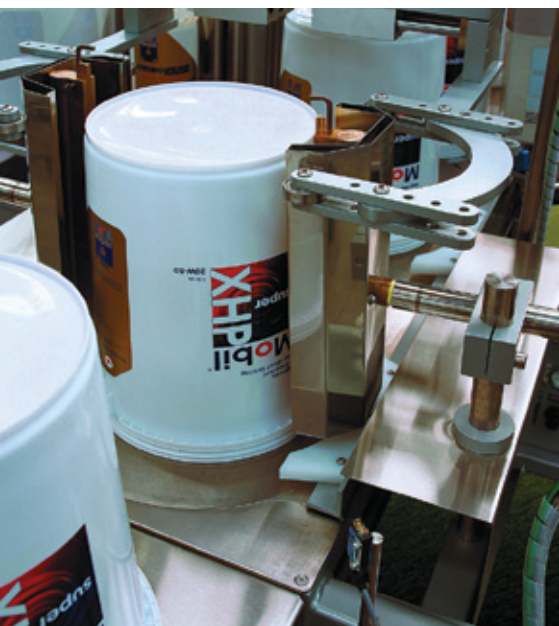
The new Leepack RP 10TZ-24 pouch filler operates at up to 3000 units per hour, and can accommodate the latest pouch designs, including pillow packs, stand-up pouches, integrated spout pouches, pouches with re-closable seals and hole-punch hang-sell sealed pouches.

Its 10-station line can handle solids, pastes, liquids, granules, cereals and powders, and the unit incorporates specialised treatments such as nitrogen flushing to improve shelf life and dust blow-off for hygiene and seal integrity. An anti-static device also helps prevent product being caught in seals.

The new pouch filling equipment is separately housed in its own clean room with independent air conditioning and positive air pressure to keep contaminants out.

"Manufacturers are under pressure from retailers to offer supermarket-specific pack configurations," Multipack sales and marketing director Brad Devine says. "So to satisfy the demands of the duopoly, brand-owners have to consider creating costly new packaging lines – a risky proposition in this retail environment."

The new pouch-filling line means brand owners can innovate within their own categories without a high upfront investment, Devine says.



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# Companies to watch...

Times may be tough in food and drink, but there are always opportunities for those who look. In this special feature, we profile 10 companies that are breaking new ground in their sector – and reaping the rewards.

**CONSUMER TASTES AND** preferences are constantly evolving, and so too must the food and beverage industry that services them.

It's no longer enough just to refresh your label, add a new flavour or mimic your competitors. As they walk down the supermarket aisles, shoppers are increasingly reaching for products that tick several boxes: they want convenience, but not at the expense of their health or wealth, and they are also looking for premium ingredients, cleaner labels, and corporate ethics.

Over the next five pages, *Food & Drink Business* profiles 10 companies that have grown their businesses by tapping into these preferences. Each of these companies has also broken new ground in one way or another by embracing an innovative business model, product concept or packaging approach.

"If you do not innovate, you risk becoming irrelevant because so many other companies are innovating and looking to stamp out their competition," says Inventium founder Amantha Imber.

Imber, whose company recently partnered with BRW to produce its 50 Most Innovative Companies 2014 list, says CEOs of large companies are no longer complacent about the risk of disruption from start-up

"We're seeing it becoming a priority for more and more CEOs."

Smaller companies, meanwhile, have a natural advantage over their larger counterparts when it comes to the ability to innovate.

Where international brands have traditionally had to take strategic direction from the global head office, Darwinian manufacturing conditions in Australia have spawned a nimble new

breed of manufacturer, and what this group lacks in financial muscle, it makes up for in speedy reflexes and an intimate knowledge of the local and regional environment.

These companies can move more quickly to adapt to changing market conditions, such as the current consumer demand for artisan-style products that use edgy, ethically-sourced ingredients.

Premium products are not only in hot demand in Australian supermarkets. Asian nations are also embracing products at the pricier end of the spectrum, giving rise to new opportunities for those that are ahead of the curve, as you will see in the following pages.

So here are the *Food & Drink Business* Rising Stars of 2015 – those companies that are not just surviving, but are actually thriving thanks to their approach to innovation and change.

## THANKYOU GROUP: lofty ambitions

Thankyou Group was specifically created to raise money for those in extreme poverty, a business model that is resonating with retailers and consumers.

**THANKYOU GROUP IS** a social enterprise co-founded by Daniel Flynn. The idea behind the business – to create a bottled water company that existed for the sole purpose of funding safe water projects in developing nations – came to Flynn, who is now the managing director, at the age of 19 while studying at RMIT University.

He and his co-founders then sought out and found companies that were impressed by the concept to get behind the idea. The company has since added food and body care products to its range.

The key appeal of Thankyou stems from the fact that every purchase of one of its products has a direct effect on someone's life in the developing world. The concept is resonating with consumers, if the money the company is now raising is any indication.

By the first quarter of 2014, for instance, Thankyou had raised \$1.1 million to fund overseas projects.

However, Flynn says Thankyou doesn't only rely on its ethical credentials to generate sales. It also sets out to make quality products to encourage repeat purchases.

To do that the company assembled all the foodies, cooks, suppliers and manufacturers it could find. Then, thanks to a very successful grassroots social media campaign last year, Thankyou's product range began to be stocked in all of Australia's major supermarkets.

Its innovative Track Your Impact mobile app also helped Thankyou Group take out a social innovation award at the recent Social Enterprise Awards in Melbourne.

"Our whole reason for being is to create life-changing products that fund water, food and health and hygiene projects to help people in need," Flynn says.

"The fact that we can inspire Australians to change lives for the better through the purchase of a simple product is what really drives us."



## THE CHIA CO: super strategy

The Chia Co was only founded 11 years ago but it is now a vertically integrated worldwide supplier of both chia ingredients and consumer products such as the Chia Pod.

**FOURTH-GENERATION FARMER JOHN** Foss, a Nuffield scholarship winner, was travelling the world in 2001 looking at future trends in agriculture when he stumbled upon the chia seed.

The nutrient-dense chia seed is a rich combined source of omega 3 ALA, dietary fibre and protein, so two years later, he set up The Chia Co in the Ord River region of Western Australia. In 2006, his company began marketing the seed internationally.

The first branded retail products were launched in 2009, and thanks to product partnerships with Bakers Delight, Nudie and Boost Juice, chia has become well known.

The company has since expanded into North America where awareness of chia is high, as well as Europe.

According to Foss, The Chia Co can produce the best chia in the world because it is grown exactly 15 degrees south of the equator, allowing the optimum amount of sunlight for developing omega 3 levels.

The company supplies ingredients and also operates a branded retail business. Chia seeds are included in Bakers Delight bread, as well as Boost Juice products, Nudie's Super Breakfast Juice, PepsiCo's Sakata rice crackers and Grainwaves chips.

The company has also launched the Chia Pod into the chilled snacks category. Each Chia Pod contains one full serve of chia seeds mixed with coconut milk and fruit. Innova Market Insights described this as one of the most innovative launches of 2013.

More recently, the company launched the Chia Pod Bircher Muesli. It collaborated with former El Bulli chef Adam Melonas to recreate this Swiss classic with a dairy-free blend of wholegrain oats and sun-ripened chia, mixed with shredded granny smith apple, almond milk, fruits and nuts. It has also introduced Chia Pod Oats, a 'heat and eat' oat and chia combination product, as well as a dairy-free variant.



## GOURMET GARDEN: category creator

Gourmet Garden recently created a world-first product concept that offers a compelling trade-off between dried and fresh herbs.

**GOURMET GARDEN, THE** company that came up with the idea of selling herbs and spices in tubes, this year launched a brand new, world-first product concept called Lightly Dried Herbs.

The product is the result of five years of R&D and its creator has since patented the processing method, which involves a light drying process in combination with other ingredients such as oil and sea salt, which act as natural preservatives. They last about four weeks in the fridge.

Gourmet Garden says the lightly dried herbs last longer than fresh herbs and are more quickly refreshed in steam and moisture than dried herbs.

The new products are packaged in resealable pinch pouches, which have been specially designed

to be stored in a fridge door-fitted caddy, which is available as part of a value pack, as well as click'n'stack clear plastic pots.

"We're no longer selling products; we're selling a system, a 'herb garden at your fingertips' in stackable pots or pouches," the company says.

The popularity of Gourmet Garden's Lightly Dried Herbs and Spices range has resulted in a multi-million dollar expansion and the creation of 50 new jobs at its Sunshine Coast herb prepping facility.

Gourmet Garden CEO Nick White says he was delighted with the response to the launch and hoped the new click-n-stack range would lead to even greater consumer demand.

"We believe that busy cooks have welcomed the range because Lightly Dried has filled a gap in the market between fresh herbs that don't last and dried herbs with diminished flavour," White says.

Gourmet Garden has manufactured its products on Queensland's Sunshine Coast since 1999. Since then it has grown from a small, privately owned company to a global exporter.

More than 50 per cent of Gourmet Garden's business is now export and its products are ranged in over 20,000 supermarkets across 15 countries.

## AUSTRALIAN WHOLEFOODS: ready for business

As demand for ready meals rises, a new purpose-built facility has given Australian Wholefoods new-found flexibility.

**ADELAIDE-BASED AUSTRALIAN WHOLEFOODS** recently moved into a purpose-built facility to capitalise on the growing consumer appetite for pre-prepared meals.

The company manufactures cooked and baked products under its own Clever Cooks, Home Chef and Signature Dish ranges as well as for the supermarkets.

It installed an Auto-Bake oven, cooler and chiller for its Clever Cooks range of products, which includes quiche, lasagne and shepherds pie. Australian Wholefoods now operates two Auto-Bake ovens, one for its lasagne and shepherds pie, and the other for its quiche.

Wholefoods' co-director Michael Demetriou says the Auto-Bake installation offered the company a higher level of automation, flexibility and capacity, and also allowed it to design a facility that was better able to meet the increasingly stringent hygiene requirements of ready meal production.

"The Auto-Bake system did satisfy the criteria of our supermarkets, who are very demanding in terms of ensuring we don't have any cross contamination, and they're impressed

with our set-up," Demetriou says.

The company can do small runs quite comfortably, according to Demetriou, but when it has a big run, it can use both ovens for the same product, providing flexibility.

"Due to the fact that this is a very short shelf life product, there is a fair bit of demand on our processing techniques," he says. "When there's a need to do promotional activity, we can turn it on very quickly and triple, and even quadruple, the output if we need it to."

"We need to be very competitive with processing and pricing and to do this we need to run things very lean and equipment needs to work as efficiently as possible."

"Our current capacity is about 30 per cent. When you build a facility of this size, you don't build it to have only 20 or 10 per cent left of growth, so we've allowed plenty of capacity there."





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## LARK DISTILLERY: whisky pioneer

Lark Distillery is now in a high growth phase with plans to more than double current production without compromising the essential artisan process.

**LARK DISTILLERY IS** centre stage in the Tasmanian single malt scene. It has won prestigious awards not only for its whisky but also for putting Australian whisky on the world map.

Unlike its global counterparts, however, Lark Distillery is a relatively young company. It was founded by Bill and Lyn Lark in 1992 as the first single malt whisky distillery in Australia since 1839.

These days, Tasmania is being recognised as the 'Scotland of the southern hemisphere' with Tasmanian malts winning significant international awards at the world's most prestigious whisky shows and competitions.

The climate – the extremes of temperature and rapid changes in atmospheric pressure and humidity – is ideal for whisky production.

Moreover, Tasmania's rich pasture lands produces rich and oily barley, a perfect base ingredient in Lark's single malt range.



Bill Lark (pictured) has pioneered a peat smoking process for malted barley which has earned praise in Scottish whisky-making circles and his presence as a consultant to Scotland's latest distillery project is testimony to the high regard in which he is held.

Export orders from Asia, the US, Europe and the UK are at capacity and Lark is rapidly embarking on an expansion program to more than double current production without compromising the essential artisan process that has seen the company rise to its current enviable position on the single malt scene.

Bill Lark is referred to as the godfather of Australian whisky and was recognised for his work when he won the Tasmanian Premier's Award in May this year.

Then in August, Lark Distillery was named Telstra's small business of the year at the 2014 Telstra Business Awards.

Lark Distillery was also named Australian Distiller of the Year 2014 and Best Australian Whisky 2014 at the Royal Melbourne Fine Food Awards Australian Distilled Spirits & Liqueurs competition.

## THE AUSTRALIAN BREWERY: crafty exporter

Australian Brewery was Australia's first craft brewery to package its products into cans. These days its cans are also sold in India, Japan and Malaysia.



**AUSTRALIAN BREWERY'S ENTIRE** operation centres around canned beer instead of traditional bottles, and it was the country's first craft brewer to install a canning line, located at The Australian Brewery Hotel in Rouse Hill in Sydney's north-west.

According to head brewer Neal Cameron, the packaging operation takes up far less space and the costs are far lower than bottling beer, which means the company can still make a decent margin, and the beer tastes just as good if not better.

Light and oxygen affect the flavour of beer, but because the cans are airtight and contain very little oxygen, it is possible to negate the damage that can be done to the beer before it is opened.

Cameron says cans can also help brands stand out from the pack. "We wanted to do something different," he

says. "In an extremely crowded market for craft beer in Australia, putting beer in a can is point of difference for us and has helped put The Australian Brewery on the map, both locally and internationally."

The company signed contracts to supply to India late last year, to Japan in June, and in August it added Malaysia to the list.

Cameron says the export market is looking for Australian breweries willing to have a go.

"We are noticing a real shift in people seeking craft beer both here in Australia and overseas," he says.

"This is a good sign for Australian craft brewers looking to expand into these overseas markets. Some of us have already dabbled in America, Europe and Asia, with companies such as Coopers, James Squires and others making the shift."

# NUDIE: creators of good

Nudie burst onto the beverage scene in 2002, but lost its way. Redefining its purpose became the secret of its success.

**NUDIE BURST INTO** a hole in the fruit juice market in 2002. The company's first employee, James Ajaka, who is now Nudie's MD, would buy fruit, chop it, blend it, put it in bottles, stick a label on them and cap them by hand. Within 16 months, Nudie was supplying its 1000th outlet.

Back then, Nudie stood for juice as close to the best as bottled juice can be – freshly squeezed, with nothing added – compared to concentrated, imported ingredients most products contained. It also created a very attitudinal brand that stood for irreverence and fun.

Success changes everything, however, and Nudie lost its way. Sales growth slowed consider-

ably from 2005, and in the same year, Nudie founder Tim Pethick left the business.

It was around this time that Ajaka took the helm. He concentrated on getting the right people in place and getting costs under control by focusing on what it did best and outsourcing everything else.

These days, the company's whole brand position is "creators of good", according to Ajaka.

"We live by that, innovate by that, and grow by that," he says.

In 2010, Nudie refocused on product innovation and introduced a number of new products, including coconut water and Nudie Breakfast Juice with chia seeds, which helped grow sales by 64.5 per cent.

The following year, it launched its Nothing But range in 500ml bottles, and by the end of fiscal year 2012, it launched dozens of new products and had tripled its size in the space of two years.

The innovation has continued with Nudie launching a nudie kids range of lunchbox products in Tetra Pak packaging, and a carbonated range, nudie & soda, which is a world-first product, according to Ajaka.

"We've created a world first by using 50 per cent real fruit, not concentrate, and every 330ml can will contain a serve of fruit," he says.



# COFFEE GALLERIA: DIY coffee

Boutique coffee roastery Coffee Galleria has tripled in size in the last three years to tap into demand from cafes wanting to put their own stamp on their beans.



**COFFEE GALLERIA, A** boutique coffee roastery, has ridden a wave of dramatic change in Australia's cafe culture.

A number of smaller roasters have emerged, paving the way for a greater appreciation of unique blends and direct-traded single origin beans.

The company's founder, Nick Mastro, says the source of beans and their origins are now of growing importance to consumers and roasters.

"Cafés want to offer their own unique blends, and this has implications for the packaging of these," Mastro says.

This helps them solidify branding and secure customer loyalty and repeat patronage, and 50 per cent of Coffee Galleria's business now involves custom roasting and packaging coffee for these cafes.

Coffee Galleria has a library of specialty blends from which they can draw. Cafés can also work with its 'blend architect' to create a unique blend that works with the characteristics of the café's own brand.

Cafés are also increasingly looking to offer their customers a single origin coffee in addition to their house blend, Mastro says, and this may vary from week to week. Coffee Galleria has direct trade arrangements with farmers in Indonesia and Papua New Guinea to provide this.

The company also supplies its own coffee range under the Adore Estate Coffee brand to more than 700 cafes in Sydney, Melbourne, Queensland and Canberra.

Coffee Galleria is also boosting its retail presence through a "mobile coffee lab" made from a converted shipping container that tours events and trade shows.

Coffee Galleria has tripled in size in the last three years, and it now processes nine tonnes of coffee beans a week.

## KEZ'S KITCHEN: a safe strategy

Biscuit, snack and cereal maker Kez's Kitchen has turned its food safety program into a strategic advantage.

**KEZ'S KITCHEN, A** family-owned manufacturer of premium biscuits – and more recently, cereals and snacks – made a strong commitment to food safety and continuous improvement 16 years ago.

Michael Carp, owner and managing director of Kez's Kitchen, says the company made the commitment in 1999 when it moved to a purpose-built factory to ensure its products were compliant with retailers' growing requirements.

According to Carp, the company's early safety focus gave it an edge in its category, so it took things a step further.

"We decided our future growth was going to come from both quality and from innovation and the two needed to sit side by side," Carp says.

The result? The company has seen annual sales growth of 40 per cent for the past few years.

"The Australian retail market is tough and growth is difficult, but we would argue that there are still opportunities for businesses that focus on quality and innovation," he says.

Last year the company broadened its product range from biscuits to include cereals and nutritional snack products.

Kez's also has a strong gluten-free product focus as a response to customer requests and Carp's own gluten-free dietary requirements, and the company's gluten-free product range now accounts for around 50 per cent of the business, with some lines also certified as FODMAP-friendly.

One of the company's most recent launches is a new line of dessert-inspired Choc Mud Bars that, despite their indulgent facade, also come with a 4-star rating.

The gluten-free bars, which are labelled "Free & Naked", are the first from Kez's to include the new front-of-pack health star rating system and were specially formulated with this in mind.

They are also made from just five natural ingredients and contain no 'hidden nasties', according to the Melbourne manufacturer.

The company supplies the major supermarkets, airlines and premium cafes.



Sean Garlick, Garlo's Pies  
co-founder and managing director.

## GARLO'S PIES: pie in the sky

Just 12 years ago, Garlo's Pies comprised a single Sydney store. Now it's introducing Aussie pies to the US.

**WHEN GARLO'S PIES** was first formed in March 2001, it got more than the usual press coverage.

Leveraging the contacts that its managing director, former NRL player Sean Garlick, had built up through his rugby league and TV career, the store's opening aired live on Channel Nine's The Footy Show in the form of a celebrity pie-eating competition featuring a number of famous rugby league stars.

Garlick started the business with his brother Nathan, a trained pastry cook, and his father Terry, a former wharfie. Despite the high profile launch, its range of pies, sausage rolls and pasties were still mainly sold through its own outlets as well as hotels, cafés, schools, mobile lunch trucks, sports grounds and catering companies until relatively recently. Fast forward four years, however, and Garlo's Pies has cemented its presence in mainstream retail channels.

Last year, the company's ambitions to supply supermarkets nationwide and expand offshore took a leap forward with the creation of a new purpose-built facility in Sydney's St Peters which tripled its cooking capacity.

The facility features the latest equipment, including a state of the art cool room and freez-

er system, which is computer operated and provides warnings about temperature or gas by email and text message.

"We wanted to get the latest in refrigeration monitoring for food safety purposes," Garlick says.

This was a crucial step in the company's plans to gain Australian Quarantine Inspection Service (AQIS) accreditation so it can export its products.

The company continues to roll its pastry from scratch and by hand, Garlick says, because this provides a significant point of difference in the market.

"Our pie pastry is thin on the bottom and flaky on top, like you buy from a local bakery," he says. "We've tried to maintain that. Even though it's more fragile, it's a better eating pie."

The meat used in its product range is also 100 per cent Australian beef, 90 per cent chemically lean, and guaranteed gristle-free.

In April, Garlo's expanded into Queensland, and the company also recently opened its first branded pie stores in the US. Garlick says the US move was prompted by a call from Australian-born ex-Walt Disney executive Peter Boutros, who wanted to bring pies to the Americans.

The US store is located next to a major university, and the company hopes to sell 1000 pies a day.



# Australia's

TOP



food & drink companies 2014



# Australia's TOP 100 food & drink companies

*Food & Drink Business*, in collaboration with IBISWorld, presents this year's top 100 food and beverage companies.

**IT'S THAT TIME** of year when we join forces with market research firm IBISWorld to crunch the numbers and create our Top 100 – a comprehensive list of the nation's largest food and drink companies, based on their most recently reported revenues.

In 2014, we saw some subtle shifts among the industry's biggest players as they navigated local conditions. Take our largest 10 companies, for instance: the world's largest dairy exporter, Fonterra Co-operative Group, again took out the number one spot and it also built on its revenues in the year to July 2014, despite the damaging whey protein recall of August 2013.

Beer and dairy giant Lion, which recently embarked on a three-year turnaround plan, regained its number two position from two years earlier, up from number three last year, on the back of higher revenues.

Lion traded places with Coca-Cola Amatil, which has struggled with weaker consumer demand and aggressive competitor pricing, and which is now in number three position.

Meat company JBS Australia remained in the number four spot, with a small increase in revenues, thanks to growth in its specialised meat brands and programs both domestically and internationally.

And although food distributor Bidvest Dairy reported rising revenues, dairy cooperative Murray Goulburn knocked it out of the number five spot, thanks to strong growth in export sales.

Last year, beef company Teys Australia rose from 13th position to take its place at number eight, behind Goodman Fielder at number nine. This year, both

companies shuffled forward one position to number seven and eight respectively.

This shift saw Nestlé drop two spots down to number nine, despite reporting growth in the region and boosting local revenues.

Thanks to a rebound on the back of higher bread prices, George Weston Foods was this year's number 10, up one spot from last year. George Weston swapped places with last year's number 10, poultry producer and processor Inghams Enterprises, which was sold last March to US private equity company TPG Capital.





**ABBREVIATIONS** O Overseas NL Non-listed P Publicly listed Pty Proprietary/private C Co-operative ↓ Sales down ↑ Sales up

Rank	Revenue up/down	Type	Revenue \$M	Period	Previous Revenue \$M	At the helm
<b>FONTERRA CO-OP GROUP</b>						
<b>1</b>	↑	P C	20541	07/14	17165	Judith Swales, MD

## Fonterra forges ahead

**MARRIED BY A** whey protein botulism scandal, falling profits and the effects of a drought throughout 2013, Fonterra faced another challenging year in 2014 thanks to constrained margins in its foodservice and consumer businesses and on non-milk powder products.

Though Fonterra's revenues rose 19 per cent on the previous year to July, its net profit tumbled due to an ongoing fall in global dairy prices.

Fonterra CEO Theo Spierings said the co-operative had come through a very demanding year.

"Our higher cost of goods sold, along with higher interest and taxation, saw our net profit after tax decline by 76 per cent to \$179 million," he said.

The New Zealand and Australian businesses

"Our higher cost of goods sold, along with higher interest and taxation, saw our net profit after tax decline by 76 per cent."

also faced much higher input costs and competitive pressure, he said, although things were looking up in these markets.

