

Department of Agriculture and Rural Development

***SIZE AND PERFORMANCE
OF THE
NORTHERN IRELAND
FOOD AND DRINKS PROCESSING SECTOR
2001
SUBSECTOR STATISTICS***

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A National Statistics Publication

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***Prepared by:
Jenny Gilmour
Policy and Economics Division
DARD***



INVESTOR IN PEOPLE

FOREWORD

This report in the series “Size and Performance of the Northern Ireland Food and Drinks Processing Sector” presents information for the 2000 and 2001 calendar years. The first report covered the period 1989 to 1991, thus 13 years comparable data are now available. In each of the reports, estimates of the value of sales, value added, profitability, exports and employment are given for each of the 10 constituent subsectors of the Food and Drinks Processing Sector in Northern Ireland. These statistics are supplemented with 15 performance indicators for each subsector.

The main purpose of this report is to enable firms within the food and drinks processing sector to prepare strategies and undertake sector evaluations based on statistical evidence. As a by-product of this compilation of statistics a number of performance indicators for the subsectors is produced. This benchmarking data will assist businesses when assessing their competitiveness within their subsector.

A number of organisations provided assistance in the task of compiling the statistics for this report and their help and co-operation are gratefully acknowledged. They include Invest Northern Ireland, Statistics Research Branch of the Department of Enterprise, Trade and Investment, Companies Registry and the Northern Ireland Economic Research Centre. Without their assistance the report would be less comprehensive. Thanks are due also to Amanda Keenan and Jill Magee for their assistance with the processing of the data.

The report was prepared by Jenny Gilmour under the supervision of Hazel Quinn. Any comments on it should be forwarded to them.

S A McBURNEY
Deputy Chief Agricultural Economist
December 2003

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EXECUTIVE SUMMARY

- 1. The total gross turnover of the Northern Ireland food and drinks processing sector increased from £2,149 million in 2000 to £2,199 million in 2001.*
- 2. The increase in total gross turnover between 2000 and 2001 resulted mainly from increases in the values of sales in the drinks (+£16.6m), poultrymeat (+£14.0m) and pigmeat (+£10.8m) subsectors.*
- 3. Three of the subsectors, animal by-products, beef and sheepmeat and milk and milk products, had lower gross turnovers in 2001 than in 2000.*
- 4. Food and drinks processing activities generated a total value added of £436 million in 2001, a 4.2% increase over the 2000 level of £418 million.*
- 5. The drinks (£77.7m), poultrymeat (£75.8m) and beef and sheepmeat (£73.4m) subsectors generated more than half (52%) of the total value added in 2001.*
- 6. Every £1,000 worth of sales by the food and drinks processing sector resulted in £198 of added value in 2001 compared with £195 in 2000.*
- 7. Imported semi-processed food used by the food and drinks processing sector totalled £201 million in 2001.*
- 8. Inter-business sales of semi-processed food products among Northern Ireland food businesses totalled £102 million in 2001.*
- 9. The level of employment provided by the food and drinks processing sector was very similar in 2000 and 2001 at 18,875 and 18,835 full-time employee equivalents respectively.*
- 10. The milk and milk products subsector (-141 employees) recorded the greatest decline in employment, followed by the pigmeat (-61 employees) subsector. The largest increases in employment in 2001 took place in the bakeries (+133 employees) and the fruit and vegetables (+71 employees) subsectors.*
- 11. Sales of food and drinks products to external markets totalled £1,228 million in 2001, compared with £1,170 million in 2000, and represented 56% of total processing sector sales.*
- 12. Great Britain continued to be the main market outside Northern Ireland for the food and drinks processing sector with sales worth £776 million in 2001, accounting for 35% of total sales.*
- 13. Export sales of food and drinks products were worth £452 million in 2001, some £32 million higher than in 2000.*
- 14. The Republic of Ireland was the largest export market for the food and drinks processing sector in 2001 with sales worth £234 million, some £18 million higher than in 2000.*
- 15. Total profits before taxation increased from £60 million in 2000 to £65 million in 2001, equating to profit margins of 2.8% in 2000 and 2.9% in 2001.*