"These businesses are now on a firmer footing to lift their performance in the current financial year."

The company scored a win in Australia in April when it was awarded the contract to supply Woolworths Own Brand milk in Victoria for the next 10 years. It also opened a \$NZ126 million UHT plant in Waitoa, which will make UHT milk and cream for the foodservice sector.



Rank	Revenue up/down	Type	Revenue \$M	Period	Previous Revenue \$M	At the helm
<b>LION</b>						
<b>2</b>	↑	O Pty	5229	09/13	5068	Stuart Irvine, CEO

## Lion explores fresh horizons

**THE JAPANESE-OWNED COMPANY**, which makes beer brands like Tooheys, XXXX, Hahn and Boag's, and dairy brands like Dairy Farmers, PURA, Yoplait and COON, has survived tough economic conditions, a flat beer market and a



competitive dairy landscape over the past year.

Lion also lost a private-label contract with Woolworths in Victoria and Western Australia.

"Like all FMCG businesses, Lion is navigating a highly competitive market against a backdrop of subdued consumer confidence and rising input costs," CEO Stuart Irvine said in March.

According to Irvine, Lion has a 10-year strategy in place to fuel future growth.

"Our dairy and drinks business has made a fast

start in implementing its three-year turnaround plan, applying discipline and focus to leverage our portfolio's health and wellness credentials, unlock value opportunities and relentlessly improve market execution and efficiency," he said.

"We are also devoting more focus and resource to growing our high-value branded dairy brands in key Asian markets through the establishment of a fourth business unit, alongside our domestic dairy and alcohol business units."

"Like all FMCG businesses, Lion is navigating a highly competitive market against a backdrop of subdued consumer confidence and rising input costs."



Rank	Revenue up/down	Type	Revenue \$M	Period	Previous Revenue \$M	At the helm
3	<b>COCA-COLA AMATIL</b>					
	↓	P	5120	12/13	5175	Alison Watkins, MD

## CCA charts a new course

**COCA-COLA AMATIL (CCA)** has had a busy year, starting with its return to the beer and cider segment and the appointment of a new group managing director, Alison Watkins.

All this took place against a backdrop of tough trading conditions due to weaker consumer demand, aggressive competitor pricing and private label activity in both water and flavoured carbonated beverages.

"The expected trading conditions have continued and indeed since the federal budget in May we have experienced further deterioration and evidence of consumer promotional fatigue consistent with weaker consumer sentiment," Watkins said.

**"We have been slow to adapt to these changes in market conditions and shifting consumer trends."**

"It is clear that CCA is facing a number of immediate challenges, particularly in the Australian beverage and Indonesian markets."

Watkins said the beverage landscape has been evolving over the past five years with increased competition from existing players, greater penetration of value and private label products, a shift toward 'better for you' products and the continued consolidation of the customer base in both grocery and national accounts.

"As a business we have been slow to adapt to these changes in market conditions and shifting consumer trends," she said.

In November the company sold a 29.4 per cent stake in its Indonesian business to its US partner, The Coca-Cola Company, in exchange for \$US500 million as part of a five-year-plan aimed at restoring profit growth across the group, starting in 2015.

Watkins has predicted a return to mid single-digit growth in earnings per share over the next few years.



Rank	Revenue up/down	Type	Revenue \$M	Period	Previous Revenue \$M	At the helm
4	<b>JBS AUSTRALIA</b>					
	↑	0 Pty	3295	12/12	3237	Brent Eastwood, CEO

## JBS racks up export sales

**JBS AUSTRALIA SAYS** it has processed significantly more livestock in 2014 than last year, mostly due to two factors: ongoing difficulties facing the rural economies due to the drought, as well as increased demand from most markets for high quality and consistent beef and lamb product.

The company also recently acquired Primo Smallgoods, and a majority shareholding in Andrews Meats, a supplier of premium meat cuts to the food service and export markets, and increasingly a supplier of ready meals.

JBS Australia is a division of JBS SA, Brazil's largest food multinational and the world's largest

meat company. It exports to more than 50 countries under a number of brands including AMH, King Island Beef, Royal, Swift Premium Beef, Beef City Black, Friboi Beef, Tasmanian Premium Beef and Tasmanian Premium Lamb.

In September, the company's CEO, Brent Eastwood, said that although 2014 had been a strong year to date for the company, challenges lay ahead.

"There are many challenges facing our industry, from over-regulation, bureaucracy and the costs of doing business in Australia, to market access and other illogical restraints, as well as competition from other protein-exporting coun-

tries, but we continue to attack these challenges with vigour and determination," he said.

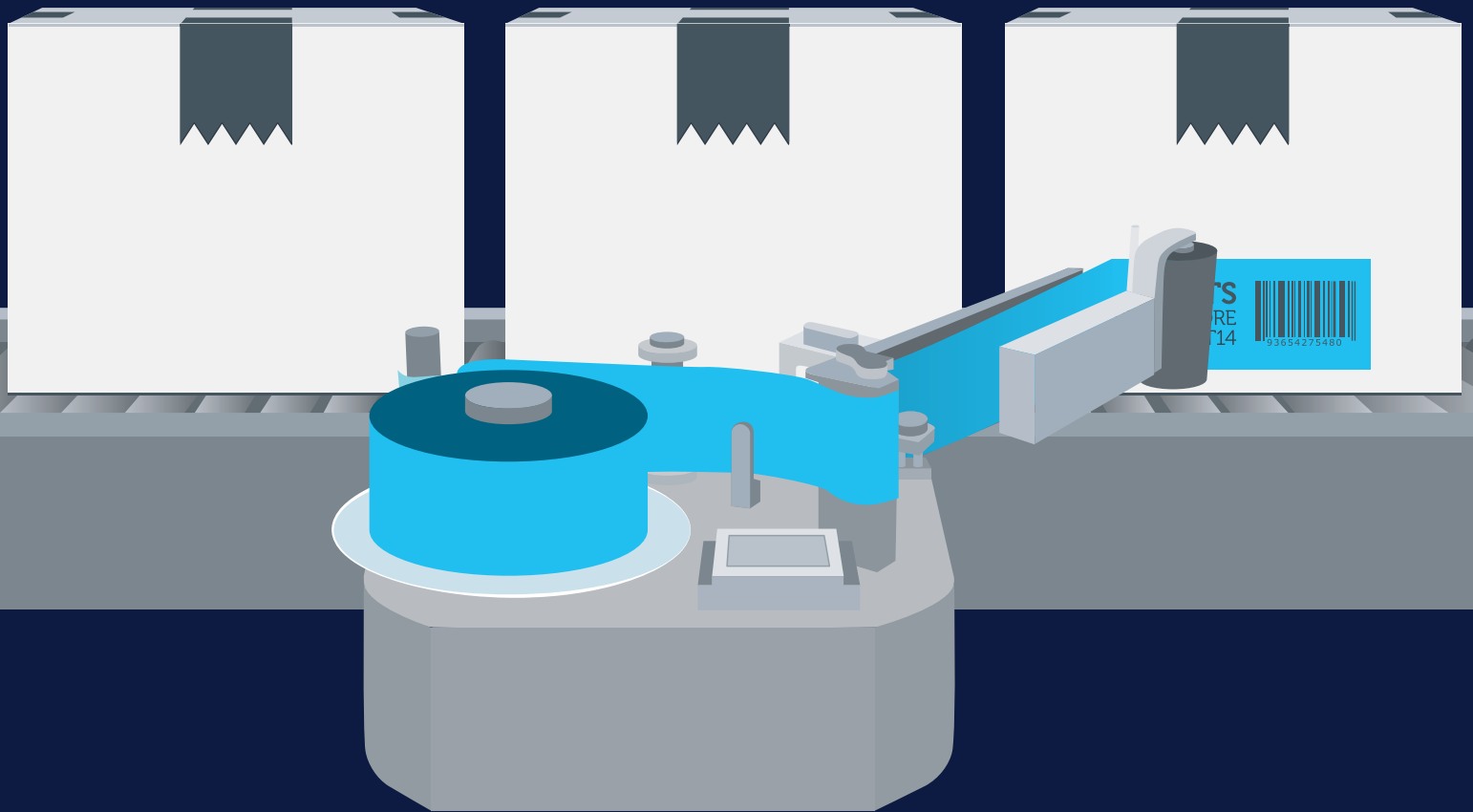
"We have focused very heavily on our domestic and international branded and specialised meat brands and programs. These have been very well received and supported and are a growing part of our business."

**"We have focused very heavily on our domestic and international branded and specialised meat brands and programs."**



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Rank	Revenue up/down	Type	Revenue \$M	Period	Previous Revenue \$M	At the helm
5	<b>MURRAY GOULBURN CO-OP</b>					
	↑	P C	2947	06/14	2390	Gary Helou, MD

## Murray Goulburn gets fresh

**MURRAY GOULBURN OPENED** two new milk processing plants this year in Laverton in Victoria and Erskine Park in NSW to help it fulfil a 10-year contract to supply and produce private-label fresh milk for Coles.

These plants, which are now in operation, enabled the company to relaunch the Devondale brand in all categories.

Though the company failed in its high profile bid to acquire its Victorian rival Warrnambool Cheese & Butter, the sale of its WCB stake to the winning bidder Saputo strengthened its balance sheet by \$36 million.

"After a decade of challenges, Australian dairy roared back to life, spurred on by strong milk prices, heightened interest in Australia's dairy assets and a reinvigorated MG advocating for industry

growth and higher farmgate returns," Murray Goulburn's managing director, Gary Helou, recently said.

Murray Goulburn's export sales, which now account for over 51 per cent of its revenue, grew strongly in the year to June 2014 to \$1.5 billion. The company now has its sights set on the growth markets.

"MG will 'look north and go north', particularly to Asia, which is expected to be the growth engine for dairy food demand for many years to come," Helou said.



Victorian Denis Naphine and Prime Minister Tony Abbott with Murray Goulburn MD, Gary Helou (centre).

**"MG will 'look north and go north', particularly to Asia, which is expected to be the growth engine for dairy food demand for many years to come."**

Rank	Revenue up/down	Type	Revenue \$M	Period	Previous Revenue \$M	At the helm
6	<b>BIDVEST AUSTRALIA</b>					
	↑	O P	2665	06/13	2495	Rachel Ruggiero, CEO

## Bidvest invests in local growth



**THE AUSTRALIAN AND** New Zealand markets have been strong earners over the past year for the South African-owned company, which distributes major national and international brands, as well as a select range of its own-brand products.

"The core Australian and New Zealand markets remain resilient, driven by expansion and innovation into new segments of the food market," the company's chief executive, Brian Joffe, said.

Bidvest is considered Australia's largest broad-line distributor and it supplies wholesale food, hospitality equipment and distributes to the

foodservice, catering and leisure markets.

Bidvest Australia achieved strong sales and trading profit growth after an exceptional fourth quarter which ended in June, according to its parent, which said the growth was underpinned by a strong result in its foodservice business and its fresh business.

Bidvest Australia recently acquired two small fresh produce businesses and last year it acquired Perth-based foodservice meat processing business, Classic Meats.

Bidvest Australia's product range includes over 56,000 foodservice products spanning dry, chilled and frozen food, and its fresh food offering includes between 400 and 600 lines of fresh fruit, vegetables and herbs, eggs and pre-packaged fresh food tray options.

**"The core Australian and New Zealand markets remain resilient, driven by expansion and innovation into new segments."**

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Rank	Revenue up/down	Type	Revenue \$M	Period	Previous Revenue \$M	At the helm
7	<b>TEYS AUSTRALIA</b>					
	↑	Pty	2600	06/14	2196	Brad Teys, CEO

## Teys looks to greener pastures

**TEYS IS AUSTRALIA'S** second-largest meat processor, exporter and wholesaler, with six plants in Queensland, South Australia and NSW.

Jointly producing 270,000 tonnes of beef each year, they are located at Beenleigh, Biloela, Rockhampton, Tamworth, Wagga Wagga and Naracoorte.

The company also has offices in the US and Japan, and US-based Cargill has a 50 per cent share in Teys Australia.

Teys also has two feedlot facilities used for finishing livestock and preparing them for slaughter. The facilities are accredited by Australian and European standards and have capacities of 30,000 and 17,000 heads respectively.



In 2013, Teys Australia received more than \$7 million from the federal government's \$200 million Clean Technology Food and Foundries Investment Program to cut energy costs and reduce carbon emissions at three sites.

Consequently Teys Australia has developed an environmental policy to deliver legislative compliance as well as management plans for various environmental elements at its facilities to reflect its commitment to the environment.

Teys Australia says that it has a long-term environmental objective of reducing its ecological footprint by boosting its energy efficiency, by reducing its waste, and through reduced consumption of raw materials and

**"Teys believes that it has an obligation to improve environmental awareness throughout its operations."**

lower output of greenhouse gas emissions.

The company says it plans to achieve this through continuous improvement and smart investment in innovation.

"Teys Australia believes as a socially responsible company and a valued member of the communities in which it operates, that it has an obligation to improve environmental awareness throughout its operations and work towards environmentally sustainable outcomes now and well into the future," the company says.

Rank	Revenue up/down	Type	Revenue \$M	Period	Previous Revenue \$M	At the helm
8	<b>GOODMAN FIELDER</b>					
	↑	P	2217	06/14	2172	Chris Delaney, CEO

## Goodman Fielder prepares for takeover

**GOODMAN FIELDER STARTED** the year on a tragic note, with the managing director of its Australian operations, Andrew Hipperson, killed in a motorcycle accident. The company sold its meat and pizza businesses in New Zealand to smallgoods manufacturer Hellers and Mommas Frozen Products respectively, for around \$14 million.

In May, Goodman Fielder accepted a revised takeover offer worth \$1.37 billion by two Asian companies, Singapore's Wil-

mar International and Hong Kong's First Pacific. Delays in gaining regulatory approval from China has hampered the takeover which is now set to be approved by shareholders in March 2015.

Goodman Fielder's brand portfolio includes Meadow Lea, Helga's and Wonder White, and the company has undergone significant restructuring in recent years.

In its financial results for the year ending in June, the company's CEO, Chris Del-

aney, said that while the company had made progress in some areas of the business, sharply increased commodity costs and higher logistics costs had affected the full year result.

"This is a disappointing result in the context of where the company had expected to be at this point in the strategic plan," he said.

"While FY14 was a significant step back from where we had expected to be, we remain committed to building a business which can deliver sustainable growth over the medium term." Delaney said he expected to see a return to profitable growth in FY14.

**"While FY14 was a significant step back from where we had expected to be, we remain committed to building a business which can deliver sustainable growth."**







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Rank	Revenue up/down	Type	Revenue \$M	Period	Previous Revenue \$M	At the helm
9	<b>NESTLÉ</b>					
	↑	0 P	2151	12/13	2092	Trevor Clayton, MD

## Nestlé thinks outside the box



**NESTLÉ HAS ACHIEVED** good broad-based growth in a “volatile global trading environment where there are no tailwinds”, according to its global CEO, Paul Bulcke.

“Despite the tough environment, in view of our year-to-date performance, we are still aiming for organic growth of around five per cent for 2014 with improvements in margins, underlying earnings per share in constant currencies and capital efficiency,” he said.

In Africa, Asia and the Oceania region, which spans Australia, New Zealand and the Pacific Islands, the company saw growth of 6.5 per cent. In-

novations and premium businesses like Nescafé Dolce Gusto were the growth drivers for the zone, and the top performing brands and categories were Milo, Maggi, coffee and tea and coffee enhancers.

Results across the region, however, have been mixed in 2014. While constant innovation and the development of new business models helped deliver good results in Japan, Oceania was “challenged”, according to Nestlé, in spite of successful rollouts of new products including low fat Carnation Cooking Cream and Felix cat food.

In Australia, the company recently rolled out near-field communication (NFC) technology in Woolworths to support the launch of Uncle Toby’s Oats & Strawberries and launched recyclable Nescafé Dolce Gusto coffee capsules.

“Despite the tough environment, in view of our year-to-date performance, we are still aiming for organic growth.”

Rank	Revenue up/down	Type	Revenue \$M	Period	Previous Revenue \$M	At the helm
10	<b>GEORGE WESTON FOODS</b>					
	↑	0 Pty	2141	08/13	2065	Andrew Reeves, CEO

## Let them eat cake – and bread

**GEORGE WESTON FOODS**, a manufacturer of bread, baking products, small goods, cakes and ingredients, is a key subsidiary of Food Investments, which is owned by Associated British Foods, a diversified international food, ingredients and retail group.

George Weston Foods, which owns the Tip Top, Burgen and Abbott’s bread brands, has seen a strong recovery, according to its UK parent. ABF’s chief executive, George Weston, said the recovery in profitability at George Weston Foods in Australia “was well established this year”.

“George Weston Foods in Australia achieved a major improvement in performance with higher bread prices, increased meat volumes, the delivery of a number of cost reduction initiatives and improved commodity procurement,” he said.

Weston also said that Tip Top had successfully

implemented bread price rises in the first half of the year which, together with an increase in the proportion of higher margin products sold and further productivity improvements, led to a higher operating profit for the bakery business.

Weston also said factory productivity had improved at Don KRC which contributed to increased meat yields and a reduced labour costs.

This year, the company also merged its Weston Milling business with the Australian and New Zealand operations of another Associated British Foods-owned entity, the bakery ingredients company AB Mauri. The new entity, named MAURI anz, will be a fully integrated bakery ingredients business with product, research, technology, production and distribution capabilities. The new entity will be a division of GWF and an affiliate of the global AB Mauri business.



“GWF in Australia has achieved a major improvement in performance.”

# IS IT A LEMON?

Local growers supply over 95% of domestic demand for fruit and vegetables.

The industry generates revenue of \$3.7 billion.

Industry profit margins hover around 4% of revenue, at \$157 million per year.

Bananas are the highest selling individual product, accounting for 8.5% of revenue.

38% of enterprises are family-owned businesses.

Organic produce and hydroponics are key growth areas for the category.



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Rank	Rev up/down	Type	Rev \$M	Period	Previous Rev \$M
11	INGHAMS ENTERPRISES				
	↑	O Pty	2100	06/12	1840

Australia's largest poultry processor has 11 stock feed mills, 10 primary poultry production plants, and eight further processing plants across Australia and New Zealand, as well as a diversified stockfeed business and a piggery operation. Last month it closed its processing plant at Byron Bay, NSW, stating that the facility was older and less efficient than its other plants. It also plans to close its Aldinga Turkeys factory at McLaren Vale in December, relocating its turkey processing to NSW. Last year Inghams' founders sold their Australian poultry giant to US-based private equity group TPG for \$880 million.

Rank	Rev up/down	Type	Rev \$M	Period	Previous Rev \$M
12	CARLTON & UNITED BREWERIES				
	↓	O Pty	2008	03/14	2097

SABMiller, which trades as Carlton & United Breweries, is a foreign-owned proprietary company that produces and markets alcoholic beverages. The company is headquartered in Southbank, Melbourne and employs close to 1,830 people. It is a wholly owned subsidiary of UK-based SABMiller PLC. Its beer brand portfolio includes Foster's, VB, Cascade, Crown Lager and Carlton Draught and it also owns the Bulmers, Strongbow and Mercury cider brands. The company recently installed a new type of draught beer technology dubbed 'fresh tank' into two Sydney pubs to enable them to serve fresh and unpasteurised Carlton Draught.

Rank	Rev up/down	Type	Rev \$M	Period	Previous Rev \$M
13	SUCROGEN				
	↑	O P	1894	12/13	1821

Sucrogen, owned by Singaporean agribusiness, Wilmar International, is the largest raw sugar producer and refiner in Australia and the eighth largest producer globally. Sucrogen started life as CSR Ltd, it now owns seven sugar mills and its operations include cane growing, sugar refining and ethanol and cogeneration through its use of sugar by-products. Its principal product is raw sugar and every year it produces 2.1 million tonnes in total. It employs close to 2,000 people and is based in North Sydney.

Rank	Rev up/down	Type	Rev \$M	Period	Previous Rev \$M
14	MONDELEZ AUSTRALIA				
	↓	O Pty	1810	12/13	1821

Formerly Kraft Australia, the company is a subsidiary of the world's second largest food producer, US-based Mondelez International. Its brands include Cadbury Dairy Milk, Vegemite and Philadelphia Cream Cheese. Last year it opened Australia's largest food R&D facility, co-located at its manufacturing facility in Ringwood, Victoria. This year Mondelez combined its coffee business with Dutch company DE Master Blenders 1753 to create a new pure-play coffee company called Jacobs Douwe Egberts (JDE), based in the Netherlands.

Rank	Rev up/down	Type	Rev \$M	Period	Previous Rev \$M
15	TREASURY WINE ESTATES				
	↑	P	1799	06/14	1739

Treasury Wine Estates (TWE) has over 11,000 hectares of vineyards, and sales totalling over 33 million cases annually. Its brands include Beringer, Chateau St Jean, Lindemans, Wolf Blass, Penfold and Rosemount. In 2013 the company announced that it would destroy more than \$35 million of stock in the US as part of a broader \$160 million write-down of excess US inventory. This year TWE announced it would shed 175 jobs and invest more heavily in marketing and promoting its brands in a bid to help turn the business around.

Rank	Rev up/down	Type	Rev \$M	Period	Previous Rev \$M
16	ASAHI HOLDINGS				
	↑	O Pty	1636	12/13	1560

Melbourne-based Asahi owns and operates Schweppes Australia, the former juice and water divisions of P&N Beverages, and water bottler Mountain H2O. The Australian subsidiary of Japan's largest brewer has eight manufacturing sites in Australia. This year it redeveloped and expanded its Melbourne brewery to boost its presence in the local beer market and show itself to be a multi-beverage supplier. One key move was to acquire Victorian craft beer brand Cricketers Arms in April.

Rank	Rev up/down	Type	Rev \$M	Period	Previous Rev \$M
17	UNILEVER AUSTRALIA				
	↑	O Pty	1574	12/13	1566

Unilever Australia is a wholly owned subsidiary of Anglo-Dutch multinational Unilever PLC. Employing about 1575 staff, its portfolio includes Flora, Bertolli, T2, Lipton and Bushells, as well as a number of personal care and household brands. Unilever is known for its sustainability standards, earning the number one position in the Tomorrow Value Rating (TVR) two years in a row.

Rank	Rev up/down	Type	Rev \$M	Period	Previous Rev \$M
18	PFD FOOD SERVICES				
	↑	Pty	1430	06/14	1404

Wholesaler PFD distributes food products from manufacturers such as Mondelez, Nestle and Goodman Fielder to restaurants, hotels and commercial kitchens throughout Australia. The company has 61 branches and last year acquired Northern Territory foodservice distributor Kosmos Foods Wholesalers.

Rank	Rev up/down	Type	Rev \$M	Period	Previous Rev \$M
19	MARS				
	↑	O Pty	1337	12/13	1315

Mars Australia's brand portfolio includes Mars, Twix, Pedigree, Whiskas, Uncle Ben's and Masterfoods. It has seven manufacturing sites across the country, including in Ballarat, Victoria, where it has invested \$52 million in an expansion project. The expansion has focused on its Maltesers, primary bar and bite size production lines, and is funding new technologies and processes to help the company develop new markets.

Rank	Rev up/down	Type	Rev \$M	Period	Previous Rev \$M
20	BAIADA POULTRY				
	↑	Pty	1331	06/13	1285

Baiada is Australia's largest privately owned and operated poultry business. It is based at Pendle Hill in Sydney's west and has sites in Griffith, Beresfield and Tamworth in NSW. Its product range includes live poultry, pet food and processed chicken and turkey and it trades under the consumer brands Steggles and Lilydale.

Rank	Rev up/down	Type	Rev \$M	Period	Previous Rev \$M
21	AUSTRALIAN CONSOLIDATED FOOD INVESTMENTS				
	↓	O Pty	1320	06/13	851

Australian Consolidated Food Investment owns Primo Smallgoods, the largest producer of ham, bacon and smallgoods in Australia. Catering for both domestic and export markets, it is owned by Asian private equity firm Affinity Equity Partners. The company operates abattoirs as well as food manufacturing and processing facilities and distribution warehouses. The company recently constructed a multi-million dollar integrated smallgoods processing plant in Brisbane, QLD.



Rank	Rev up/down	Type	Rev \$M	Period	Previous Rev \$M
22	<b>MANILDRA GROUP</b>				
	↑	Pty	1250	06/14	1050

Manildra Group supplies flour, pre-mixes, starches, proteins, glucose, fats and oils and sugar, and its retail division produces The Healthy Baker flour brand. Processing around one million tonnes of wheat per annum, it is headquartered in Sydney and has facilities throughout Australia, the US, Indonesia and Thailand. Foodbank Australia this year gave Manildra Group the Collaboration Award for partnering in "the provision of staple foods on which nutritious meals can be built".

Rank	Rev up/down	Type	Rev \$M	Period	Previous Rev \$M
23	<b>SIMPLOT AUSTRALIA</b>				
	↑	0 Pty	1200	08/13	1166

Simplot Australia's brands include Edgell, John West, Birdseye, Lean Cuisine and Leggo's. An arm of the US-based Simplot, it operates eight plants in Australia. This year it began supplying frozen vegetables to Woolworths for its Select private label range. The deal shifted 17 lines to Simplot from overseas suppliers in Europe, New Zealand and China.

Rank	Rev up/down	Type	Rev \$M	Period	Previous Rev \$M
24	<b>FRITO-LAY AUSTRALIA HOLDINGS</b>				
	↓	0 Pty	1182	12/12	1204

A subsidiary of US beverage and food giant PepsiCo, incorporating PepsiCo Australia, Frito-Lay derives most of its revenue from the manufacture, import and wholesaling of snack foods, oat-based products and beverages. The Sydney-based company's snack food brands include Nobby's, Smith's, Doritos, Sakata and Pepsi.

Rank	Rev up/down	Type	Rev \$M	Period	Previous Rev \$M
25	<b>SUNRICE</b>				
	↑	P	1153	04/14	1069

Ricegrowers Limited, trading as SunRice, is one of the world's largest branded rice food companies, employing 2100 people in 60 countries. Its local operations are anchored in regional NSW and include processing facilities that mill and pack rice and rice flour, and produce rice cakes and convenience rice-based products. The company owns 30 brands and it has processing, packing and value added food plants across Australia, the US, the Middle East and Papua New Guinea.

Rank	Rev up/down	Type	Rev \$M	Period	Previous Rev \$M
26	<b>BEGA CHEESE</b>				
	↑	P	1146	06/14	1013

Bega regularly sells over one million packs of cheese per day across its brands, which are made at its two manufacturing sites at Bega NSW and Victoria's Strathmerton. It exports over 60 million units of cheese per year to around 40 countries, and some of these products are tailored to suit particular international requirements. Bega was unsuccessful in its takeover bid for Warrnambool Cheese and Butter (WCB) last year, but this year announced a record \$66 million profit for 2013/14. This was a 160 per cent increase on the previous 12 months, with \$44m coming from the sale of its WCB shares. The company said its revenue growth of 6.5 per cent was mostly thanks to stronger commodity prices and growth in its infant nutritional business, and it said it now had a very strong balance sheet to support expansion.

Rank	Rev up/down	Type	Rev \$M	Period	Previous Rev \$M
27	<b>PARMALAT AUSTRALIA</b>				
	↓	0 P	1120	12/13	949

A subsidiary of French dairy company Lactalis, Parmalat Australia has seven manufacturing sites, mostly Queensland-based. The company, which supplies private-label milk to Woolworths, processes and distributes milk and cream throughout Queensland, as well as producing branded products for Australian and export markets such as Parmalat, Pauls, Rev and Vaalia. Parmalat recently relaunched its Pauls Zymil brand of lactose-free milk in Australia in a bid to compete with the booming a2 Milk market.

Rank	Rev up/down	Type	Rev \$M	Period	Previous Rev \$M
28	<b>THOMAS FOODS INTERNATIONAL</b>				
	↑	Pty	1084	06/13	1075

Thomas Foods, a family-owned meat processing company, is one of Australia's top five meat processors, exporting to over 80 countries worldwide from two plants. Headquartered at Murray Bridge, SA, it announced this year it would invest more than \$30 million into sustainable expansion to improve its export operation.

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Rank	Rev up/down	Type	Rev \$M	Period	Previous Rev \$M
29	ARNOTT'S BISCUITS HOLDINGS				
	↑	O Pty	997	07/13	996

A subsidiary of the Campbell's Soup Company and Australia's largest biscuit producer, Arnott's employs 2800 people in Australia and has several thousand employees elsewhere in the Asia-Pacific region. It also manufactures and distributes soup, stock and vegetable juices, with best-known brands including Tim Tams, Jatz and Shapes.

Rank	Rev up/down	Type	Rev \$M	Period	Previous Rev \$M
30	NH FOODS AUSTRALIA				
	↑	O Pty	843	03/14	675

A subsidiary of NH Foods Japan, this company wholesales beef products and by-products and operates abattoirs and beef cattle feed lots in Australia. Employing over 1700 staff and headquartered in North Sydney, it exports to more than 34 countries.

Rank	Rev up/down	Type	Rev \$M	Period	Previous Rev \$M
31	TURNERS & GROWERS				
	↑	P	691	12/13	623

This fresh fruit and vegetables distributor and exporter has operations in New Zealand and Australia, as well as the US, Hong Kong, Belgium, the Cayman Islands, Chile and the UK. It is headquartered in Auckland, has 41,000m2 of storage facilities and its global distribution network covers sales, marketing, and logistics.

Rank	Rev up/down	Type	Rev \$M	Period	Previous Rev \$M
32	COSTA GROUP				
	↑	Pty	688	06/14	598

Costa Group Holdings is Australia's leading private producer, marketer and exporter of premium-quality fruit, vegetables and grains. The company has more than 40 farming, wholesale market and distribution operations and over 4,000ha of farmland across Australia. US private equity firm Paine & Partners holds a 50 per cent stake in the business. Costa has a joint venture with US berry company Driscoll Strawberry Associates which enables it to provide berries all year round in Australia.

Rank	Rev up/down	Type	Rev \$M	Period	Previous Rev \$M
33	WARRNAMBOOL CHEESE & BUTTER				
	↑	O P	611	06/14	499

Australian-owned Warrnambool Cheese & Butter (WCB) was wooed by Bega, Murray Goulburn and Saputo in a bidding war earlier this year. Saputo came out on top in its efforts to acquire the producer and supply export markets with Australian dairy products. WCB is a significant producer of dairy commodities for both domestic and export markets and sources approximately 900 million litres of milk annually. The company makes 60 per cent of its revenue outside of Australia and is now the fourth-largest dairy trader in the world.

Rank	Rev up/down	Type	Rev \$M	Period	Previous Rev \$M
34	DIAGEO AUSTRALIA				
	↑	O P	550	06/13	545

Diageo Australia is a malt and beverage manufacturer involved in the distilling, bottling, marketing and selling of alcoholic beverages. Diageo divides its global brand range into beer, wine and spirits. Its portfolio includes Guinness, Dom Perignon, Moet & Chandon, Bundaberg, Baileys, and Smirnoff. A subsidiary of UK-based Diageo, the company is based in Sydney. In May, Diageo moved the bottling of its iconic Bundaberg Rum away from the Queensland city of the same name, resulting in the loss of ten jobs.

Rank	Rev up/down	Type	Rev \$M	Period	Previous Rev \$M
35	KAILIS BROS				
	↑	Pty	541	06/13	532

Emgekey Investments, which trades as Kailis Bros, is a private, locally owned company that wholesales fresh and frozen seafood. The group employs over 450 people, operates primarily in Perth, and has a head office in Canning Vale, WA. Emgekey is wholly owned by the Kailis family and operates a group of fresh and frozen seafood fishers, marketers, manufacturers and wholesalers.

Rank	Rev up/down	Type	Rev \$M	Period	Previous Rev \$M
36	BRIGHT FOOD GROUP				
	↓	O Pty	540	12/13	563

Sydney-based Bright Food Group (BFG) is a foreign-owned company that produces, imports, markets and distributes food. A subsidiary of a Chinese conglomerate, BFG is a holding company for several food manufacturing and distributing companies including Sunbeam Foods and Mildura Fruit Company.

Rank	Rev up/down	Type	Rev \$M	Period	Previous Rev \$M
37	H J HEINZ COMPANY AUSTRALIA				
	↓	O Pty	539	12/13	836

Heinz Australia's products include baby food, sauces, fruit juice and canned foods. It employs more than 900 people in Australia and operates manufacturing plants in NSW, Queensland, and Victoria. Heinz Wattie's is part of the US-based H.J. Heinz Company. Its brands include Wattie's, Greenseas, Weight Watchers, Original Juice Co, Cottee's and Golden Circle.

Rank	Rev up/down	Type	Rev \$M	Period	Previous Rev \$M
38	MCCAIN FOODS				
	↑	O Pty	502	06/14	447

McCain, a subsidiary of Canadian-owned McCain Foods Limited, manufactures and sells frozen vegetables, chips, pizza, fruit and ready meals. It also has frozen desserts under the Sara Lee brand, which was purchased for \$82m last year. McCain is headquartered at Ballarat in Victoria and its Australian business incorporates plants in Victoria, Tasmania and South Australia.

Rank	Rev up/down	Type	Rev \$M	Period	Previous Rev \$M
39	SANGER AUSTRALIA				
	↑	Pty	500	06/14	463

Sanger has 23 employees in Australia and its extended network of suppliers provides it with year-round access to meat from different regions. The meat export trading company predominantly supplies beef to international buyers but it also sells other types of meat and meat products such as veal, mutton, lamb, pork, kangaroo, chicken and associated by-products.

Rank	Rev up/down	Type	Rev \$M	Period	Previous Rev \$M
40	MORAITIS GROUP				
	↓	O Pty	493	06/12	518

The leading fruit and vegetable wholesaler in Australia is also a fully integrated supplier of fresh fruits and vegetables to supermarkets and independent fruit markets. Hong-Kong listed Chevalier Group has a 70 per cent stake in the company, with the remaining share in the hands of its original owners the Moraitis family, and private equity group Catalyst.



Rank	Rev up/down	Type	Rev \$M	Period	Previous Rev \$M
41	PREMIUM WINE BRANDS				
	↓	0 Pty	492	06/13	512

Premium Wine Brands, formerly Pernod Ricard Pacific, manufactures and wholesales wine, spirits and non-alcoholic beverages. Based in Sydney and employing about 900 staff, it is part of the French-based Pernod Ricard group. Its brand portfolio includes Jacobs Creek, Wyndham Estate, Perrier Jouet, Kahlua, and West Coast Cooler.

Rank	Rev up/down	Type	Rev \$M	Period	Previous Rev \$M
43	KILCOY PASTORAL				
	↑	0 P	475	06/13	421

The Queensland-based meat processor specialises in grain-fed Australian beef which it sells in the domestic and export markets. The company employs around 750 staff and is headquartered in Kilcoy. The company's major cattle categories are grain-fed ox, grass-fed ox, export steer, young beef, cow and bull.

Rank	Rev up/down	Type	Rev \$M	Period	Previous Rev \$M
42	KELLOGG AUSTRALIA HOLDINGS				
	↑	0 Pty	482	12/13	475

The wholly-owned subsidiary of US cereal giant Kellogg Company manufactures and distributes a number of well-known breakfast cereal and snack food brands including Special K, Raisin Bran, Cocoa Pops and Corn Flakes. Kellogg Australia received a leadership award from Foodbank this year, in recognition of its 'Breakfast for Better Days' program. It committed to a donation of 7 million serves of breakfast cereal along with a cash donation of \$100,000 to expand Foodbank's school breakfast programs.

Rank	Rev up/down	Type	Rev \$M	Period	Previous Rev \$M
44	MACKAY SUGAR				
	↑	P	437	05/14	413

Mackay Sugar is one of Australia's largest sugar milling companies, operating four sugar mills and producing around 800,000 tonnes of raw sugar annually for domestic and export markets. It also has a \$120 million cogeneration plant that uses processing waste from its sugar milling operations to sell renewable energy back into the national electricity grid. At full capacity, the plant can produce enough renewable energy to power about 30 per cent of the Queensland town of Mackay.

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Rank	Rev up/down	Type	Rev \$M	Period	Previous Rev \$M
45	NORCO CO-OP				
	↑	C	430	06/14	370

A farmer-owned co-operative, Norco's operations span animal feed products, rural stores and a food division. It manufactures and supplies dairy and fruit juice products, mostly for contract manufacturing, but also under the Norco and Nimbin Natural Cheese retail brands. Norco has three production facilities in Australia and won a five-year private label milk supply contract with Coles which began in July. It also started shipping fresh milk to China in a faster, seven-day turnaround this year.

Rank	Rev up/down	Type	Rev \$M	Period	Previous Rev \$M
46	ACCOLADE WINES				
	↓	0 Pty	415	06/13	439

Accolade Wines Australia is a producer, marketer, exporter and seller of wine based in South Australia. The company employs almost 1000 people and operates in Australia, the UK, Europe, Asia and South Africa. Accolade is a subsidiary of Sydney-based CHAMP Private Equity.

Rank	Rev up/down	Type	Rev \$M	Period	Previous Rev \$M
47	SANITARIUM HEALTH FOOD COMPANY				
	↑	P	406	06/14	395

Also known as the Australian Health & Nutrition Association, Sanitarium manufactures and distributes breakfast cereals, beverages and spreads. A not-for-profit organisation owned by the Seventh-day Adventist Church, its flagship product is Weet-Bix, followed by the Up&Go liquid breakfast drink. It recently launched a gluten-free version of Weet-Bix and it also makes dairy- and meat-alternative vegetarian products. The company employs more than 1600 staff across 12 manufacturing and sales sites in Australia and New Zealand.

Rank	Rev up/down	Type	Rev \$M	Period	Previous Rev \$M
48	SCALZO FOOD INDUSTRIES				
	↑	Pty	386	06/14	357

Scalzo manufactures and distributes food ingredients such as nuts, vegetables, fruit, seeds, grains, snacks, starches and dehydrated meats. It develops value-added products and customised ingredients for further processing or retail-ready products.

Rank	Rev up/down	Type	Rev \$M	Period	Previous Rev \$M
49	FLETCHER INTERNATIONAL EXPORTS				
	↑	Pty	381	06/14	368

An integrated processor and exporter of lamb and sheep meat products, Fletcher operates processing facilities in Dubbo, NSW and Albany, WA. The plants have a combined processing capacity of over 4.5 million head per year. The company sells 100 per cent Halal meat in more than 70 markets around the world and employs over 1250 staff across its operations.

Rank	Rev up/down	Type	Rev \$M	Period	Previous Rev \$M
50	BINDAREE BEEF				
	↑	Pty	373	06/14	344

Bindaree Beef's processing plant at Inverell in northern NSW can process 1300 cattle a day and employs over 600 people from the surrounding region. It processes and wholesales beef products for domestic and export sales, and brands include Bindaree Gold, Weddel and Natural Beef Company. The company recently embarked on a \$46 million biogas system installation after receiving a \$23 million federal grant to reduce its emissions.

Rank	Rev up/down	Type	Rev \$M	Period	Previous Rev \$M
51	MIDFIELD MEAT INTERNATIONAL				
	↑	Pty	356	06/13	345

The Warrnambool-based company is 100 per cent Australian-owned and processes beef, lamb, veal, mutton and their by-products for the domestic and export market. With one of the largest capacity meat processing plants in Australia, with a throughput in excess of 1.6 million beef and small stock annually, it has also developed the world's only industrial and commercial robotic lamb cutter.

Rank	Rev up/down	Type	Rev \$M	Period	Previous Rev \$M
52	GENERAL MILLS HOLDING (AUSTRALIA)				
	↑	0 Pty	356	05/13	303

General Mills makes Latina Fresh, the Old El Paso range, Betty Crocker baking mix products and the Nature Valley snacks brand. It recently announced measures to cut greenhouse gas emissions from its supply chains and press for political action to address climate change. It plans to define and disclose a total supply chain greenhouse gas reduction target by August 2015, achieve zero net deforestation in high-risk supply chains by 2020, and disclose the top three suppliers of palm oil and sugar cane.

Rank	Rev up/down	Type	Rev \$M	Period	Previous Rev \$M
53	CRAIG MOSTYN GROUP				
	↑	Pty	355	06/14	269

Craig Mostyn produces fresh pork, seafood, protein meal, tallow, cooking oils and fruit products at its facilities in Western Australia and Tasmania, and also has a \$10 million red meat-rendering facility in Hazelmere, WA. It employs about 480 people and is headquartered in Fremantle, Western Australia.

Rank	Rev up/down	Type	Rev \$M	Period	Previous Rev \$M
54	TOP CUT FOODS				
	↑	0 Pty	351	08/13	311

Specialising in the manufacture and distribution of meat and meat-based products, the company operates in Australia, China, Hong Kong, Japan and Korea. Headquartered in Mentone, Victoria, it employs more than 630 staff. Also known as Simplot TC, it is a wholly owned subsidiary of US-based J.R. Simplot Company.

Rank	Rev up/down	Type	Rev \$M	Period	Previous Rev \$M
55	RIVALEA AUSTRALIA				
	↑	0 Pty	351	12/13	315

Also known as Hamsdale Australia, Rivalea is involved in pig production and integrated operations for stockfeed and wholesaling to domestic and international markets. The group is vertically integrated with operations in grain production and farming, stockfeed manufacturing, pig farming, meat processing, sales, marketing and distribution. It is a subsidiary of the Singapore-based QAF Limited. Brands include Murray Valley Pork, Family Chef, and High Country Pork.

Rank	Rev up/down	Type	Rev \$M	Period	Previous Rev \$M
56	CASELLA FAMILY BRANDS				
	↑	Pty	346	06/13	344

Casella Wines is one of the nation's largest exporters and Australia's largest family-owned winery. It is the producer of the Yellow Tail wine brand, which accounts for 20 per cent of all bottled wine products leaving Australia. Other labels include Bondi Rd and Casella 1919. It joined with Coca-Cola Amatil to launch a new craft beer range, Yenda, this year.





Rank	Rev up/down	Type	Rev \$M	Period	Previous Rev \$M
57	FRESHMAX				
	↑	O Pty	342	03/14	336

Australasian fresh produce marketer Freshmax generates revenue from importing, wholesaling and distributing citrus fruits, apples, pears, table grapes, stone fruits, bananas, lettuce and other fresh produce to supermarkets, fresh markets and other retailers. It offers ripening and value-adding services, sales, import, export and distribution. The company has grown quickly in recent years through a number of acquisitions, including that of Integrated Produce Group (IPG) in 2012.

Rank	Rev up/down	Type	Rev \$M	Period	Previous Rev \$M
59	M C HERD				
	↑	Pty	269	06/14	254

The family-owned meat processing facility supplies Australian lamb and beef to the local and overseas markets. Located in Corio, Victoria, it is a parent company of a group of operators, including abattoir and smallgoods manufacturer Challenge Meats. Its operations include the value-adding of pork, red meat, chicken and other specialised items for large multinational food processors and food service distributors.

Rank	Rev up/down	Type	Rev \$M	Period	Previous Rev \$M
58	NORTHERN CO-OP MEAT				
	↑	C	270	06/14	210

The meat co-operative is located in the north east corner of NSW and has over 1500 producers and operator members. Its plants are located in Casino and Booyong in northern New South Wales and it processes beef, veal and pork and supplies product to the domestic and international markets, including the US, Japan, Korea and Europe.

Rank	Rev up/down	Type	Rev \$M	Period	Previous Rev \$M
60	SUNNY QUEEN AUSTRALIA				
	↑	Pty	265	07/13	240

Sunny Queen Australia is a farmer-owned business that offers a wide range of fresh eggs and egg products for retail. Its subsidiary, Sunny Queen Fresh, produces omelettes and other egg products for the food service industry. Its farms are located in Queensland, NSW and Victoria. It has a new \$13 million egg production facility at its Carole Park, Brisbane site. Sunny Queen has about 75 staff.



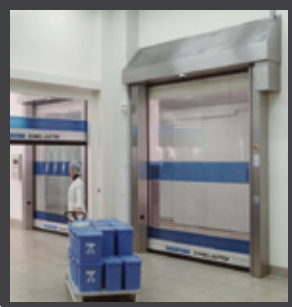
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Rank	Rev up/down	Type	Rev \$M	Period	Previous Rev \$M
61	V.I.P. PETFOODS				
	↓	Pty	262	06/13	264

Petfood Holdings, trading as VIP Petfoods, is an Australian owned proprietary company that manufactures and distributes pet food products including fresh chilled pet foods. The company distributes its products throughout Australia and exports to Canada, Korea, Taiwan, Japan and the United States. Petfood Holdings employs approximately 290 people and is headquartered in Yatala, Queensland. VIP Petfoods recently launched into the USA.

Rank	Rev up/down	Type	Rev \$M	Period	Previous Rev \$M
62	ORIENTAL MERCHANT				
	↑	0 Pty	262	12/13	218

Oriental Merchant imports, wholesales and distributes Asian food products throughout Australia, New Zealand, the UK and mainland Europe. Based in Laverton North, Victoria, its parent company is Asia Foods Enterprises, based in the British Virgin Islands.

Rank	Rev up/down	Type	Rev \$M	Period	Previous Rev \$M
63	BUNDABERG SUGAR				
	↓	0 Pty	258	03/14	279

Operating as the Queensland-based Bundaberg Sugar Group, Finasucre is Australia's largest cane grower and a major raw sugar miller. It is also a regional sugar refiner and a marketer of sugar and related products. Bundaberg Sugar is one of three major suppliers to Coca-Cola, but last year lost part of its long-term contract with the soft drink company. Bundaberg Sugar's operations span the Millaquin and Bingera sugar mills, the Bundaberg refinery and packaging plant, Bundaberg Walkers Engineering and Bundaberg Molasses.

Rank	Rev up/down	Type	Rev \$M	Period	Previous Rev \$M
64	D.E COFFEE & TEA AUSTRALIA				
	↑	0 Pty	256	12/13	132

Also known as Douwe Egberts, D.E. Coffee & Tea manufactures, markets and distributes branded beverage products. The Australian arm supplies its products domestically and also exports to South East Asia and Pacific regions.

Rank	Rev up/down	Type	Rev \$M	Period	Previous Rev \$M
65	PATTIES FOODS				
	↑	P	248	06/14	245

Patties specialises in frozen pies, sausage rolls, pasties and party goods, as well as frozen desserts for retail. Its brand portfolio includes Four'N Twenty, Patties, Herbert Adams, Nanna's, Creative Gourmet and Chefs Pride. Its profits fell in 2013 after a \$12m write-down on its frozen fruit business, but this year revenue grew by 1.2 per cent to \$247.7m. Patties last month launched snap-frozen avocado chunks under its Nanna's fruit pie brand. The company has also installed new technology at its bakery to produce two new pie products: Patties Pie Bites and Herbert Adam's 8-hour Slow Cooked premium pies.