- 16. Total capital employed in the food and drinks processing sector was estimated at £808 million in 2001, which was £15 million lower than in 2000. The rate of return on capital employed averaged 9.8% in 2001 compared with 9.3% in 2000.*
- 17. The 10 largest businesses in the food and drinks processing sector in Northern Ireland accounted for 40% of total gross turnover, 40% of value added, and 35% of total employment in the sector in 2001.*
- 18. The food and drinks processing sector accounted for 21% of Northern Ireland's total manufacturing sales in 2001, 1 percentage point higher than in 2000.*
- 19. External sales of the food and drinks processing sector were 17% of Northern Ireland's total manufacturing external sales in 2001, 3 percentage points than in 2000.*
- 20. In 2001, the food and drinks processing sector sales into export markets were 11% of Northern Ireland's total manufacturing export sales, 2 percentage points higher than in 2000.*

I. INTRODUCTION

This booklet contains data estimates for the size and performance of the Northern Ireland Food and Drinks Processing Sector in 2001 with some comparative data for 2000. A number of data sources are used but the estimates are mainly based on information contained in the annual accounts of businesses in Northern Ireland with an annual turnover in excess of £250,000. This minimum business turnover threshold is used mainly because of the difficulty in accessing detailed accounting information for small businesses. Their omission from the study is estimated to have a maximum impact of £50 million on total gross turnover of the sector.

The main measures of size used in the analyses are gross turnover, value added and employment. External and export sales provide good indicators of the dependence of the sector on markets outside Northern Ireland and its export revenue earnings. Performance is expressed in 15 different ways and includes parameters such as profitability, expressed as a percentage of annual turnover, and rate of return on capital employed. These measures of size and indicators of performance are presented for each of the 10 food and drinks subsectors and for the whole processing sector.

A number of different definitions are available to describe what food and drinks processing encompasses. The definition used for this compilation of statistics only includes those businesses that are involved in processing activities, which change the nature of a raw material destined for human consumption. Thus, under this definition, businesses involved in animal feedingstuffs manufacture, pet food production, rendering, and hide and skin processing are not considered to be part of the food and drinks processing sector. This differs from the standard industrial classification definitions, which are used to compile Government's statistics on the manufacturing sector. It is considered that the definition adopted for the report provides a more useful and practical description of the food and drinks processing sector. Definitions for each of the 10 subsectors are given in the Annex B. In total, information for 287 businesses was used in the 2001 analyses. Each of these businesses was allocated, depending on the main product processed, into one of the 10 food and drinks subsectors.

Some revisions have been made to the 2000 data published in last year's report as a result of better information now available for a small number of businesses. The finalised data for 2000 for the key data are given below along with the original estimates. They show marginal differences between the two estimates.

	Original Estimate	Revised Estimate
Total Gross Turnover (£m)	2,146	2,149
Total Value Added (£m)	423	418
Total Exports (£m)	364	420
Total Employment	18,830	18,875

The layout of this report is very similar to last year with the results published in tables and summaries of the main points accompanying each table.

Total gross turnover

The total gross turnover of the sector increased by 2.3% between 2000 and 2001. The increase resulted from higher gross turnovers in 7 of the 10 subsectors which comprise the sector.

The largest increases occurred in the drinks (+£16.6 million), poultrymeat (+£14.0 million) and pigmeat (+£10.8 million) subsectors. The largest decline occurred in the beef and sheepmeat (-£1.7 million) subsector, followed by the milk and milk products subsector(-£0.7 million). The performances of the two largest subsectors (milk/milk products and beef/sheepmeat), which contributed 45.9% of the sectors total gross turnover, continue to have a considerable impact on the whole sector.

Total value added

This is the best overall measure of the importance of the sector and of its contribution to the Northern Ireland economy. Between 2000 and 2001 the total value added increased by 4.2% from £418 million to £436 million. Furthermore, the value added per £1,000 sales increased from £195 in 2000 to £198 in 2001. When the components of value added in 2000 and 2001 are compared, the main difference is in wages and salaries, which increased from £280 million to £292 million. The depreciation charge and the level of profits also increased, but there was a small decrease in the amount of interest paid.