Rank	Rev up/down	Type	Rev \$M	Period	Previous Rev \$M
66	WRIGLEY AUSTRALIA				
	↓	0 Pty	242	12/13	248

Wrigley is a subsidiary of Mars, and it has two operations in Australia. It produces a number of well-known chewing gum and confectionery brands, including Extra, Juicy Fruit, Hubba Bubba, and Eclipse mints, which it produces exclusively for Australia, New Zealand and the Pacific Islands at its Sydney factory. Its confectionery brands include Skittles, Starburst, Altoids and Life Savers. Wrigley has committed to converting all operations to as to become sustainable by 2040.

Rank	Rev up/down	Type	Rev \$M	Period	Previous Rev \$M
67	BEAM GLOBAL AUSTRALIA				
	↓	0 Pty	237	12/13	247

Acquired by Suntory Holdings in January, Beam Global Australia generates most of its income from liquor wholesaling and is a subsidiary of premium spirits company Beam. The company has a long-term agreement with Coca-Cola Amatil (CCA), which sells and distributes premium Beam spirits including Jim Beam, Canadian Club, Makers Mark and The Macallan. CCA also manufactures and distributes Beam's Jim Beam & Cola RTD.

Rank	Rev up/down	Type	Rev \$M	Period	Previous Rev \$M
68	MOET HENNESSY AUSTRALIA				
	↑	0 Pty	232	12/13	207

Moet Hennessy Australia is part of the luxury conglomerate, Louis Vuitton Moet Hennessy, and it imports and distributes premium wine and liquor brands such as Moet & Chandon, Dom Perignon, Veuve Clicquot, Krug, Chandon, Hennessy cognacs and Glenmorangie scotch whiskies. It is headquartered in Roseberry, NSW, and employs around 80 people.

Rank	Rev up/down	Type	Rev \$M	Period	Previous Rev \$M
69	BROWN-FORMAN AUSTRALIA				
	↓	0 Pty	222	04/14	225

A subsidiary of US-based Brown-Forman Liquor, wholesaler Brown-Forman Australia has offices and warehouse facilities in most Australian states. Its best-known brands include Jack Daniels, the super-premium Gentleman Jack, as well as Single Barrel, Southern Comfort, Chambord, Finlandia Vodka, Herradura, El Jimador, Tuaca, Woodford Reserve and Gekkiekan. Brown-Forman operates in 135 countries and Australia is its third largest market.

Rank	Rev up/down	Type	Rev \$M	Period	Previous Rev \$M
70	MSF SUGAR				
	↓	0 Pty	222	12/13	261

MP Australia, trading as MSF Sugar, sells sugar and sugar manufacturing byproducts. The group employs approximately 500 people, operates in Australia and has its head office in Gordonvale, QLD. MP Australia is a wholly owned subsidiary of Thai group Mitr Phol Sugar Corp Ltd. MP operates four sugar mills at Maryborough, Mulgrave, South Johnstone and Tableland, located in Far North Queensland's Atherton Tablelands.

Rank	Rev up/down	Type	Rev \$M	Period	Previous Rev \$M
71	CANTARELLA BROS				
	↑	Pty	221	06/14	219

Cantarella is a supplier and importer of European food products for the Australian retail and food service markets. It owns the Vittoria, Aurora and Delta coffee brands and Santa Vittoria mineral water brand, and is the exclusive distributor of Jarlsberg cheese, Twinings tea and Ruffino wines. It also exports products to a number of other countries, including Italy, US, Canada, Singapore, Japan and China.

Rank	Rev up/down	Type	Rev \$M	Period	Previous Rev \$M
72	COOPERS BREWERY				
	↑	P	220	06/14	217

Coopers is the largest Australian-owned brewery, and has recently grown its share of the market and expanded its South Australian brewery. Its traditional products include Pale Ale, Sparkling Ale, Mild Ale and Stout, which make up 80 per cent of production. The existing line is now dedicated to the other beers produced at Coopers, including lagers and the international brands Sapporo and Carlsberg. Coopers this year tapped the booming cider market through a distribution deal with UK cider manufacturer Thatchers Cider.



Rank	Rev up/down	Type	Rev \$M	Period	Previous Rev \$M
73	AUSTRALIAN VINTAGE				
	↓	P	220	06/14	214

Australian Vintage derives the bulk of its income from wine making, wine marketing and vineyard management. The fully integrated wine business has a portfolio of brands which includes McGuigan, Miranda, and Tempus Two. It crushes nine per cent of Australia's total annual grape production to produce both branded and private label wine. The company's vineyards and grape supply spans the Hunter and Barossa Valleys, the Murray-Darling, Langhorne Creek and Limestone Coast regions, as well as Griffith, Cowra and the Adelaide Hills.

Rank	Rev up/down	Type	Rev \$M	Period	Previous Rev \$M
75	WAMMCO INTERNATIONAL				
	↑	C	210	06/13	209

Western Australia Meat Marketing Co-operative (WAMMCO) profits from the manufacture, marketing and export of lamb meat and lamb products. Based in Western Australia and NSW, it produces skins, mutton, byproducts and offals.

Rank	Rev up/down	Type	Rev \$M	Period	Previous Rev \$M
74	OSI INTERNATIONAL FOODS				
	↑	O Pty	214	12/13	200

OSI International Foods Australia is a wholly-owned subsidiary of Chicago-based OSI Industries. It specialises in the manufacture of raw and cooked meat products including organic beef patties and meatballs, chicken patties and sausages for the Australian and Asian markets. The company has production facilities in Blacktown, NSW, and Eaglefarm, Queensland.

Rank	Rev up/down	Type	Rev \$M	Period	Previous Rev \$M
76	HAZELDENE'S CHICKEN FARM				
	↑	Pty	206	06/14	195

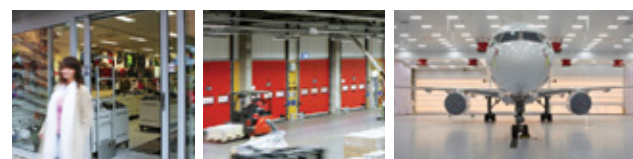
Hazeldene's Chicken Farm is one of Australia's only fully vertically integrated regional poultry processors. It produces fresh and frozen chicken products for both the retail and wholesale markets. Last year the company commissioned a new \$20 million poultry primary processing plant at its site at Lockwood, Victoria. The new plant boosted the company's production capacity, enabled it to eradicate non-usable 'waste-chicken' from processes, and improved the efficiency of wastewater treatment for re-use.



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Rank	Rev up/down	Type	Rev \$M	Period	Previous Rev \$M
77	SAN REMO				
	↑	Pty	199	06/14	193

Clearlight Investments manufactures and distributes San Remo and Fantastic Snacks, specialising in pasta, pasta sauces and gnocchi. The company's manufacturing operations are located in Adelaide, SA, and it distributes its products in Australia and to 35 other countries. San Remo recently appointed Masterchef finalist Laura Cassai as a brand ambassador. In her role she will attend events and conduct cooking demonstrations at shopping centres around Australia.

Rank	Rev up/down	Type	Rev \$M	Period	Previous Rev \$M
78	INDEPENDENT LIQUOR GROUP DISTRIBUTION				
	↓	C	199	06/12	212

A co-operative operated by the Independent Liquor Group, Independent Liquor Group (Suppliers) offers members benefits such as increased buying power and group marketing. The Independent Liquor Group operates two co-operatives named the Independent Liquor Group Distribution Co-operative (see number 84) and the Independent Liquor Group (Suppliers) Co-operative.

Rank	Rev up/down	Type	Rev \$M	Period	Previous Rev \$M
79	HSK WARD				
	↑	Pty	195	06/13	188

Ward McKenzie, a company that packages, markets and sells pulses and baking ingredients products under the McKenzie's brand, and FTA Food Solutions, which supplies the food service industry, are both owned by HSK Ward. Its range includes herbs and spices, beans and pulses, soups and mixes, and a number of baking products. Ward McKenzie sources most of its raw materials from farms in the Victorian Wimmera and Mallee districts, and the Riverina and South West Slopes in NSW.

Rank	Rev up/down	Type	Rev \$M	Period	Previous Rev \$M
80	CEREBOS FOODS				
	↑	OP	194	12/13	189

Cerebos is a subsidiary of Singapore-based Cerebos Pacific, which is owned by Japanese-based food and beverage group, Suntory. It manufactures sauce, spice and coffee and its key brands include Gravox, Fountain, Saxa and Asian Home Gourmet. It this year closed its south Auckland processing facility and moved its food production to Sydney. The plant closure resulted in the loss of 125 jobs.

Rank	Rev up/down	Type	Rev \$M	Period	Previous Rev \$M
81	FRUCOR BEVERAGES				
	↓	OPty	193	12/13	197

Energy drinks, fruit juices, waters and soft drinks are the key ranges of Frucor Australia. The company's non-alcoholic drinks include V, Just Juice, Maximus, G-Force, Mizone, Moccona, Pepsi, Mountain Dew and 7Up. Since 2009, Frucor has been wholly owned by Japanese beverage and food company Suntory Group.

Rank	Rev up/down	Type	Rev \$M	Period	Previous Rev \$M
82	CORDINA CHICKEN FARMS				
	↑	Pty	190	06/14	178

The chicken-meat producer and distributor has a strong presence in the convenience sector. It also supplies private-label products to Coles and value-added products under the Quicken Chicken brand. Its plant is based at Girraween in NSW. The company processes, prepares and distributes chicken meat products to Sydney, Newcastle, Wollongong and the ACT as well as many other major intrastate centres.

Rank	Rev up/down	Type	Rev \$M	Period	Previous Rev \$M
83	GOLDEN COCKEREL				
	↑	Pty	187	06/13	175

The family-owned, fully integrated poultry and pet food business has operations that span feed mills, hatcheries, parent farms, broiler farms, a processing plant and distribution. The Queensland company processes in excess of 15 million broilers per annum and markets fresh and frozen poultry and petfood products to customers in Australia and the international market.

Rank	Rev up/down	Type	Rev \$M	Period	Previous Rev \$M
84	INDEPENDENT LIQUOR GROUP (SUPPLIERS)				
	↑	C	180	06/14	164

Operated by the Independent Liquor Group to assist small retailers and hoteliers secure a level of protection against the buying power of the large corporations, Independent Liquor Group Distribution is a co-operative that offers members benefits such as increased buying power and group marketing. It has over 750 members across NSW and Queensland. The Independent Liquor Group also operates the Independent Liquor Group (Suppliers) Co-operative (see number 78).

Rank	Rev up/down	Type	Rev \$M	Period	Previous Rev \$M
85	CONGA FOODS				
	↑	Pty	177	06/14	173

Moro olive oil, Val Verde tinned tomatoes and Sacla pasta sauces and antipasti are the most well-known products of Conga Foods. The family-owned business markets and distributes Mediterranean food in Australia, and supplies traditional continental delicatessens, food service and the retail sector.

Rank	Rev up/down	Type	Rev \$M	Period	Previous Rev \$M
86	MCWILLIAM'S WINES				
	↑	P	176	06/14	131

McWilliam's Wines can be found in 45 of Australia's 62 wine regions. The company produces a number of bottled table wines, as well as sparkling and fortified wines under numerous brands including McWilliam's, Mount Pleasant and Evans & Tate. It is also the exclusive Australian distributor for Taittinger, Henkell, Mateus and Drambuie and it exports to a number of markets including the UK, US, Canada and many parts of Asia.

Rank	Rev up/down	Type	Rev \$M	Period	Previous Rev \$M
87	KERRY INGREDIENTS				
	↑	OPty	170	12/12	142

The Ireland-based Kerry Group oversees Kerry Ingredients, which supplies and manufactures specialty food ingredients to food manufacturers, foodservice companies, major supermarket groups and fast food chains throughout Australia. It also has manufacturing operations in 25 countries. In Australia its focus is on baked savoury and sweet ingredients, food coating systems, nutritional systems and specialty protein applications. The company has manufacturing plants in NSW, Queensland and Victoria and employs around 790 staff.

Rank	Rev up/down	Type	Rev \$M	Period	Previous Rev \$M
88	DE BORTOLI WINES				
	↓	Pty	167	06/13	168

De Bortoli is a family owned business operating in wine regions across Victoria and NSW, including the Yarra, King and Hunter Valleys. It has the largest solar PV generator and thermal pre-heater ever adopted by an Australian winery and has a wide range of varietal wines from each of their vineyards.



Rank	Rev up/down	Type	Rev \$M	Period	Previous Rev \$M
89	<b>FERRERO AUST</b>				
	↑	0 Pty	167	08/13	160

Ferrero Australia is part of Italian confectionery and chocolate manufacturer Ferrero. In addition to Ferrero chocolates, it also manufactures well-known brands such as Nutella, Tic Tac, and Kinder at its facility in Lithgow, NSW, where it employs around 90 staff. Craig Barker replaced Daniele Bondi as managing director for Ferrero's Australian and New Zealand markets late last year.

Rank	Rev up/down	Type	Rev \$M	Period	Previous Rev \$M
91	<b>GERALDTON FISHERMEN'S CO-OP</b>				
	↑	C	160	06/14	154

The world's leading processor and exporter of Western Rock Lobsters is a fisherman-owned co-operative. It receives close to 60 per cent of the industry's Western Rock Lobster intake and sells it under the Brolos brand. In peak season, it employs around 250 workers. Owned by its members, it is based in Geraldton, Western Australia.

Rank	Rev up/down	Type	Rev \$M	Period	Previous Rev \$M
90	<b>G &amp; K O'CONNOR</b>				
	↑	Pty	164	06/13	121

G & K O'Connor operates as an abattoir and beef exporter, specialising in pasture-fed beef, grain-fed beef and beef by-products. It is based in Pakenham, Victoria, and employs more than 230 staff throughout its operations. It exports 95 per cent of its production to Japan, Europe and the US.

Rank	Rev up/down	Type	Rev \$M	Period	Previous Rev \$M
92	<b>BURRA FOODS</b>				
	↓	Pty	155	06/13	173

BFA Holdings, trading as Burra Foods, sources its revenue from the manufacture and sale of dairy products. The company employs about 113 people and has its main manufacturing plant in South Gippsland, Victoria. It is partly owned by the Japanese ITOCHU Corporation.



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Rank	Rev up/down	Type	Rev \$M	Period	Previous Rev \$M
93	STUART ALEXANDER				
	↑	Pty	152	06/14	148

Stuart Alexander imports, markets and distributes premium brands across the categories of food and beverage, confectionery, snacks, chocolate and cigars. It is best known for brands like Werther's Original, Mentos, Pringles, Tabasco, Guylian, Chupa Chups, Perrier, Fisherman's Friend and Smint. This portfolio includes chocolate, confectionery, chewing gum, salty snacks, biscuits, beverages, sauces and syrups imported from Italy, Germany, Belgium, France, USA and Mexico. The company is headquartered in Sydney, Australia, and has branch offices in Brisbane, Melbourne, Perth and Auckland.

Rank	Rev up/down	Type	Rev \$M	Period	Previous Rev \$M
94	SEALANES				
	↓	Pty	141	06/13	146

Sealanes supplies groceries and seafood to the local foodservice market, as well as offshore rigs and ships in ports around Australia. It also operates large-scale public cold storage facilities. The company, which today employs over 200 people, began in 1922 when Salvatore and Mary Paino operated a small grocery shop called The Roma Fruit Palace, in Fremantle, Western Australia.

Rank	Rev up/down	Type	Rev \$M	Period	Previous Rev \$M
95	SAMUEL SMITH & SON				
	↑	Pty	135	06/14	132

The family-owned wine merchant has a portfolio that spans international wines, spirits and premium ales. Servicing the liquor industry, its head office is located in Sydney and it has branches in all Australian states and territories.

Rank	Rev up/down	Type	Rev \$M	Period	Previous Rev \$M
96	LANGDON INGREDIENTS				
	↑	Pty	120	06/14	100

H J Langdon, which trades as Langdon Ingredients, is an Australian-owned company that supplies and distributes grocery and food ingredients in Australia and New Zealand. It has offices in Melbourne, Sydney, Adelaide, Brisbane, Perth, and Auckland and employs close to 150 people. H J Langdon is based in Derrimut, Victoria.

Rank	Rev up/down	Type	Rev \$M	Period	Previous Rev \$M
97	AUSTRALIAN BAKELS				
	↑	0 Pty	113	12/13	107

Overseen by the Switzerland-based Bakels Group, Australian Bakels produces, exports and markets bakery and food ingredients. Headquartered in Silverwater, NSW, it has around 210 employees. There are three manufacturing plants in Australia and it exports to over 10 countries throughout Asia and the Middle East.

Rank	Rev up/down	Type	Rev \$M	Period	Previous Rev \$M
98	MCCORMICK FOODS				
	↑	0 Pty	112	11/13	106

A subsidiary of US food company McCormick & Co, McCormick Foods Australia manufactures and distributes food and food ingredients throughout Australia, and exports to New Zealand and parts of Asia. Its herbs and spices, mustards and curries, and sauces and gravies are sold under the McCormick brand as well as under the Grill Mates, Grinders and Keen's brands. Aeroplane Jelly is another McCormick brand. The company is headquartered in Clayton, Victoria and employs close to 220 staff.

Rank	Rev up/down	Type	Rev \$M	Period	Previous Rev \$M
99	VALCORP FINE FOODS				
	↑	Pty	108	06/14	106

Valcorp Fine Foods is an Australian, locally-owned proprietary company that derives its revenue from importation, marketing and wholesale of food products. Its brands include Lavazza coffee, La Gina canned tomatoes & pasta sauces, Sirena tuna, La Bella drinking chocolate, Ortali vinegar and Aja tea. The company employs around 100 people, operates in Australia, and is administrated from its head office in Carlton, Victoria.

Rank	Rev up/down	Type	Rev \$M	Period	Previous Rev \$M
100	HONG AUSTRALIA CORPORATION				
	↓	Pty	100	06/13	95

Hong Australia Corporation is a locally-owned, proprietary company, deriving revenue from the wholesale, importation and distribution of grocery products. The company distributes its own home brands such as Royles, Epic and HAC as well as many well known Australian brands. Hong Australia also imports and distributes a large range of food products from overseas.



The annual Food & Drink Business Top 100 Australian Food Companies report is compiled in collaboration with IBISWorld and sponsored by Oppenheimer.

A full copy of the Top 100 November/December 2014 issue can be downloaded at [foodanddrinkbusiness.com.au](http://foodanddrinkbusiness.com.au).

# Food & Drink

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# 2014 headline makers

The food and beverage sector has been abuzz with activity over the past year. *Food & Drink Business* revisits all of the action in this wrap-up of the hottest news stories of 2014.



ON THE COVER:  
PEACOCK BROS

## JANUARY/FEBRUARY



### Saputo declares victory in WCB bid

Saputo secured a majority stake in Warrnambool Cheese and Butter (WCB) in the closing moments of its bid to take over the Victorian dairy processor, putting an end to the takeover ambitions of Murray Goulburn and Bega Cheese.

However, Lion, which has a supply contract with WCB and bought a 9.99 per cent blocking stake in the company at the height of the takeover tussle, refused to sell, leaving Saputo just two per cent shy of its ambition to own more than 90 per cent of WCB when its offer closed.

The Canadian dairy giant now owns 87.911 per cent of WCB.

### Last beers for Bluetongue brewery

Carlton & United Breweries (CUB) announced that its local beer brand Bluetongue would be phased out and the brewery that made it on the Central Coast of NSW would close by the end of the year, resulting

in more than 60 job losses.

The \$120 million brewery at Warnervale only opened in 2010. The equipment was reportedly to be moved to CUB's Yatala brewery in Queensland.

CUB said overcapacity in a challenging beer market was behind the decision to cut the beer brand, once co-owned by ad-man John Singleton, that shot to prominence last decade.



### Coopers makes its first foray into cider

Coopers Brewery revealed plans to tap the booming cider market through a distribution deal with the English cider manufacturer Thatchers Cider.

Thatchers Gold is the second largest draught cider in the UK and Coopers said it would keg and distribute it to the on-premise market in Australia as part of the deal.

The contract between the two companies was inked in Adelaide by Coopers' MD, Dr Tim Cooper, and the MD of Thatchers, Martin Thatcher. Thatchers Gold is currently being put on tap in hotels across Australia.

"We expect Thatchers Gold will have a major impact on the draught cider market in Australia," Cooper said at the time.

### SPC Ardmona: state government to the rescue

The Victorian government agreed to contribute \$22 million towards a \$100 million investment plan to shore up the future of SPC Ardmona by its parent Coca-Cola Amatil (CCA).

The total combined \$100 million package will be invested over a three-year period into efficiency measures and innovation at SPC Ardmona, the last remaining major fruit and vegetable processor in Australia.

The funding followed the federal government's refusal to bail out the struggling fruit processor with a \$25 million cash injection.

Under the terms of the funding, SPC Ardmona must continue to employ staff and if it ceases operations at Shepparton within five years of the agreement, it must refund the money.

### Goodman Fielder takes knife to NZ meat operation

Goodman Fielder confirmed plans to close its Frankton Meats bacon and ham processing facility in Hamilton, New Zealand, as part of a broader strategy to exit non-core markets, resulting in 125 job losses.

The company had also recently announced plans to sell its meat business in New Zealand to smallgoods manufacturer Hellers and its pizza business to Mommas Frozen Products for around \$A14 million in total.

"We have had to make the very difficult recommendation to close the facility at Frankton," CEO Chris Delaney said.

Production was moved to Heller's facilities in Christchurch and Auckland and the Frankton factory continues to be used by Goodman Fielder as a distribution hub.

### Heatwave hits honey and other food supplies

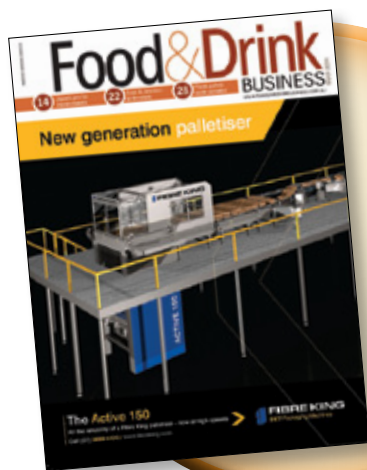
Local food manufacturers said they were feeling the heat after abnormal weather conditions resulted in supply shortages of honey and other products.

The Australian Honey Bee Industry Council (AHBIC) had warned companies that 2014 looked set to deliver the lowest national honey yields in at least a decade, with honey supplies falling by over 50 per cent due to a combination of excessive heat, flood and drought.

Nestlé said it was among the companies already feeling the effects. "The warmer weather has certainly had an impact on the supply of honey in Australia, not just for us, but for a number of food manufacturers," Nestlé said.







ON THE COVER:  
FIBRE KING

## MARCH



### SPC Ardmona reaps Woolies windfall

Embattled processor SPC Ardmona said its future looked sunnier thanks to a five-year, \$70 million deal with Woolworths that will see an extra 24,000 tonnes of tomatoes, navy beans and fruit sourced locally.

From 2015, SPC Ardmona will begin supplying all fruit for Woolworths Select fruit snacks and jelly snacks, and for the next five years, will continue to supply 100 per cent of fruit for the Woolworths Select Multi-serve fruit range.

The processor will also supply a new range of Woolworths Select and SPC canned tomatoes that became available in stores in October.

The partnership will see the two companies work together to establish ways to innovate and increase sales of products.

### Meat processor pumps \$30 million into greener growth

Thomas Foods International announced it would invest more than \$30 million into a sus-

tainable expansion to improve the efficiency of its export operation.

The family-owned meat processing company said it was expanding its stock holding, wastewater treatment and sustainable energy generation facilities to boost capacity and reduce the environmental footprint of its meat processing operations at Murray Bridge in South Australia.

The company said it was one of the largest capital expenditure programs in its 26-year history.

### The Cupcake Bakery sinks into administration

The Cupcake Bakery franchise launched by former chemical engineers Alex and Angela Perry in 2006 was placed in administration.

Hall Chadwick's Richard Albarran and Brent Kijurina were appointed as administrators of the franchise network, which spanned around 30 outlets in Brisbane, Sydney and Melbourne.

In 2011, the Perrys ranked 31 in the BRW Fast 100 with almost 80 per cent average annual revenue growth over three years, but the pair also noted that there were challenges involved in sustaining such a specialised business.

### Cerebos shifts NZ food production to Sydney

Food and coffee manufacturer Cerebos announced plans to close its south Auckland processing facility and move its food production to Sydney.

CEO of NZ arm Cerebos Gregg, Terry Svenson, said the ageing East Tamaki plant had become too costly and inefficient to run, so food production would shift to Seven Hills in Sydney and coffee production would move to its plant in Dunedin, NZ.

The plant will close on December 19 and result in the loss of 125 jobs.

Cerebos Australia and New Zealand is a trans-Tasman integration of two companies, Cerebos (Australia) Limited and Cerebos Gregg's New Zealand.

The company's Australian brands include Gravox, Saxa, Fountain, Mocopan, Asian Home Gourmet, Toby's Estate and Foster Clarks.

### Dick Smith to appeal OzEmite ruling

Dick Smith appealed a recent IP Australia decision to remove the trade mark registration of his OzEmite yeast extract.

The appeal, filed in the Federal Court of Australia, followed the successful application for removal by Roger Ramsey, owner of the AussieMite trademark.

While the case was heard, the OzEmite trademark was able to remain registered and OzEmite was able to stay on supermarket shelves.

Smith said he had invested considerable cost and effort to develop the OzEmite product since October 1999.

### Grocery and liquor drives growth in online retail

Groceries and liquor was the fastest growing online retail sector with sales rising 27 per cent in the year to January, according to a National Australia Bank (NAB) survey.

Groceries and liquor emerged as a forerunner in growth contribution to online retail in year-on-year terms, according to NAB, followed by electronic games and toys at 22 per cent and media at 18 per cent.

Consumers in this category also tended to be older, according to NAB. People aged under 25 spend comparatively less on groceries and liquor, while those aged over 65 spend comparatively more compared to other categories.



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## APRIL

### Milk contract: Lion's loss is Fonterra's gain

Dairy giant Lion lost a private label contract with Woolworths in Victoria and Western Australia to rival Fonterra, which will supply Woolworths Own Brand milk in Victoria for the next 10 years under a new deal. The company also said it would invest more than \$30 million in a state-of-the-art milk pro-



cessing plant at its Cobden site in south-west Victoria as a result of the deal.

Lion said the contract loss would affect volumes at Lion's milk processing plants in Chelsea in Victoria and Bentley, WA.

"We will work through the detailed implications of this with our teams over the coming weeks," the Japan-owned dairy and beverage giant said.

### Russian beef ban a blow to Aussie meat processors

Russia banned Australian chilled and frozen beef over claims it had detected the growth stimulant trenbolone, which it says is unsafe, in a blow to Aussie meat processors.

Beef is Australia's largest export to Russia, with the market worth an estimated \$110 million a year. The figures aren't massive, but the market has been growing.

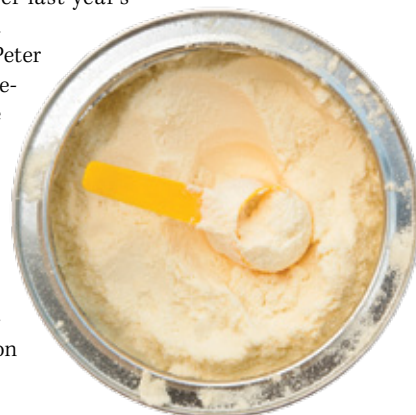
Australian Agriculture Minister Barnaby Joyce said it was more likely that diplomatic issues were interfering with trade. In August, Russia introduced a full embargo on import of beef, pork, fruit and vegetable produce, poultry, fish, cheese, milk and dairy products from the European Union, US, Australia, Canada and Norway in response to limited sanctions imposed on Moscow.

### Fonterra fined over contamination scare

Fonterra was fined \$NZ300,000 over last year's whey protein contamination scare.

Wellington District Court Judge Peter Hobbs said he accepted the scare resulted from "carelessness and failure to follow procedures" rather than any deliberate action.

However, he noted the need to hold Fonterra to account for the effect the scare had on New Zealand's reputation, which had left its name as a high-quality food exporter shaken and had a downstream effect on dairy producers.



### Seven years of negotiation culminates in Japan FTA

A newly signed free trade agreement (FTA) with Japan came after seven years of negotiation, with the potential to bring significant gains for agriculture and processed food exports, according to the Australian Food and Grocery Council (AFGC).

"Australia is the first developed nation to secure an FTA with Japan so instead of playing catch-up with our competitors, we are leading the way," AFGC CEO Gary Dawson said.

Some sectors did better out of the agreement than others, however. The Australian dairy industry said it stood to gain little from the FTA, while the beef industry said it will significantly lift sales in coming years.

Dawson said it had been a difficult negotiation because of Japan's resistance to opening its market in key agricultural products, with any gain in these sensitive areas hard fought.

### Pactum Tetra Pak dairy facility pays off for Freedom Foods

Pactum Dairy Group (PDG), part of the Freedom Foods Group, announced an agreement to supply premium long-life dairy milk to Bright Dairy, one of China's largest dairy companies.

Pactum will supply value-added dairy milk products in UHT (long life) packaging formats.

Bright Dairy is one of China's largest dairy companies, making fresh milk, yoghurt, cheese and powder products. It sells these products under six well-known value-



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added brands which are distributed all over China through 400 distributors and in excess of 400,000 sales outlets. Its total sales in the 2013 financial year were \$US2.6 billion.

### CUB fined for crafty label claim

Carlton & United Breweries (CUB) was fined \$20,400 for representing that its Byron Bay Pale Lager was brewed by a small brewer in Byron Bay when this wasn't so.

The beer was brewed by CUB at its brewery in Warnervale, some 630km away from Byron Bay, according to the Australian Competition and Consumer Commission (ACCC).

The Byron Bay Brewing Company is a small brewery that does brew Byron Bay Pale Lager for sale on tap at its site in Byron Bay; however, it licensed to CUB the right to supply Byron Bay Pale Lager Australia-wide.

CUB agreed to cease distribution of product with the misleading labelling and also undertook that it would not make false or misleading representations concerning the scale of the brewery in which its products are brewed or the place of origin of its products.

CUB placed corrective notices on its website and in trade publications, for retailers to display at the point-of-sale.



### Scotch whisky certification to nip Australian fakes in the bud

Scotland's whisky industry registered Scotch whisky as a certification trademark in Australia in a move that should help to put an end to counterfeit brands.

Australia is reportedly one of the worst offenders in the world in dealing in counterfeit spirits, with around 40 fake brands in Australia and up to two million fake bottles of whisky sold here since 2005.

Some Australian companies are diluting Scotch with other spirits and then trying to pass it off as whisky, while others add oak staves to cheap whiskies to try to make them taste older than they are.

Now, however, Scotch whisky has just been registered as a certification trademark in Australia after a lengthy push from The Scotch Whisky Association (SWA).

The certification trademark will make it easier to initiate civil proceedings against offenders, according to the SWA.

Scotch whisky used to be defined under Australian law, until the food standards code was replaced in 2000.

The legislation will protect Scotch Whisky exports, which make a significant contribution to Scotland's economy, and ensure Australians are drinking genuine, high quality product.



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## MAY

### Big Sister up for sale

Receivers of Big Sister Foods, the Australian-owned fruit mince pies, cakes, cupcakes and muffins company, began their search for a buyer for the ailing bakery business.

PPB Advisory's David McEnvoy and Daniel Wally were appointed as receivers of the company, and were tasked with reviewing the business to prepare it for sale.

Big Sister Foods employs 100 staff across two NSW manufacturing sites. In 2012, it became known as the Big Sister Foods Group, spanning the Noble Cakes, Molly O'Rourke's, George & Simpson and Fowlers brands.

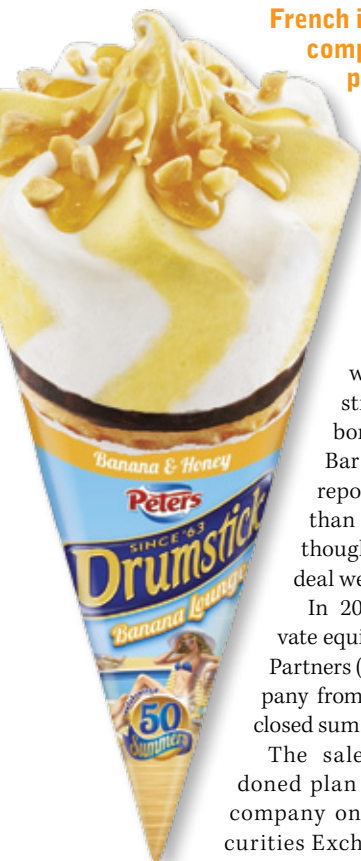
### French ice cream company gets set to purchase Peters

Peters Ice Cream was sold for the second time in as many years, with French-owned ice cream company R&R becoming its new owner.

The Aussie brand, which makes Drumstick, Heaven, Billabong, Maxibon, Monaco Bar and tubs of ice cream, reportedly sold for more than \$400 million, although the terms of the deal were not disclosed.

In 2012, Australasian private equity firm Pacific Equity Partners (PEP) bought the company from Nestlé for an undisclosed sum.

The sale follows an abandoned plan by PEP to float the company on the Australian Securities Exchange.



### Coles in court over conduct toward suppliers

The ACCC launched legal proceedings against Coles for allegations it engaged in unconscionable conduct, including making threats, towards its smaller suppliers.

The ACCC homed in on Coles' ARC program, a strategy the retailer devised to improve its earnings by obtaining better trading terms from its suppliers.

The ACCC said the proceedings arose from broader investigations into allegations that suppliers were being treated inappropriately by the supermarket chains.

### Bundy Rum bottling heads south

Diageo moved the bottling of its iconic Bundaberg Rum away from the Queensland city of the same name, resulting in the loss of 10 jobs.

The brand is now being bottled at Diageo's RTD manufacturing lines at Huntingwood in western Sydney as part of a restructure that comes in response to volume declines from falling alcohol consumption and high excise duty on RTDs and spir-its.

Bundaberg Rum has been made in Bundaberg for the past 125 years. The Bundaberg Distillery and visitors' centre, which attracts thousands of tourists to the region, will remain open, according to Diageo.

The hand-crafted Master Distillers Collection (MDC) as well the Bundaberg MDC Small Batch Rum will continue to be bottled in Queensland.

### Goodman Fielder gives green light to takeover offer

Goodman Fielder accepted a revised takeover offer worth \$1.37 billion from its Asian suitors, Singapore's Wilmar International and Hong Kong's First Pacific.

Goodman Fielder, which makes Helgas, Meadow Lea and Praise-branded products, had rejected a 65c a share offer from the partners, which they then revised upwards to 70c a share.

Goodman Fielder chairman Steve Gregg said the revised proposal from Wilmar and First Pacific maximised value for shareholders.

"Since the initial approach from Wilmar and First Pacific, the board has been focused on generating the best outcome which maximised value for our shareholders.

"In the absence of a superior proposal and subject to various other conditions, we believe this revised proposal is consistent with that objective."



### Landmark GM case highlights need for legislation review

Australian Organic, which owns the Australian Certified Organic logo, called for a review of the laws and related codes affecting GM production after the West Australian Supreme Court rejected certified organic farmer Steve Marsh's bid for compensation.

Marsh attempted to sue his neighbour Michael Baxter for GM contamination on his property in 2010 in a landmark case that was the first of its kind in the world.

The court decision did not change the fact that many consumers don't want to eat foods that contain GM, according to Australian Organic.

The organisation said the decision did, however, highlight the difficulties legislation has in keeping up with new technologies.

### Mondelez and DE Master Blenders announce coffee merger

Mondelez International has combined its coffee business with Dutch company DE Master Blenders 1753 to create a new pure-play coffee company called Jacobs Douwe Egberts (JDE) which will be based in the Netherlands.

Mondelez International received cash of approximately \$5 billion and a 49 percent equity interest in Jacobs Douwe Egberts.

According to the companies, the new entity will have annual revenues of more than \$US7 billion and will hold leading market positions in more than two dozen countries. In 2013, Mondelez's coffee business generated approximately \$US3.9 billion in revenue, and DE Master Blenders' generated approximately \$US3.4 billion.

The deal will reportedly enable Mondelez to focus on its snack portfolio and better compete with Nestlé in the coffee space.

In Australia, Mondelez sells the Carte Noire coffee brand and DE Master Blenders brands include Moccona, Harris and Espresso di Manfredi.





## JUNE

### Ausveg cries foul over Jamie Oliver kids collectables levy

Ausveg and independent Senator Nick Xenophon held a press conference to voice their opposition to a new levy on growers from Woolworths to help it pay for its Jamie Oliver marketing campaign.

Woolworths had launched a range of sensory stickers and sticker album collectables featuring UK celebrity chef Jamie Oliver, which, according to the supermarket giant, aimed to educate children on the benefits of fresh food.

Xenophon and Ausveg claimed, however, that the supermarket was charging farmers an unsustainable 40c-per-crate levy to pay for the new campaign, on top of the 2.5 to 5 per cent fee growers were already required to pay Woolworths to market and promote their produce.

### Inghams to shut up shop in Byron Bay

Poultry company Inghams Enterprises announced it would close its processing plant at Byron Bay in northern NSW in October following a review of its facilities in the region.

Inghams acquired Byron Bay-based Sunnybrand Chickens, an integrated operation with breeding farms, a hatchery, contract growers and poultry processing facility, in 2011.

At the time Inghams described Sunnybrand as "very modern and well-equipped". The acquisition, the company said, would enable it to better meet the future supply needs of its customers across both the foodservice and retail markets.

However, Inghams said the facility was older and less efficient than its other plants, and it couldn't competitively produce the range of value-added poultry products, such as fresh pre-prepared cuts, now being demanded by Australian consumers.



### It's official: Coles par-baked bread not fresh

The Federal Court found Coles' 'Freshly Baked' and 'Baked Today' marketing claims were false, misleading and deceptive in proceedings brought by the ACCC over bread products that were partially baked and frozen off site by a supplier.

These were promoted at Coles' supermarket in-house bakeries as 'Baked Today, Sold Today' and in some cases 'Freshly Baked In-Store'.

The court found that the "Baked Today, Sold Today", "Freshly Baked" and "Baked Fresh" claims made by Coles amounted to a misleading representation.



### Foodpro 2014 hits the ground running

More than 9200 visitors headed to the Melbourne Convention and Exhibition Centre to see the latest innovations in food industry equipment, ingredients and services at foodpro 2014.

The average value of sales leads made at the show was around the \$1.18 million mark, and there was an average of 78 sales leads per exhibitor overall, according to a post-show survey.

Also, 94 per cent of exhibitors reported being satisfied with the quantity and quality of visitors, according to exhibition manager Peter Petherick.

Foodpro's 9291 visitors represented an increase of over 500 visitor registrations from 2011, and over 340 exhibitors took part in the trade-only event.



### Financial squeeze on food and grocery suppliers unsustainable

Suppliers are being squeezed between high manufacturing costs and dominant retailers more than ever, and the pressure being applied is unsustainable, according to a KPMG report.

The Competitiveness and Sustainable Growth Report was conducted on behalf of the AFGC and it found that Australia now has the highest manufacturing costs in the world, and that retailers are extracting even greater payments from suppliers to fund discounts and promotions.

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## JULY

### Murray Goulburn opens the doors on its \$80m fresh milk facility

Prime Minister Tony Abbott and Victorian Premier Denis Napthine opened the new Melbourne milk processing facility that kicked off Murray Goulburn's re-entry into the fresh milk market.

Murray Goulburn, which makes the Devondale brand of long-life milk products, began building the plant in Laverton North, and a sister plant in western Sydney, as part of a 10-year agreement to supply Coles supermarkets with private label milk.

According to Murray Goulburn, the plant is up to 10 times more labour efficient than its other facilities.

Murray Goulburn MD Gary Helou said the plant was the first of its kind in the country and the most important dairy asset built in Australia in more than 15 years.

### \$30 million ready meal revolution for Beak & Johnston

Australia's largest fresh soups and ready meals maker, Beak & Johnston, said it was expanding its footprint in the burgeoning sector with a new \$30 million facility capable of

producing millions of restaurant quality meals.

The new plant, located at Arndell Park in Sydney's west, will make a million fresh chilled meals a week, and will enable the company to make chilled short shelf-life meals featuring far fresher ingredients than most ready meal makers can currently make.

According to the company's founder and managing director, David Beak, the company is currently restricted to manufacturing long shelf-life post-pack pasteurised meals at its existing facility in Greenacre.

"In the new factory we will be able to make products like green curries with very fresh looking vegetables," Beak said. "These should be absolutely restaurant quality."



to the new products so far, which has exceeded all expectations," he said.

### General Mills steps up

General Mills, maker of Old El Paso, Latina Pasta and Haagen-Dazs, announced some bold measures to cut greenhouse gas emissions from its supply chains and said it would also press for political action to address climate change.

The measures included defining and disclosing a total supply chain greenhouse gas reduction target by August 2015, seeking to achieve zero net deforestation in high-risk supply chains by 2020, and disclosing the top three suppliers of palm oil and sugar cane.

General Mills' new policy states that "business, together with government, NGOs and individuals, needs to act to reduce the human impact of climate change".

"Government policies that provide proportionate and clear guidance on mitigation and adaptation are essential for large-scale progress," it said.

### Goodman Fielder gives final stamp of approval to takeover offer

Goodman Fielder finalised due diligence and accepted the \$1.34 billion takeover offer from First Pacific and Singapore's Wilmar International.

Goodman Fielder chairman Steve Gregg said the board unanimously recommended that shareholders accept the takeover offer of 67.5 cents a share.

"I believe it also represents a positive outcome for our employees, our customers and our consumers," Gregg said. "It provides an opportunity to further leverage our strong consumer food brands in Australia and New Zealand to grow our business across the Asian region."

### New dairy hub created to boost product innovation

Dairy Innovation Australia launched the ARC Dairy Innovation Hub, a \$12m five-year R&D program to boost dairy sector manufacturing and profitability. The Hub will assist manufacturers to develop innovative dairy products with higher nutritional value to meet the increasing local and international demand for quality dairy products, particularly in Asia.



### Sales success forces Gourmet Garden to expand

The popularity of Gourmet Garden's new Lightly Dried Herbs and Spices range led to a multi-million dollar expansion and the creation of 50 new jobs at its Sunshine Coast herb prepping facility.

The company said it experienced higher than expected sales of the new range, which includes basil, coriander, parsley, chilli and ginger.

Gourmet Garden CEO Nick White said he was delighted with the response to the launch and hoped the new click-n-stack range would lead to even greater consumer demand.

"We're delighted with the response we've had

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ON THE COVER:  
NEWLY WEDS FOODS

## AUGUST

### PZ Cussons forks out \$80 million for five:am yoghurt

PZ Cussons Australia and New Zealand, part of the international consumer products group PZ Cussons Plc, bought the organic yoghurt brand five:am for £44.1 million (\$79.7m).

PZ Cussons, which last year also acquired Australian premium baby food brand Rafferty's Garden, said the five:am deal, which was expected to be completed within a short period, strengthened its position in the food and nutrition category.

five:am was founded by Australian entrepreneur David Prior in 2011. The Melbourne-based company manufactures a range of premium organic yoghurt products that are marketed through major supermarkets and food stores across the country and is one of the fastest growing organic food brands in Australia.

### Coles appoints Jeff Kennett to resolve supplier disputes

Coles announced that it was implementing a 'supplier charter' and had appointed former Victorian premier Jeff Kennett as an independent arbiter to oversee the charter and resolve disputes.

In the charter, Coles said it was committed to supporting its suppliers so that they can grow their business alongside the retailer and continue to deliver great products for its customers.

"We recognise the importance of building strong, collaborative and wherever possible, long-term partnerships with our merchandise suppliers," Coles said.

"To underpin our commitment we have launched the Coles Supplier Charter which sets out what merchandise suppliers can expect when they work with Coles.

"It is a formal commitment to deal in good

faith with our merchandise suppliers, treating them with respect and providing greater transparency throughout the relationship."

### A2 health claims supported in first human study

New Zealand company A2 Milk funded the first clinical trial of A1 and A2 milk proteins on human digestion.

The pilot study, conducted by Curtin University in WA and published in the European Journal of Clinical Nutrition, suggested there were differences in gastrointestinal responses in some adult humans consuming milk containing beta-casein of either the A1 or the A2 beta-casein type.

The small randomised study involved an eight-week, double-blind study of 41 people who were given A1 or A2 milk. Stool samples were collected and they also recorded abdominal symptoms such as bloating and physical discomfort. The findings, however, require confirmation in a larger study.



### Coke's new can slims down

Coca-Cola South Pacific launched its small portion 250ml can into Australia after strong success with the format overseas.

Coca-Cola, Diet Coke, Coke Zero, Coke with Vanilla, Fanta, Lift and Sprite are included in the new down-sized range, which will sell for around \$2 each.

"The 250ml can has launched in other markets and proved successful," Coca-Cola South Pacific's marketing manager, Antoinette Tyrrell, said.

"The Australian market is perfectly placed for innovation in the category with regards to size

and price, and locally conducted market research tells us that the 250ml size option [is what] consumers are demanding. We see the 250ml can as a way to unlock incremental growth in the carbonated soft drinks category."

### Vittoria defends its tagline in trade mark dispute

Vittoria Food & Beverage successfully opposed a trade mark application made by Di Bella Coffee to protect its tagline "We Know Coffee".

Di Bella Coffee began using the tagline "We Know Coffee" in early March 2012 on its Facebook accounts, and in television and print advertisements.

Vittoria Food & Beverage, however, successfully argued that it has been using the tagline extensively in advertising for its Vittoria Coffee brand since August 2010, and particularly as part of its globally renowned campaign featuring Al Pacino.

According to Vittoria, Di Bella Coffee lodged applications in late March 2012 for the trade marks "Di Bella Coffee...We Know Coffee", and "Crop to Cup...We Know Coffee".

### Inghams to close SA turkey factory

Poultry company Inghams said it would close its Aldinga Turkeys factory at McLaren Vale and relocate turkey processing to NSW.

The processing plant will close on 19 December in order to centralise its turkey processing at a plant in NSW.

Six turkey farms in the area supply 4000 turkeys a week to the Aldinga Turkeys factory, and the the company will reportedly continue to pay the farmers for six months.

### Coke splashes out on a \$2 billion stake in Monster

Monster Beverage has sold a 16.7 per cent stake to Coca-Cola for \$US2.15 billion (\$2.3 billion), giving the soft drink giant a greater hold on the energy drink market.

As part of the deal, The Coca-Cola Company will become Monster's preferred distribution partner globally and Monster will become Coca-Cola's exclusive energy play.

Coca-Cola will transfer ownership of its worldwide energy business, including Mother, NOS, Full Throttle, Burn, Play and Power Play, and Relentless, to Monster; and Monster will transfer its non-energy business, including Hansen's Natural Sodas, Peace Tea, Hubert's Lemonade and Hansen's Juice Products, to The Coca-Cola Company.







**ON THE COVER: KERRY**

## SEPTEMBER

### Sydney gelato declared to be the world's best

Two Sydney gelato artisans took out the Gelato World Tour title in Rimini, Italy, in September.

The Mandorla Affogato gelato flavour that was created by John and Sam Crowl of Cow and the Moon gelato and coffee bar in Enmore in Sydney's inner-west won the title as The World's Best Gelato.

The pair beat 23 gelato artisans from across the globe with their winning flavour, which combines caramelised almonds from Italy with Madagascan vanilla and a Kenyan coffee caramel sauce.



### 7-Eleven broadens its horizons

Western Australia got its first 7-Eleven as the retail franchise set out on its first expansion into a new market in 32 years.

The first store was scheduled to open in October in High Street in Fremantle. 7-Eleven said it had seen a large number of existing franchisees express an interest in moving to the west to take up the first franchises.

It said it would initially work with some of its more experienced franchisees to establish the 7-Eleven brand in Western Australia, with the aim of opening 75 stores in WA in the next five years.

### Fonterra invests in Chinese baby formula company

Fonterra announced plans to invest \$550 million in a leading Chinese infant formula company, Beingmate, in a deal that promised to provide the NZ company with new inroads into the lucrative dairy market.

The partnership will see the NZ dairy company exchange a 51 per cent majority share of its milk powder factory at Gippsland in Victoria for a 20 per cent share of the Chinese company.

Fonterra Australia MD Judith Swales predicted that the value of the infant formula market in China would nearly double in the next three years to \$33 billion by 2017.

She described the deal as a "game changer for the dairy industry in Australia".

In the same month, Fonterra announced a 76 per cent tumble in net profit to NZ\$179 million for the year to July and cut its milk purchase price due to an ongoing fall in global dairy prices and a build up in milk powder inventories in China.

The company reported revenue of \$22.3 billion, an increase of 19 per cent on the previous year.

### Pirovic Enterprises falls foul of the ACCC

Egg producer Pirovic Enterprises was ordered to pay a \$300,000 penalty after the federal court found its 'free range' egg claims to be misleading.

The proceedings, initiated by the ACCC, centred on the ability of the company's hens to move freely.

The court found that the 'free range' eggs supplied by Pirovic were produced by hens that for the most part did not move about on an open range due to stocking densities and flock sizes inside the barns, and the number, size, placement and operation of the physical openings to the open range.

The court therefore found that by labelling and promoting the eggs as 'free range', Pirovic engaged in misleading conduct and made misleading representations.



### Bickford's bucks the cordial trend

The proportion of Australians buying cordial has fallen dramatically over the last five years with one exception: Bickford's cordial, according to Roy Morgan Research.

The research firm said that if the trend continued, the brand may soon pose a threat to long-time market leader Cottee's.

In the 12 months to June 2010, 31 per cent of Australians aged over 14 bought cordial in an average four-week period. By June 2014, this had decreased to 23.9 per cent.

Big-name brands such as Golden Circle, Extra Juicy and Cottee's all lost buyers, while Coles cordial and Cascade saw slight increases.

Australians buying Bickford's products, in contrast, rose from 3.2 per cent to 5.5 per cent in the same time frame – an increase of 592,000 people.

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ON THE COVER: TRONICS

## OCTOBER

### AFGC examines the state of the food and beverage industry

The sixth edition of the Australian Food and Grocery Council's annual State of the Industry series showed some cause for optimism but also reinforced the ongoing challenge of staying competitive in a country with high costs and low margins.

The Australian food and beverage, grocery manufacturing and fresh produce industry had a total turnover of \$114 billion in the 2012-13 financial year, of which food and beverage processing contributed \$91.6 billion.

Turnover was up slightly (0.9 per cent), according to the latest report, but job numbers were down (also by 0.9 per cent).

The report did show solid export growth in processed food and beverages and a rising trade surplus in food.

### Aldi moves into WA and SA with \$700m expansion

Discount retailer Aldi announced it was heading to Western Australia and South Australia in a \$700 million expansion plan that will see it build two distribution centres and up to 120 stores in the two states.

Aldi has appointed construction firm Georgiou Group to build a 45,000 to 50,000 square metre distribution centre at Jandakot Airport in WA that is capable of supplying as many as 100 stores.

It has also contracted Badge to build a 35,000 to 40,000sqm distribution centre at Regency Park, SA, which will supply up to 50 stores.



### Second Tassie salmon company seeks ASX listing

Tasmanian family-owned salmon producer Huon Aquaculture said it would sell a 32 per cent stake through an initial public offering on the Australian Securities Exchange to better capitalise on the booming industry.

Huon said it was seeking funding flexibility to support its future growth plans when it listed at the end of the month.

The company said it hoped to raise around \$125 million to fund a number of projects to expand production and improve farming efficiency.

### CCA and Casella craft joint beer offering

The Coca-Cola Amatil and Casella Family Brands joint venture, the Australian Beer Company (ABC), announced a new craft beer range.

The craft and premium beer range will be made at the company's new brewery at Yenda, near Griffith in the NSW Riverina area.

The new range is also named Yenda, and will include a pale ale, India pale ale, unfiltered lager and a mid-strength ale, and will launch in December.

ABC also launched a limited edition brew called Stirling Castle.



### Coles banned from advertising frozen bread as 'fresh-baked'

The Federal Court banned Coles from advertising for three years that its in-store baked bread is made or baked on the same day it is sold.

The court found the bread products were partially baked and frozen off-site by a supplier and then transported and 'finished' at in-store bakeries within Coles supermarkets.

In the ruling, the retailer was also ordered to display a notice in its stores and on its website saying that it had broken the law by falsely advertising its bread products as "freshly baked" and "baked today".

### Dairy demand to outstrip supply within a decade

According to Tetra Pak's 7th Dairy Index, global dairy consumption will rise by 36 per cent by 2024, and will overtake the available supply over the next decade.

The company said producers in both developed and emerging dairy markets needed to address the careful balancing act required to ensure sustainable business success.

According to the index, growing global demand will be driven by population growth, rising prosperity and urbanisation in Africa, Asia and Latin America.

However, milk supply and demand is unbalanced across the world, meaning rising demand in emerging dairy markets is unlikely to be fulfilled by locally produced raw milk.

### Nestle scales down its Killer Pythons

Nestle halved the size of its Killer Pythons as part of a broader move to scale back the portion sizes of its confectionery products.

Although it still has the same recipe, taste and stretchiness, the new "treat size" Killer Python weighs 24g, or 336kJ, just a little over half the size of the 47g, 630kJ original.

Allen's Killer Pythons will also be one of the first products in Nestle's range to include a new consumer-friendly portion guidance device.

Nestle says the move is part of a broader effort to help Australians better manage their health, by controlling the amount of food, and especially treats, they eat. "We're now offering confectionery with responsibly sourced ingredients, on-pack portion education and changes such as revised portion sizes and resealable packaging," Nestle general manager - Confectionery, Martin Brown, said.



### Unilever scores a gold star for sustainability for a second time

Unilever has retained its lead in the sustainability stakes among the world's largest companies according to the latest Tomorrow's Value Rating (TVR).

The TVR evaluates the sustainability performance of the world's largest companies, and it's the second year running the consumer goods multinational has come out on top.

The TVR 2014 evaluates the sustainability performance of 45 major companies, including 10 in the Food and Beverage sector.

### Four companies top the food relief charts

Four companies have been applauded by Foodbank Australia for helping to bring food relief to thousands of Australians.

This year's Annual Foodbank Awards were presented to Kellogg's, Manildra Group, GrainCorp and the Flight Centre Foundation, at the formal dinner of the AFGC Industry Leaders Conference in the National Gallery of Australia, Canberra.

Recipient of the Leadership Award was Kellogg for its holistic approach to its partnership with Foodbank both internally and externally with its 'Breakfast for Better Days' program.

Kellogg's commitment included a donation of 7 million serves of breakfast cereal along with a cash donation of \$100,000 to expand Foodbank's school breakfast programs. In addition to raising awareness of Foodbank amongst the public, Kellogg's ensured the full engagement of its staff through volunteering, internal food drives and hamper packing events.



ON THE COVER: OPPENHEIMER

## NOVEMBER

### Gina Rinehart set to mine infant formula boom

Mining billionaire, Gina Rinehart will plough \$500 million into the Chinese infant formula market through her dairy venture, Hope Dairies.

Hope Dairies will acquire about 5000 hectares of farmland in Queensland's south to produce about 70 to 75 per cent of its own milk, and will build a processing plant in Mary Valley with production to begin in the second half of 2016.

The venture aims to produce as much as 30,000 tonnes of formula a year, and the new facility will also process UHT milk. Australia currently produces around 70,000 tonnes of formula a year, according to Dairy Australia.

### ACCC says free range egg standard unnecessary

The Australian Competition and Consumer Commission (ACCC) wrote to egg suppliers to encourage them to review the words and images used on their free-range egg cartons and in advertising claims.

However, ACCC chairman Rod Sims said that there is no need for a government standard on what constitutes free range.

"Some have expressed concern that there is no government standard that producers need to meet to be a free range producer. We see no need for any standard," Sims said.



### Woolworths off the hook over Jamie Oliver marketing campaign

The Australian Competition and Consumer Commission has closed the case on claims that suppliers were unfairly pressured to pay for the Jamie Oliver sensory sticker promotion.

ACCC chairman Rod Sims told the Australian Farm Institute Conference in Melbourne that according to the watchdog's discussions with the 200 suppliers over the voluntary charge, no laws had been broken, as reported by ABC Online.

Woolworths launched a range of sensory stickers and sticker album collectables featuring UK celebrity chef Jamie Oliver.



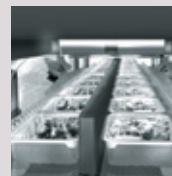
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# On the move



Michael Clarke

## FOOD INDUSTRY CHIEF TAKES THE HELM AT TWE

Michael Clarke, a former senior executive at Kraft Foods and Coca-Cola, took the reins at Treasury Wine Estates (TWE) at the end of March.

TWE named Clarke as its new CEO following the departure of David Dearie the previous September.

Clarke relocated from London, where until recently he led Premier Foods, one of the largest branded food producers in the UK. Clarke is credited with turning that company around.

Between 1996 and 2008, Clarke held various roles at The Coca-Cola Company including president of the South Pacific and Korea regions, and president of north-west Europe and the Nordic countries.

He was president of Kraft Foods Europe, headquartered in Zurich, until August 2011, when he was appointed CEO of Premier Foods, a post he held until January last year.

## CCA WELCOMES NEW GROUP MD

Former GrainCorp chief executive Alison Watkins took over as Coca-Cola Amatil's (CCA) new group managing director in March, replacing departing group MD Terry Davis.

Watkins announced her resignation from GrainCorp the previous December after a proposed \$3.4 billion takeover was rejected by Treasurer Joe Hockey.

CCA chairman David Gonski said Watkins brought a wealth of experience as both a CEO and a non-executive director across many sectors, including the food and beverage industry, banking and management, and she fully understood the challenges ahead.

"She is a proven and successful leader and I know she will invest new ideas and energy into the team," Gonski said. "We wish her every success in her role."

CCA said that during her time as GrainCorp CEO, Watkins helped transform the company from a grain logistics business in eastern Australia into a diversified international grain company with operations spanning nine countries.

The company said Watkins had spent the last 10 years working right across the food and beverage value chain. She was also CEO of Berri Limited, and



Alison Watkins

## Changes are afoot among the senior management teams of Australia's big food and beverage organisations. Here's a snapshot of the key boardroom reshuffles of 2014.

had gained a customer perspective through her time as a non-executive director of Woolworths.

"She has exposure to many international markets including Indonesia, most recently with ANZ Banking Group, where she is currently a non-executive director," CCA said at the time.

## PATTIES NAMES ITS NEW MD

Patties Foods announced Steven Chaur, the former regional MD of industrial company Saint-Gobain, as its new managing director in April.

Chaur, who has also held general manager positions at Tip Top Bakeries (Southern), Findus Australasia and National Foods, Tasmania, took the helm at the frozen food manufacturer on 15 April.

Chaur took over from acting joint chief executives Michael Knaap and Tim Peters.

"The board is delighted to have an executive of Steven's calibre to lead the company," Patties chairman Mark Smith said. "His appointment is the result of an extensive search process."

"Steven has a strong track record in transforming companies in the baking, dairy and frozen food industries through operational improvement, brand innovation-led growth and a customer-driven culture."

Smith said Knaap and Peters would continue in their respective roles as chief financial officer/company secretary, and head of sales.

Patties Foods brand portfolio includes Four'N Twenty, Herbert Adams, Nanna's, Patties, Creative Gourmet and Chef's Pride.



Steven Chaur

## GLENN COOPER RETIRES FROM COOPERS BREWERY

In July, Glenn Cooper retired from his executive role at Coopers Brewery after 24 years with the company.

The 63-year-old director of sales at Coopers subsidiary Premium Beverages will continue on as chairman, a position he has held since February 2002.

Coopers' national sales and marketing director, Cam Pearce, will now also be responsible for Premium Beverages.

Cooper originally trained as an automotive

electrician and then studied business management. He eventually set up his own business in computer sales and services.

He became a director of Coopers in 1988 and in 1990 began work at the brewery, before taking the position of marketing director in 1996. In 2012, he took up his current role at Premium Beverages.

Coopers' managing director, Dr Tim Cooper, said Glenn Cooper played a key role in creating consumer engagement for Coopers and its brands during the strongest period of growth in the company's history since before the Depression.

"Glenn built attachment and bonding for the Coopers brand through key sponsorships, consumer loyalty programs, and building relationships with the trade," Tim Cooper said. "He also championed the development of brands such as Coopers Vintage Ale and Coopers Clear."

"While he is standing down as an executive, he will continue to represent the brewery in various ways, including attendance at key events and functions."

"Glenn will also retain an interest in beer export activities in the North American and Asian markets."

Glenn Cooper and Tim Cooper share the same great great-grandfather, Thomas Cooper, who founded the brewery. Glenn is descended from Thomas' first wife and Tim is descended from his second.

Glenn Cooper was in May appointed as chairman of the Australian Made Campaign, the not-for-profit organisation that administers the famous green-and-gold Australian Made, Australian Grown logo.

After serving as a director for seven years, Cooper took the helm of the national board, which consists of 10 directors who are elected by the Australian business community from the Australian Chamber of Commerce Network and the National Farmers' Federation.

## SEALORD APPOINTS FORMER MCCAIN CHIEF

In July, New Zealand-based seafood company Sealord Group announced that the former head of McCain Foods Australia/New Zealand, Steve Yung, would take the helm.

Yung, who was managing director of McCain Foods Australia/New Zealand between 2005 and 2013, took up his new role at Sealord, based in Auckland, on 25 August.

Canadian-born Yung replaced Graham Stuart, who left after seven years with the company.

"Steve's extensive experience in multi-national food manufacturing environments will be extremely valuable as Sealord works to



Glenn Cooper

grow and develop our business,” Sealord Group chairman Matanuku Mahuika said.

“He joins the business towards the end of what we expect to be a solid financial year in which Sealord has returned to profit after the challenges of last year and is looking at opportunities to further improve its existing operations.”

Yung has spent 30 years in the food industry; including roles in FMCG, food service, manufacturing and agriculture across Australian, New Zealand and Canadian markets.

“Sealord has a proud legacy of delivering quality seafood to people around the world and I look forward to joining the Sealord team with its ever-sharpening focus on customers, an innovative approach to sustainability leadership and a proven history of shareholder returns,” Yung said.



Steve Yung

in the world. Gregor promised to renew the ADA’s commitment to strengthening the burgeoning sector, with a chief goal of talking to the federal government about the excise placed on Australian spirits.

“Australian distillers are rightfully recognised as some of the best in the world, but because of an overly burdensome excise regime, we are being priced out of the Australian market to the benefit of our overseas, mass produced competition,” Gregor said.

“Today a single standard 30mL nip of spirits attracts a minimum excise of \$1.00. In the USA that figure is closer to 10c ... so little wonder your cocktails or mixed drinks are so expensive in Australia.

“Our smaller brewing and wine-making mates all enjoy the benefits of generous excise and tax rebates while small distillers are forced to compete with a huge tax monkey on our back. We don’t want the monkey no more.”

### WINE AUSTRALIA EXEC STEPS DOWN

Wine Australia’s general manager for market development, James Gosper, stepped down from his position at the end of May.

Gosper stayed on until 30 September to continue to lead the market development team and to oversee a seamless transition ahead of the intended merger of Wine Australia and the Grape and Wine Research and Development Corporation to form the Australian Grape and Wine Authority.

Acting chief executive Andreas Clark said Gosper had established a dedicated global team that continued to deliver great results for the industry during his time with Wine Australia.



James Gosper



Jason Hincks

### NEW CEO FOR FOODBANK AUSTRALIA

Food relief agency Foodbank Australia appointed Jason Hincks as CEO in April, replacing outgoing chief John Webster.

Hincks, the former chief operating officer of men’s health charity Movember, joined Foodbank Australia on 28 April. Webster retired after five years at the helm of Foodbank.

Enzo Allara, Foodbank Australia’s chairman, said the organisation had “achieved unprecedented growth” under Webster’s stewardship.

“John has worked tirelessly to increase Foodbank’s volumes and enhance our capability to deliver the key staple foods that are the lifeblood of our supply to charities,” Allara said. “His legacy will underpin our future expansion as we strive to ensure that no Australian in crisis goes hungry.”

Allara said the number of food-insecure people in Australia was increasing at an alarming rate. “In response we’ve set ourselves a target of doubling our volumes just as traditional food rescue channels are plateauing,” he said.

“We’ve developed a strategy to address this and we’re well placed for Jason to bring to bear his wealth of experience in the area of rapid growth management and fundraising coming, as he does, from an organisation that in 10 years has spread to 21 countries and raised \$576 million in aid of men’s health programs.”

Hincks said Foodbank was making a real difference in the lives of the millions of Australians who were doing it tough.

“I’m honoured to be given the opportunity to work with the passionate people in this organisation to build on its incredible success and lead Foodbank Australia into an exciting new phase,” he said.



Stuart Gregor

### NEW PRESIDENT FOR CRAFT DISTILLERS

Stuart Gregor of Four Pillars Gin in Victoria was elected as the new president of the Australian Distillers Association (ADA), the peak industry body for Australia’s craft distillers, in September.

Gregor, who replaced Tasmanian whisky pioneer Bill Lark, paid tribute to the outgoing president.

“Without Bill, the Australian craft distilling movement would not exist – it’s as simple as that,” Gregor said. “Bill has led this association and our industry with distinction and vigour.

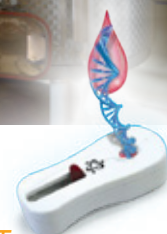
“We owe him a very serious drink and an eternity of thanks. Bill is proof positive that one man with vision and passion can achieve truly remarkable things. And we are all proud to follow in his footsteps.”

According to the ADA, there are now around 50 operating distilleries throughout Australia, many of which are making some of the finest spirits

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# New Zealand's Information Project points the way



The food and beverage sector has been the engine of New Zealand's enviable export growth. The New Zealand Food and Beverage Information Project, initiated to capitalise on that momentum, identifies obstacles and opportunities.

**NEW ZEALAND'S FOOD** and beverage industry already accounts for more than half of New Zealand's total exports and employs one in five New Zealanders, directly or indirectly.

The country's exports are also growing strongly and are improving relative to its peers. New Zealand is the largest exporter in the world of dairy products and lamb and a major exporter of beef, kiwifruit, apples and seafood.

In the 15 years leading up to 2010, New Zealand's food and beverage exports grew at a compound annual rate of seven per cent per annum, and in 2012, the value of its core food and beverage exports grew by more than \$76 million.

New Zealand's product mix, however, has been skewed towards traditional, minimally processed products, and it under-performs in added-value processed foods, despite a global trend towards more growth in value-added products.

Three years ago, the NZ government launched the Food and Beverage Information Project, the country's first comprehensive overview of the state of its food and beverage industry. The five-year project aims to identify emerging threats to its continued growth and pinpoint opportunities for further growth for the sector.

This includes an ongoing analysis of specific sectors including dairy, meat, seafood, produce, processed foods and beverages to provide insight to processors, investors, government and research institutions.

The information is updated annually and expanded on so as to provide what the NZ government calls a powerful repository for companies looking to expand and export.

The latest guidance to be gleaned from the project arrived in May this year in the form of a series of sector snapshots. These show that the government's business growth agenda (BGA) export markets goal is to lift the ratio of exports from the current rate of 30 per cent of GDP to 40 per cent by 2025.

This equates to doubling exports in real terms and equates to achieving a seven per cent per annum growth rate over the next 12 years, and the latest report explores how to achieve this.

## STRENGTHS AND WEAKNESSES

The New Zealand Food and Beverage Information Project lists the strengths and weaknesses of the local food and beverage industry. For instance, the success of New Zealand in "temperate foods" is built around a natural environment conducive to agriculture. The mild New Zealand climate will also moderate the effects of global warming in the future, according to the report.

The country's farmers are also highly productive and efficient, New Zealand has no agricultural subsidies and regulation is light, according to the report.

New Zealand also has a supportive infrastructure for food and beverages along the total value chain, and is a leader in food safety and product traceability.

On the downside, New Zealand faces excessive shipping time and costs to key markets, and a relatively small domestic market. Also, its one and only top 50 global food and beverage company – Fonterra – has only limited ability to add value due to risks associated with competing with its own customers, and a recent spate of food safety issues.

## CHALLENGES AND OPPORTUNITIES

The project has also sought to identify both the challenges and opportunities for the New Zealand food and beverage industry.

While New Zealand is a major global exporter, it says, the country has significant untapped capacity to export more.


"New Zealand is a country the size of Italy with the population of Singapore," the report says. "However, Italy feeds a domestic population of 60 million people and exports twice as much food and beverages as New Zealand.

"New Zealand is a young country still discovering its comparative advantages and new industries continue to emerge. In the past 20 years New Zealand wine, honey, aquaculture and avocados have all emerged from almost nothing into world leading sectors."

The New Zealand food and beverage industry is also predominantly owned by New Zealanders, with four of the top five New Zealand firms owned by farmers.

International investors, however, can provide an in-flow of capital, particularly in the areas of strong growth potential such as beverages and processed foods.

To achieve growth, New Zealand will need to expand existing major sectors and the "newer emerging growth stars", according to the report.

"The path forward over the next 20 years is about turning ingredients into packaged/processed foods, such as infant formula instead of milk powder. This transition will require large amounts of new investment in research, plants and equipment, sales and marketing." 

# Emerging opportunities

The New Zealand Food and Beverage Information Project has also sought to identify some emerging opportunities for some of the country's key food and beverage sectors.



## PROCESSED FOODS

Processed foods have strong growth potential for New Zealand but significant further growth will require continued capital investments, both by global multinationals and domestic firms.

Potential areas for investment include products in those segments which use low cost New Zealand inputs such as dairy, meat or vegetables as ingredients in products such as infant formula, chocolate and confectionery, frozen meals and sides, pet food, soups and condiments, and baked goods.

## BEVERAGES

With the exception of wine, the New Zealand beverage sector is primarily focused on production for domestic consumption, although exports are growing. According to the report, New Zealand is currently well positioned for further growth in premium non-wine beverages, and the industry should aim to leverage the success of the wine industry and build on awareness of New Zealand in wider premium beverages segments.

"Alcoholic beverages are a major opportunity for investors; wine has shown rapid growth; opportunities exist in second tier wine regions, cider, developing a premium spirits category and other beverages," the report says.



## DAIRY

There are three key opportunities in the dairy sector: value-added dairy products including infant formula and other dairy nutritionals such as nutritional shakes; export-oriented niche dairy products that "fly under the radar" such as shredded cheese, single serve butter, and premium specialty cheese; and processed foods and beverages that contain significant dairy ingredients such as chocolate, frozen bakery products such as croissants, and dairy-derived nutraceuticals.



## MEAT

Potential areas for new or external investment in the New Zealand meat industry primarily revolves around transforming ingredients rather than producing more ingredients.

For instance, New Zealand exports significant quantities of manufacturing beef as raw material ingredients for processors in other countries, but there are opportunities to make more value-added products in New Zealand.

There are significant further opportunities for growth across a range of sectors, including canned meats and meals, frozen meals, soups, jerky, pet food and formed hamburgers for fast-food chains.



## FRESH PRODUCE

Opportunities for new or external investment are possible, primarily for those with transferable skills or global networks.

For example, international investors with strong transferable skills in the avocado sector could help the industry realise its potential.

There are also strong opportunities for further investment by major global value-added vegetable processors.

Berries also offer possible opportunities for growth, according to the report, but the long-run potential is unclear.



## SEAFOOD

Though New Zealand has huge theoretical potential in aquaculture production, given it has the 10th longest coastline of any country in the world, currently only a tiny fraction of this is farmed.

According to the report, aquaculture is a global growth story, supplying growing seafood consumption in the place of flat wild capture. Opportunities in aquaculture, however, will hinge on regulatory change, it says.



# En route to New Zealand

Australia represents a strong export market for New Zealand and a number of its food companies have introduced some new premium products to Aussie consumers. *F&DB* takes a look at some of the latest launches.

**THOUGH AUSTRALIA IS** a major food and beverage producer in its own right, it still imports a number of food and beverage products from its close neighbour, New Zealand.

In fact, according to New Zealand Trade and Enterprise, New Zealand is the largest supplier of processed food and beverage products to Australia.

In 2010, New Zealand exported more than NZ\$2.4 billion worth of food and beverage products to Australia and in 2011, the exports grew by a further 13.7 percent.

New Zealand is a world leading dairy exporter and is also Australia's primary supplier of fish and seafood, accounting for 25 percent. New Zealand was also the fourth largest supplier of meat to Australia in 2010.


New Zealand wine exporters have also benefited from Australian consumers' taste for light,

crisp wines such as New Zealand's Sauvignon Blanc, and imported wines sales overall rose to 12 percent in 2010-2011 and in 2010, New Zealand wines accounted for 54 per cent of all Australian wine imports, according to New Zealand Trade and Enterprise.

New Zealand's other biggest exports to Australia are, cheese, bread, pastry biscuits, butter, chocolate, water, and infant formula.

However the New Zealand Trade and Enterprise notes that the "sophisticated Australian market" calls for careful research.

"Ideally New Zealand companies should partner with a company in Australia, experienced in dealing with the big supermarkets," it says.

Undaunted, the following companies have taken the plunge and launched their products into the Australian retail channel over the past year. 



## NUTTY NATION

Pic's Really Good Peanut Butter from Nelson company Pic's is being distributed nationally by Coles.

Pic's was established by Pic Picot in 2007 and has gone on to become New Zealand's best-selling peanut butter.

The product is already sold in more than 200 gourmet and specialty stores in Queensland and NSW, and the company says it will double its production output in order to meet Coles' supply requirements.

"We've been ready for an increase in demand like this for some time," Picot says. "Quality is everything to us and we needed to make sure increasing our output wouldn't affect the taste. Our challenge now is to ensure Australians discover how good our peanut butter is as quickly as possible."

He says Pic's is the only new product listed in Coles' spreads category, and only one of a very small number of new products going into Coles at this time.

Picot says the company has chosen to use New Zealand nuts, which are hi-oleic, "not for nationalist reasons, but because they are the best in the world".

Coles category manager for spreads, Daryl Desfosses, says Pic's is a top quality product that will attract a premium customer.

And in a new addition, Coles' display cartons for Pic's peanut butter will feature the new health star rating.

Derek Kirk from DK Consulting, who brokered the Coles deal on behalf of Pic's Really Good Peanut Butter, says Pic's will be a great addition to Coles' premium catalogue.

"Pic's products have already created a great place for themselves in the spreads category in Australian deli and specialty stores," Kirk says. "Their success, despite the recession, is a wonderful example of what is possible when a really good product is combined with an entrepreneurial spirit and an extraordinarily loyal customer following."



Pic Picot founded Pic's in 2007.



## SPREADING THE LOVE

Lewis Road Creamery has just launched its range of premium butters in Australia.

Peter Cullinane, the company's founder, started producing the butter brand in 2010 with a view to making a butter as good as, or better than, what was being produced Europe, armed only with a butter churn and a 1920s butter bible.

"Pretty much the whole world knows that New Zealand has a world-leading dairy industry, but we wanted to focus on quality over quantity," Cullinane says.

"We established Lewis Road Creamery in order to create better butter, and try to do it in quantities that could supply well beyond the borders of New Zealand. To be honest it's been no small task."

Working alongside dairy industry experts such as Kapiti Cheese founder Ross McCallum, Fonterra and retired butter makers from the smaller dairy companies, the team created a taste profile of an international product that could be produced in larger quantities at an affordable price year-round.

The Lewis Road Creamery recipe is a blend of several of New Zealand's best export butters to produce a unique new product.

According to its maker, the resulting product is rich, smooth and creamy with a cultured taste and velvety finish.

"Lewis Road Creamery Premium Butter has a level of tanginess, some acidity and because of the cultures, a little bit of sweetness," Cullinane says. "An added bonus is that the low water content makes it brilliant to cook with."

In addition to the premium butters, Lewis Road Creamery is working on the production of a high-end, hand-churned, artisan butter range, which will be available in 2015.

Lewis Road Creamery premium butters are available at grocers and delicatessens across NSW for a recommended retail price of \$5.99 per 250g.

## SMOOTH OPERATOR

Milking New Zealand's strength in dairy as well as the growing drinking yoghurt niche, Epicurean Dairy, a maker of gourmet yoghurt, soft cheeses and squeaky haloumi, recently introduced a yoghurt smoothie range under The Collective brand in Australia.

Epicurean Dairy was founded in 2010 by two former chefs, Angus Allan and Ofer Shenhav, and within 10 months became the highest earning gourmet yoghurt in New Zealand.

Collective Dairy products are also sold in British supermarket chains Waitrose and Sainsbury's.

The yoghurt smoothie products come in six flavours including Zzoom, a vanilla and honey combo; Boom, which is based on berry; and C-Blast, made from tropical flavours.

According to the Epicurean Dairy, its yoghurt smoothie products are "handcrafted" and contain no added flavours or preservatives and are gelatin free, making them vegetarian.

They are made with the probiotic live cultures acidophilus, bifidus and casei.

The yoghurt smoothies have been selling over the past 12 months in Woolworths supermarkets in Queensland and Victoria, and at independent supermarkets nationwide.





## Rewarding innovation

Foodtech Packtech is home to awards ceremonies such as the NZ Food Awards and the New Zealand Plastics Industry 2014 Design Awards.

At the food awards, Sealord Group's Hot Manuka Smoked Salmon was the 2014 Supreme Award winner. The product is smoked in West Auckland the traditional way, over manuka wood.

The award was judged by New Zealand food critic and Masterchef judge Ray McVinnie, who said the winners he liked most this year were steeped in tradition, but with a modern twist.

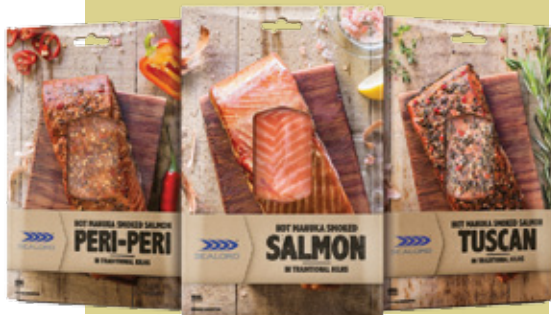
"The best food products always have some connection to tradition," McVinnie said. "People who are completely familiar with the rules before they break them often seem to make the best food, food that isn't reliant on additives, or being part of a superficial food fad."

The new range was launched with a sizzling ad from Saatchi & Saatchi New Zealand, which saw a specially constructed billboard made from Manuka wood set alight to highlight the traditional smokehouse process.

The supreme winner of the design awards was Hamilton-based Millennium Plastics for its contribution to the design and development of Waikato Milking Systems' new electronic milk meter.

The meter provides accurate real-time milking data with a view to allowing dairy farmers to improve herd management decisions and, as a result, the long-term profitability of their herds.

Unlike other systems, it's designed for everyday use in conventional milking systems at an affordable price. **F&D**



## Foodtech Packtech pulls the crowds

Over 200 exhibitors and 3000 visitors headed to Foodtech Packtech, which was held at Auckland's ASB Showgrounds between 23 and 25 September.

**THE BIENNIAL FOODTECH** Packtech is a high point on the calendar for the New Zealand food and beverage industries.

Foodtech Packtech includes free development and business seminars as well as professional networking events, awards ceremonies and, of course, a hall chock full of the latest processing and packaging technology exhibits.

Among them was the New Zealand Food Innovation Network (NZFIN), which was showcasing the R&D pilot and test plant facilities it has developed to assist in expanding New Zealand's food manufacturing commercialisation pipeline. Network representatives were on hand to speak about those who have been through the program and achieved commercial success.

Drying Solutions was exhibiting its New Zealand-developed and produced and patented REXMOI energy efficient drying solutions offer-

ing for plant, beef and seafood products across a range of temperatures.

Eriez Magnetics launched its new Xtreme metal detector, and Food Processing Equipment demonstrated its Eagle Pack 550 PRO, designed for packaged chicken, which provides contaminant detection and quality measurements for large and varied sized packages.

Also on show was the Intralox DirectDrive system, which advances spiral conveyance by eliminating the most common issues related to product migration, belt tensioning and sanitation, especially for applications where product orientation, belt life and grease or oil build-up are concerns.

Romheld Automation also demonstrated its UniGripper intelligent vacuum grippers, and Scanz Technologies featured its wastewater treatment solutions, including one from Dutch company Aqua Industrial Watertreatment BV. **F&D**

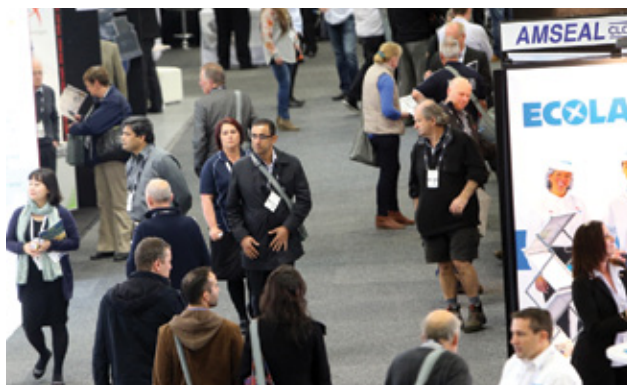
## Session snapshot

**FOODTECH PACKTECH INCLUDED** free development and business seminars that took place over the three days of the show. More than 20 speakers broached the latest topics on food, beverage and packaging trends and technologies.

Professor Gordon Robertson, a food packaging consultant and adjunct professor at the University of Queensland, provided a global overview on the recent trends, innovation and research in food packaging.

Andrew McCallum, principal policy advisor for the NZ Ministry of Business, Innovation and Employment, and Tim Morris, director at Coriolis Research, explored emerging market opportunities in their talk, 'What does Asia want for dinner?'

The Australian Institute of Packaging (AIP) also ran a panel discussion on the state of retail ready packaging. Panellists included Richard Manaton, general manager of strategy and corporate affairs, Countdown; Sarah Yanez, packaging development manager, Tasti Products; Mat Bogust, cardboard engineer, Think Packaging; and Peter Snopko, packaging specialist, Packaging Resources & Development. **F&D**



# Matua's new approach to wine labelling

**WINE COMPANY MATUA** pioneered the production of sauvignon blanc in New Zealand back in 1974, and now the company is dabbling with a new packaging idea.

The company, which is owned by Australian wine giant Treasury Wine Estates (TWE), has added three new taste profiles to its wine labels: Matua Smooth, Matua Crisp and Matua Lighter.

Though the use of the three expressions is exclusive to BWS, the idea is to remove some of the guesswork for sauvignon blanc shoppers, according to the company.

"Not all sauvignon blanc tastes the same," a Matua spokesperson says. "Some people figure out the style that they like by trial and error, others have done their research and know a bit about what to look for on the bottle such as region, vintage, winemaker and alcohol content. But it really shouldn't be that hard to choose the savvy that is right for you."

Matua has extended its Regionals tier to include three different expressions of sauvignon blanc that make the taste profile of each wine the hero on the front label, taking out the guesswork.

The Matua Smooth, Matua Crisp and Matua Lighter descriptors, together with the wine's vintage and region, and additional taste references including "soft and elegant", "fresh and tropical", and "cool and fragrant", are highlighted on the front label to reduce the confusion.

According to Matua chief winemaker Nikolai St George, taste is one of the key elements that wine drinkers consider when picking wine.

"As a winemaker I love the versatility of New Zealand sauvignon blanc and how the flavours can vary from the very vibrant, crisp and acidic to the softer, slightly sweeter and more tropical in profile," St George says.

"I know what to look for, but I completely understand that wine shopping can be intimidating for a lot of people who aren't around wine every day and don't know the cues.




"Our research suggests that 30 per cent of wine shoppers who don't have a lot of knowledge about wine find choosing wine stressful, and this just shouldn't be the case.

"We want to shake the industry norms a little and take the confusion and stress out of wine shopping to give wine lovers the confidence to pick the right style for them."

The Matua Smooth is from New Zealand's warmer Hawke's Bay region, which offers softer acidity resulting in a more food-friendly wine.

Conversely, Matua Crisp is a classic Marlborough style sauvignon blanc with tropical and citrus fruit flavours and fresh, crisp acidity.

For a healthier lifestyle option, Matua Lighter has crisp Marlborough passionfruit and gooseberry tropical fruits flavours, with 25 per cent less alcohol and calories.

Matua Smooth Hawke's Bay Sauvignon Blanc 2014, Matua Crisp Marlborough Sauvignon Blanc 2014, and Matua Lighter Marlborough Sauvignon Blanc 2013 all have a recommended retail price of \$21.99. 

# Living on the edge

Chatham Island Food is located in a small archipelago 800 kilometres off the east coast of New Zealand, but that doesn't stop it supplying some of Australia's top restaurants with its seafood.


The company's founder, Delwyn Tuanui, established the specialist food business, favoured for its flavour and texture, despite the challenges involved in getting local produce to market.

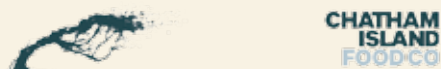
Chatham Island blue cod now appears on the menus of restaurants like Sydney's Mr Wong, Rockpool and Sake and Melbourne's Flower Drum, Taxi and Huxtable.

The company's Food from the Edge brand design also gained international recognition this year when it won a DBA International Design Effectiveness silver award.

When Chatham Island Food was first established, it needed a way of telling the Chatham Island story, so it approached New Zealand brand design studio Elmwood to help create an effective brand identity. Given the demanding climate and unforgiving conditions, living on the edge was a daily reality on the Chatham Islands. This insight, and the fact that the Chathams are the first place in the world to see the sun, formed the idea for the slogan "Food from the Edge".

"The brand-marked tree captures the force of wind and instantly makes a raw connection with the raw conditions," the company says.

"Furthermore, the tree represents strength, longevity and resilience, all traits required to be able to live and survive on an island as isolated as the Chathams." 





## GEA Freezing

GEA Refrigeration Technologies  
**E:** [gea.refrigeration.au@gea.com](mailto:gea.refrigeration.au@gea.com)  
**W:** [www.geafreezing.com](http://www.geafreezing.com)

Offers a wide range of energy efficient freezing and cooling systems. The design of our Spirals, Tunnels and Carton Freezers has evolved from more than 30 years' experience in the food processing industry. Our food application, engineering and manufacturing teams ensure the freezers or chillers fully meet your processing needs.




TC0835F&D



## Sound waves pave the way for more Sustainable palm oil

A newly commercialised, award-winning Australian process using sound waves to extract more oil from palm oil milling in Malaysia could also improve a multitude of oil processes for Australian manufacturers, CSIRO's Pablo Juliano writes.



Commercial-scale megasonics reaction chamber in place at the Tai Tak mill.

**CSIRO IS CONSTANTLY** seeking to improve agricultural productivity and efficiency by developing and delivering technology solutions that drive increased food productivity and sustainability. Our megasonics technology has application across a range of areas in the food industry, one of which involves improving the extraction and processing efficiency of oil production from fruit and other tissues.

Sustainable palm oil production is important for food security, agri-food productivity and the environment. Using this new technology to increase the efficiency of the milling process by recovering oil lost in the fibrous waste product palm oil mill effluent (POME) is one way to achieve more sustainable processing while increasing oil production, mitigating deforestation and releasing less organic matter to wastewaters.

The total oil lost in POME is approximately 0.6-1.5 per cent, depending on the mill efficiency and other technologies installed. With the price of palm oil currently at around \$800 per tonne, recovering just 0.5 per cent of the total oil would

equate to approximately an extra \$570,000 per year for an average size mill.

CSIRO has collaborated with Malaysian partners and developed a truly novel technological approach to more sustainable palm oil production – the application of megasonics, or high frequency sound waves, to decrease oil losses and speed up the separation rate of oil from pressed palm fruit. This has shown significant potential to increase oil recovery. With a patent application in place, the process won the Corporate Achievement Award of the American Oil Chemist's Society in 2013.

### MEGASONIC PROCESSING

Megasonic separation consists of the application of high-frequency sound pressure waves to separate, trap, flocculate or fractionate particles or emulsified droplets from bulk phase liquids. The process could also be used alongside traditional separation processes such as centrifugation, membrane filtration and sedimentation in the agri-food, pharmaceutical and chemical industries.

This emerging technology can achieve precise and gentle separation in a system and involves no moving parts.

CSIRO's previous research in this area was in lower frequency ultrasonics, where we developed applications in defoaming, food texturisation and extraction of bio-products among others. But it is cutting-edge megasonic technology that we have moved from laboratory to factory scale to establish the world's first commercial megasonic application.

This enhanced separation of different materials in food processing streams has potential for value addition and environmentally friendly production in various industries.

### EARLY SYSTEMS

We started exploring the possibility of increasing palm oil separation at laboratory scale at CSIRO's food research and development facilities in Werribee, Victoria. We compared the separation rate of oil at three points in the milling process – the feed after it has left the screw press and before it enters the clarifier tank, the sludge left at the oil clarification stage and the POME (see figure).

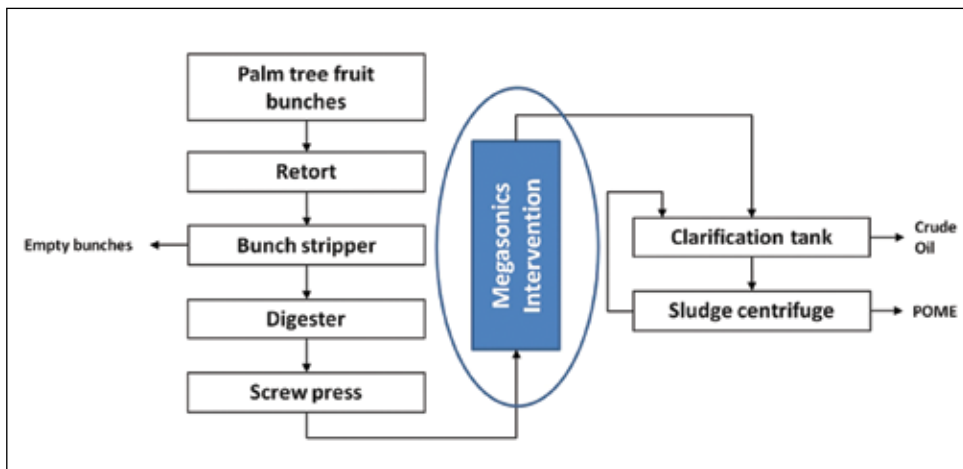
We identified the most feasible megasonics intervention point as the ex-screw press feed and we narrowed down the possible megasonics frequencies to a range between 400 to 1000kHz.

Following these first successful trials, we designed pilot-scale batch vessels and conducted trials on the ex-screw press feed at the Ladang Tai Tak Sdn Bhd palm oil mill in Kota Tinggi, Johor, Malaysia. We then designed a semi commercial-scale continuous system and, operating at approximately five tonnes per hour, we saw significant improvements in oil recovery with the application of megasonics compared to the traditional process.

### THE COMMERCIAL SYSTEM

This preliminary work provided justification for setting up a continuous, fully commercial pilot-scale system with a throughput of 20 to 40 tonnes per hour of fresh fruit. This development was a joint effort between CSIRO, the palm oil mill, palm oil industry consultant IHMS and Sonosys Ultraschallsysteme, a German megasonics equipment manufacturer.

In another world-first for this work, Sonosys designed and manufactured a unit that doesn't come into direct contact with the palm oil stream and can operate continuously rather than in batches.



Flow chart of the palm oil milling process showing the most feasible megasonics intervention point is the ex-screw press feed.

The commercial system, unlike its predecessors, is fitted with several fail-safe mechanisms and is more robust for successful and long-term operation in the harsh palm oil processing environment. (To date, megasonics equipment has mainly been used in the semiconductor industry in high-care clean rooms.)

**“This emerging technology can achieve precise and gentle separation in a system and involves no moving parts.”**

This prototype has now been operating almost continuously at Tai Tak for over 12 months with yields in excess of an extra 2.5kg of oil per tonne of fresh fruit bunch, returning over \$1 million on the company's investment so far. It also has a very low energy consumption, in the order of 0.2kWh per tonne of processed pressed material, or 0.08kWh per additional kilogram of oil recovered.

An additional benefit of the megasonics process is that the variability in the ripeness of the palm fruit, which significantly affects separation efficiency in traditional milling systems, is less problematic as megasonics enables more consistent and faster separation over a wider range of fruit ripeness.

The megasonics plant can be retrofitted rela-

tively easily in existing milling plants and is proving very cost effective.

With the lessons gathered from the prototype installation, we are currently looking into developing systems with our partners that improve oil recovery even further.

### BEYOND OIL

This megasonics technology has the potential to not only improve the extraction, processing efficiency and sustainability of palm oil but other oil-bearing materials as well. For the best results, however, further research and development is needed on each type of raw material to determine the most efficient application conditions.

The process also has potential to fractionate globular materials such as milk fat and induce crystallisation of lactose, for example, for further separation.

If you would like to know more about this commercial megasonics technology or what other megasonic or ultrasonic applications may be relevant to your business, please contact CSIRO.



Incoming raw material shows the harsh environment of a milling operation.

### ABOUT THE AUTHOR

Dr Pablo Juliano is a process engineer and research scientist at CSIRO's food innovation centre in Werribee, Victoria. He can be contacted on 03 9731 3276 or [pablo.juliano@csiro.au](mailto:pablo.juliano@csiro.au).





## Double vision for corn

Tomra Sorting Solutions ([www.tomrasorting.com](http://www.tomrasorting.com)) has expanded its ZEA sorter range, developed specifically for the seed and fresh corn industry, with the addition of a second camera module.

The design and implementation of a second camera module enables the inspection of both sides of the corn ear.

The system, located after the huskers, allows sorting and grading by husk, defect, disease and size.

"Some important differences between the ZEA and certain broadly competitor machines on the market are that our sorter includes two-sided cameras, which view products from both sides, and a unique [patent applied for] three-way rejection system," Maurice Moynihan, market unit director for Tomra Sorting Food, says.

"Benefits the system offers customers include unrivalled husk and superior defect removal, significant labour reductions, reduced operational costs and easy installation."

The ZEA works through the product being spread uniformly onto the in-feed belt in an aligned and channelled fashion, before being scanned by cameras. It uses top-and bottom mounted colour and near-infrared (NIR) optical sensors to scan the surface of each item in-flight, with this "off-belt view" allowing unobstructed inspection.

The colour vision sensors analyse for features such as size, shape and colour, while the NIR sensors do so for gross defects and foreign materials.

A few milliseconds later, second- and third-grade produce is redirected into individual streams by a bank of intelligent, low-wear paddle ejectors at the end of the in-feed belt, precisely and accurately, while the first-grade material progresses along the sorting line and through the machine.

The system's simple integrated shaker and in-feed belt feeding system keeps installation and running costs low and reduces the risk of stoppages, Moynihan says.

## Breath of fresh air

**KAESER** (1800 640 611) says its range of dry-running rotary screw compressors specialise in producing ultra-efficient oil free compressed air.

The range includes the proven CSG-2 models, which use a dry-running, two-stage rotary screw air end that provides optimum performance and maximum efficiency even under the toughest of conditions.

The rotors are equipped with Ultra Coat, which is resistant to temperatures up to 300°C. As this coating is also highly abrasion-proof, the sealing and protection performance remains virtually unchanged even after years of operation, Kaeser says.

As a result, compressed air delivery also remains consistent, which in turn means that dry-running rotary screw compressors consume no more energy after years of use than when first commissioned in order to deliver their rated free air delivery.



In addition, using Ultra Coat assists in keeping total system costs to a minimum, Kaeser says. Air-cooled systems designed for use in ambient temperatures up to 45°C also provide further significant potential for additional long-term savings.

The CSG-2 systems use a PC-based Sigma Control 2 internal controller that combines multiple control modes, a timer and base load sequencing to provide additional energy savings.

All CSG-2 compressors are powered by IE3 premium efficiency motors and also include PT 100 sensors for measurement and monitoring of the motor-winding temperature to enable full use of the maximum motor switching frequency and minimise costly idling periods.

## A measure of alcohol

**MEP INSTRUMENTS** (02 9878 6900) has announced the SNAP 50 from Anton Paar for alcohol measurement in micro-distilleries.

Checking the alcohol concentration is part of the daily routine in small distilleries, but traditional measuring methods such as glass hydrometers can

be difficult to use and have a tendency to break.

The new SNAP 50 offers an alternative: an alcohol meter that will pay for itself in a very short time, even at the smallest distillery, according to MEP Instruments.

The SNAP 50 alcohol meter checks the alcohol content of two-component mixtures made of water and ethanol over the whole relevant measuring range from zero v/v to 100% v/v.

The sample is taken directly from the storage vessel, the influence of temperature on the result is automatically compensated and the alcohol concentration is displayed within seconds.

SNAP 50 has a measuring accuracy of 0.1% v/v alcohol, and can identify sample names via RFID, store more than 1000 results, and print to a PC.



## Expanding export range

Australian Warehouse Solutions says exporters can now protect cargo from transit damage using dunnage bags from Bates Cargo Pak to fill cargo voids.

According to AWS (1800 023 890), Bates dunnage bags have the world's fastest inflation time. Their patented valve inflates from any angle and will close automatically after inflation.

Bates dunnage bags are also simple to use – just place the dunnage bag in the container void and inflate – and they are also economical and environmentally friendly, according to AWS.

The bags are specially constructed for maximum strength using outer layers of heavy-duty wet strength paper and strong inner layers of multi-layer film to deliver a dunnage bag for extreme applications.

Bates, which invented dunnage bags, is also the only dunnage bag producer in the world to manufacture with a high friction outer layer to guarantee the bags do not shift during transportation, according to AWS.



## Speedier FormSleeve

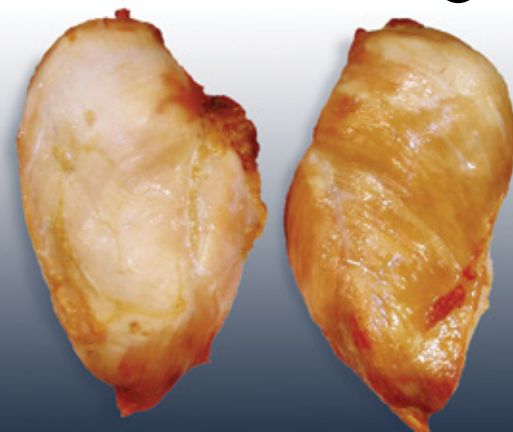
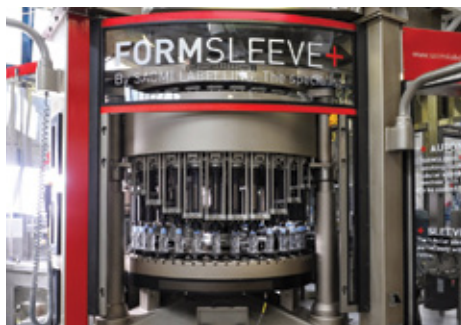
**SACMI LABELLING, REPRESENTED** in Oceania by HBM Packaging Technologies (02 8814 3100), says its latest FormSleeve+ labelling system is capable of up to a 20 per cent reduction in the cost of materials and can increase productivity thanks to its labelling speeds of up to 50,000Bph.

The modular FormSleeve+ creates and applies sleeves from machine direction orientation (MDO) rolls of film. The sleeve is created on a series of motorised mandrels through the use of vacuum technology and the sleeve is then bonded using either laser technology or alternatively a natural liquid substance that never comes into contact with the containers. The manufactured sleeve is then lowered and applied to the container and discharged via a steam tunnel shrinking the sleeve to the container at the out-feed of the labeller.

Using MDO rolls of film, an optimised roll count of 20,000 labels or more per roll is achieved versus five to 7000 for traditional shrink sleeve

applicators. This means improved yields, reduced shipping and inventory costs and minimal film or label wastage for both the label printer and the bottle labeller.

"Highest quality combined with remarkable savings are guaranteed by integration between label production and the labelling process," John Pasqua, sales director of Sacmi Labelling, says.



CEO Browning Off

CEO Browning On

## Your goose is cooked

Heat and Control (07 3877 6333) says it has perfected product browning in a spiral oven with its new CEO colour enhancing oven.

The CEO oven, which is available in single and twin-drum models, combines controlled browning of both sides of products with uniform high-volume cooking.

In addition to better browning, the CEO spiral oven cooks product uniformly, wherever it is located on the conveyor belt.

Hot, moisture-controlled air is evenly distributed in a 360° pattern to ensure equal and uniform heating across all tiers. Steam, dry heat or combinations of both are controlled independently to provide optimal cooking conditions for different products.

"CEO develops appetising product colour and flavour during the final stages of cooking where these enhancements are most effective," Heat and Control's James Padilla says.

"After listening to our customers and spending months on R&D testing, Heat and Control has developed a colour enhancement system that applies browning at the optimal point in the cooking process.

"Now our customers have the control to develop colour on both sides of products, while enjoying all the benefits of high-capacity, high-yield cooking in a limited floor space."

The fully modulating moisture control with natural gas or thermal fluid heating produce an optimal cooking environment. The PLC control with easily accessible process parameters for multiple products provides repeatable browning and cooking with fast changeovers.

## Feeling the heat

Elektron Technology (info@digitron.com) says the food industry will benefit from its latest range of Digitron hand-held digital thermometers.

Digitron has announced new additions to range including the rugged, water-resistant 1000 Series thermometers, which offer speed, accuracy and performance at an affordable price.

There is a choice of thermocouples: thermistors for core food temperature monitoring, T

type for mid-range (-250 to 400°), and K type (-200 to 600°) for the more extreme heat generated by industrial applications.

In busy kitchen environments, the FM range of thermometers offers a cost-effective means of establishing food temperatures.

The water-resistant FM40 food thermometer features a large liquid crystal display (LCD), a thermistor-based general purpose probe and a protective rubber boot. The pocket-sized FM12, with a needle tip that can be easily inserted into hard-to-reach areas, is suited to checking the core temperature of food.



## Spitting chips

**TNA** (02 9714 2300) has launched its FOODesign automated hot oil batch-pro 12 series of cookers and fryers for root vegetable chips.

The new batch fryer offers heat capacities ranging from 90 to 272kg per hour, offering an efficient way to cook root and other vegetable products such as potato, carrot, taro, beetroot and parsnip chips.

The FOODesign batch-pro 12 system allows batch-by-batch cooking of thicker potato slices for higher quality, crunchier chips, with precise temperature profiling systems and quick heat recovery capabilities enabling consistency in both flavour and colour on every batch, tna says.

The batch-pro12 series of cookers also incorporates an innovative continuous oil filtration system to help remove both fine and large particles. During cooking, potato slices take on 23 per cent of the oil, meaning 77 per cent remains after batch frying. The remaining oil is subsequently filtered out and blended with fresh oil to return levels to 100 per cent.

Alongside this continuous oil circulation system, full temperature control is also maintained through constant and zone control systems, offering ultimate heat regulation in the cooking and frying process.

"After 20 years of bringing innovative solutions to our customers in the USA, we have decided to launch our groundbreaking batch-pro 12 series of cookers and fryers internationally," FOODesign's sales manager, Neil Anderson, says.



# What's new this season

## Top this

Leading nut and dried fruit company JC's Quality Foods has launched two new snacks including a Yoghurt Topper antioxidant mix to take advantage of Australia's yoghurt boom.

This 40g pack is a mix of slivered almonds, sultanas, dried cranberries and blueberries. The pack can be easily torn and poured on to fresh yoghurt and breakfast cereal, or eaten direct from the pack as a handy snack. Joe Cannatelli, managing director of JC's Quality Foods, says there's nothing quite like it on the market.

"The product is so versatile that retailers can display it in various in-store locations such as the dairy cabinet, snack aisle, at the checkout, in the fresh fruit section, in the deli and even in the cooking aisle," Cannatelli says.

"We are confident the attractive packaging, health benefits and taste will ensure this product is a winner with users truly able to enjoy it guilt free."

The company has also launched a new Apple & Strawberry Fruit Pieces pack, which is a 100 per cent fruit-derived 'confectionery' snack comprising bite-sized jelly-like pieces with no added sugar or artificial colours, flavours, preservatives or sulphites.

Both have a recommended retail price of \$2.49.



## Naked and nothing to hide

Kez's Kitchen has launched a new line of dessert-inspired Choc Mud Bars under its 'Free & Naked' banner which, despite their indulgent facade, come with a four-star health rating.

The bars are made from five natural ingredients and contain no hidden nasties, according to the Melbourne bakery company.

Choc Mud Bars contain raw fruit, making them a source of fibre, and include no added sugar. They tick a lot of other boxes, according to Kez's: they are vegan, lactose free, egg free, gluten and wheat free, GMO free, sulphite free, cholesterol free, and low in sodium.

Choc Mud Bars are being sold in Coles at a recommended retail price of \$5.95



## Frozen new format

Diageo has added an innovative frozen offering to its flavoured pre-mixed vodka range in the lead up to summer.

The new Smirnoff Frozen Pouches range uses the classic Smirnoff 21 as a base and includes a range of sorbet flavours including lemon, raspberry, apple and mango.

The range comes in 250ml pouch serves, and will be sold in the non-refrigerated aisles of major liquor retailers.

"Simply pop them in the freezer for eight hours and then squeeze the drink into a glass when you're ready to serve," Smirnoff marketing manager Andrew Oughton says.

Diageo says it is expecting the product to drive incremental sales for the vodka category.

Each pouch contains 4.7% ABV or 0.9 standard drinks and retails for a recommended price of \$6 each or three for \$15.



## Seeking more Hanksters

Gourmet jams and preserves brand Hank's, which uses a traditional slow reduction method of cooking, is rolling out into IGAs nationwide.

The Hank's range of jams, chutneys, marmalades and condiments is based on sun-ripened fruits which are slowly and carefully cooked for four hours, according to its maker.

"We use the highest percentage of fruits possible with all natural ingredients combined with a unique traditional slow reduction cooking method retaining the full flavours and textures that our Hanksters (Hanks lovers) have grown to love and enjoy," Bernie Rorke, general manager of Hank's Jam, says.

The range spans classic flavours like Strawberry and Apricot as well as the more exotic Fig & Ginger and Pear & Vanilla.

Hank's Jam is also sold at Woolworths, David Jones, the Qantas Business Lounge, gourmet delicatessens and online for a recommended retail price of between \$7 and \$14.





## Sanitarium sows oats

Sanitarium has launched Oats2Go, a new liquid breakfast that is made predominantly from wholegrain oats.

The product has the same amount of protein, energy and fibre as a bowl of oats and skim milk, and is also low GI and low fat, according to Sanitarium.

Oats2Go, like others in the company's original liquid breakfast range, caters to those who are too busy to sit down to breakfast. According to Sanitarium, the average person now allocates less than 10 minutes for breakfast on a typical weekday, and a third spend five minutes or less.

"Sanitarium is committed to the health and wellbeing of all Australians, so we've developed Oats2Go with great-tasting wholegrain oats to ensure busy Aussies can still get a great start in the morning, and make the most out of every day," Daniel Derrick, general manager of marketing for Sanitarium Australia, says.

Michelle Reid, an accredited practising dietitian and nutritionist at Sanitarium, says wholegrains contain all three components of the grain.

"Sanitarium is currently the only brand to overcome the challenge of being able to deliver a source of wholegrains in a liquid breakfast," she says.

Oats2Go does not contain artificial colours or added preservatives, and is available in three flavours: Creamy Vanilla, Cocoa, and Banana & Honey.

It is being sold by all major retailers and a pack of three has a RRP of \$4.99.



## IXL lightens load

SPC Ardmona is rolling out a new IXL 'fruit spread' that looks like jam, tastes like jam, but contains 60 per cent less sugar than jam.

The IXL 'sweetened with stevia' range is made from Australian-grown fruit in four traditional flavours – strawberry, raspberry, apricot and marmalade.

Jelica Vrkic, business manager of nutritional health at SPC and a qualified dietitian, says stevia is a great way for brands such as IXL to reduce their sugar content.

"Stevia is one of the first all-natural, calorie-free sweetening ingredients that has been adopted for mainstream use," Vrkic says. "It contributes no calories to food, but is up to 400 times sweeter than sugar, so you just add a pinch and you have the same delicious sweetness that makes jam so popular."

In May, SPC Ardmona launched a Fruit and Chia fruit spread range under the Henry Jones & Co brand that contains 45 per cent less sugar than jam.

IXL's stevia sweetened range became available in Coles nationally from October, is in selected IGA, FoodWorks and Foodland stores from November, and will be in Woolworths from early 2015. The RRP is \$2.99 for a 210g jar.

## Crafting a new beer

The Australian Beer Company (ABCo), a joint venture between Coca-Cola Amatil and Casella Family Brands, is launching a new craft beer range.

ABCo was established last December to build, create and distribute craft and premium beer and cider brands. The range will be made at the company's new brewery at Yenda, near Griffith in the NSW Riverina area.

The new range is also named Yenda, and will include a pale ale, India pale ale, unfiltered lager and a mid-strength ale.

The range, which will launch in December, was previewed at Sydney Craft Beer Week in October, along with a limited edition brew called Stirling Castle. Created by the company's brew master Andy Mitchell and UK-based IBD International Young Brewer of the Year Rob Percival, Stirling Castle commemorates the arrival of the first English India pale ale in Australia in 1835.

"Stirling Castle, the collaborative brew between our brew master Andy Mitchell and Rob Percival, is just one of the exciting and innovative concepts you'll see from the Australian Beer Company in the coming months," ABCo general manager Derek O'Donnell says.

"It's our goal to produce some of Australia's best beers and ciders with our core range of superior craft brews, but we also plan to continue pushing the boundaries and exploring new brewing techniques and partnerships like we have with Stirling Castle."

O'Donnell says the Australian Beer Company will work with the best international and domestic brewing leaders who share their passion for innovation and the craft beer industry as a whole.





# Christmas cheer puts demand planning in the spotlight

Accommodating fluctuations in consumer demand is a make or break issue for breweries, but there are some tools to help, writes Infor Pacific's Jo-Anne Ruhl.

**MANAGING SPECIAL EVENTS** and peak seasons for alcohol consumption is a never-ending task for breweries. If there isn't a public holiday on the horizon, there will be a music festival coming up, or another one wrapping up.

Of all these special events, the summer festive season is undoubtedly the most important, and puts enormous pressure on supply chain managers to ensure products are available to match the increase in customer demand.

From Christmas Day to New Year's Eve, the holiday season is make or break time for breweries. Getting the right products to the right place at the right time is never more critical or expected than in the months leading up to the frenzied holiday rush. The ability to foresee, fulfil and exceed your customers' expectations through accurate forecasting and inventory planning is key to optimal supply chain performance.

Some breweries even develop special ranges of beer specifically for the summer season, such as Infor customer Lion, which in recent years have brought out its XXXX Summer Bright.

Breweries must gear up to optimise their supply chains and distribution networks to deliver high volumes of product in record time. Demand planning is a tool that allows breweries to sense the demand and respond, promoting advanced shelf life management and more intelligent baseline forecasting.

Without it, supply chain coordination problems can lead to frequent changes in production schedules, rushed transfers and shipments in distribution, excessive stock, erratic levels of customer service, lack of visibility into future demand, and inventory in the wrong place and at the wrong time.

For many companies, these problems are not new. In fact, their root cause typically revolves around a few basic issues: a lack of shared knowledge about the supply chain planning function, inadequate decision support systems, and unavailable or inconsistent data due to lack of integration to the core business system.

Therefore there is now a greater emphasis for breweries on improving the capabilities of supply chain forecasting tools to help improve their accuracy and agility.

Supply chain management (SCM) solutions are equipped with advancements in periodic item forecasting and intelligent baseline forecasting, which helps to greatly reduce the manual planning effort and smooth the impact of one-off events and sporadic demand. Periodic item forecasting provides a direct benefit to the user by factoring seasonal changes to decrease planning time and provide more precise statistical forecasts.

As a result of the successful implementation of demand planning solutions, breweries can manage the total demand and distribution process, reducing inventory obsolescence. Demand planning tools significantly improve forecast accuracies through the use of advanced statistical forecasting capabilities.

This means breweries gain the most accurate visibility of the demand, ensuring optimal order fulfilment. This accurate picture also allows breweries to ensure that the right inventory and inventory buffers are available when needed. Additionally, through the most accurate promotion planning, customers are getting the products for the prices promoted at the time.

There are six key features and functions of the latest demand planning solutions that breweries can take advantage of in the holiday season:

**1 Data series modelling:** demand planning enables user-defined data series modelling, allowing the user to designate the event or time series to be modelled. For breweries, this helps provide agile and more accurate forecasting to support timelier decision-making.

**2 Intelligent baseline forecasting:** SCM solutions provide a new facility for managing baseline forecasts to separate statistical and promotional activity. This allows for an automatic reversal of activity surrounding non-repeating

sales behaviour, which provides an essential component for consumer goods that are affected by promotional and one-off events.

**3 Periodic item forecasting:** demand planning uses statistical forecasting to estimate the areas where most sales are likely to occur. This creates a significant reduction in planning time and helps optimise predictions. This forecasting approach also helps organisations reduce obsolete stock, as periodic products are not replenished during the off-season.

**4 Promotion management:** users can easily define and manage weekly promotion calendars to include trade spend, promo profiles and cannibalisation profiles. This offers the best picture of promotion activity without requiring full trade planning optimisation.

**5 Demand sense and respond:** demand planning improves visibility of actual sales behaviour, which is aligned through daily, weekly and monthly to date forecasts. The demand sense and respond functionality identifies exceptions and issues an alert to the user when a violation is detected. This enables users to respond to changing market conditions with agility and improve service levels by quickly reacting to real-time demand signals.

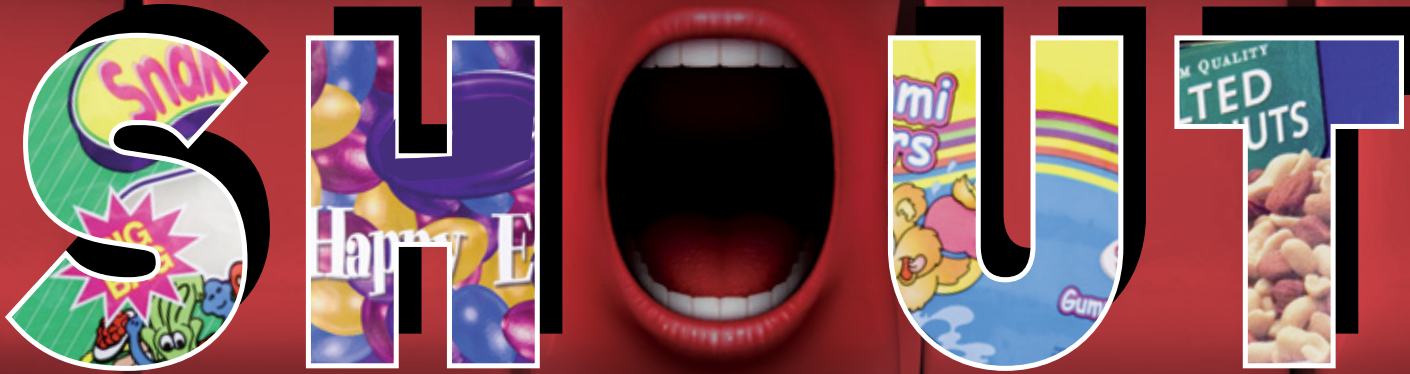
**6 Automated interpolation vectors:** SCM solutions automatically and perpetually learn the daily and/or weekly sales behaviour of a product, which the system then applies to forecast changes made at a monthly or weekly level to pro-rate the change to a weekly or daily level respectively.

## ABOUT THE AUTHOR

Jo-Anne Ruhl is the MD of Infor Pacific and is responsible for Infor's sales teams in Australia and New Zealand.



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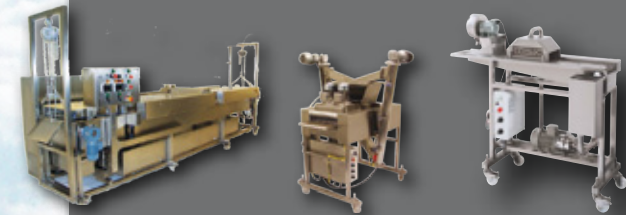
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