Total external sales / exports

The value of total external sales, i.e. those sales to destinations outside Northern Ireland, increased from £1,170 million in 2000 to £1,228 million in 2001. Furthermore, exports, i.e. sales to destinations outside the UK, increased from £420 million in 2000 to £452 million in 2001, an 8% increase, despite the strength of sterling. The continued restrictions imposed on the selling of beef outside the UK are clear; in the beef and sheepmeat subsector sales totalled £36 million for sheepmeat compared with pre-BSE sales levels in exports markets for beef and sheepmeat in 1995 of £161 million. Milk and milk products was the main export subsector with sales of £183 million in 2001 followed by drinks and poultrymeat, with sales of £88 million and £37 million respectively. The Republic of Ireland (ROI) was the main export market for the sector accounting for sales of £234 million. Sales of drinks, milk and milk products and poultrymeat accounted for 64% of the total sales to this destination.

Employment

The overall levels of employment in the food and drinks processing sector were very similar in 2000 and 2001 at 18,875 and 18,835 full-time equivalents respectively. The milk and milk products (-141 employees) subsector recorded the greatest decline followed by pigmeat (-61 employees) and poultrymeat (-40 employees). The largest increases in employment between the two years took place in the bakeries (+133 employees) and fruit and vegetables (+ 71 employees) subsectors. These changes resulted in a decrease of 40 employees between 2000 and 2001. Poultrymeat continued to be the largest employer of the 10 subsectors with 4,166 employees in 2001. The three largest employee subsectors, poultrymeat (4,166), bakeries (3,464) and beef and sheepmeat (2,772) accounted for just over half (55%) of the total number of employees in the food and drinks processing sector.

Importance of the food and drinks processing sector in 2001

The gross turnover of the food and drinks processing sector represented 21% of Northern Ireland's total manufacturing sales. External and export sales of the food and drinks sector represented 17% and 11% respectively of the totals for the manufacturing sector. Overall, the food and drinks processing sector contributed approximately 2.3% of total Northern Ireland Gross Value Added. In terms of employment there were 18,835 full-time employee equivalents employed in food and drinks businesses with annual turnovers in excess of £250,000 and there were estimated to be a further 500 employees in the smaller businesses. This equates to 19% of the total employees in the whole manufacturing sector in Northern Ireland.

Level of profitability

The long term sustainability of the food and drinks processing sector depends on its attainment of an adequate level of profitability. As shown in Table 10b the levels of profitability differ among subsectors. The average profitability of the food and drinks sector increased from 2.8% in 2000 to 2.9% in 2001. The level of profits is of foremost importance, not only to the processing business, but also the suppliers of raw materials and retailers as each depend on the others for survival. All of the 10 subsectors generated profits in 2001 whereas in 2000 two subsectors failed to generate a profit. For pigmeat this is the third year that the subsector has recorded a profit and follows 5 years of losses.

Ranges in performance within subsectors

Considerable ranges in performance existed within subsectors in 2001 and these are presented in tables 11 to 17. These show that some firms are doing well while others are not. The data provide the starting point for businesses to assess their own situation and to determine where improvements could be introduced. Except for the drinks subsector, there were businesses in each of the subsectors which failed to generate profits. The businesses that generated a profit may well throw some light on where changes need to be introduced in the poorer performing businesses.

Alternative food and drinks processing sector definitions

Throughout this report the 'total sector' estimates refer to the totals of the 10 food and drinks subsectors. This results in a total sector value of gross turnover of £2,199 million in 2001. On occasions this aggregation of subsectors may not be appropriate. For instance when data are required for the food sector only it may be appropriate to exclude the figure for the drinks subsector. This would result in a gross turnover value of £1,884 million in 2001. Often an estimate is required for the value of that part of the food processing sector which is based on farm produce. In this circumstance, the drinks, fish and bakeries data plus the estimate of imported semi-processed raw materials might be excluded and would result in a gross turnover value of £1,451 million in 2001. It is hoped that the way in which the data are presented will enable readers to use them to suit their particular purposes.

II. SIZE & MARKETING DESTINATIONS OF THE NORTHERN IRELAND FOOD AND DRINKS PROCESSING SECTOR

Table 1 Gross turnover, by subsector, 2000 and 2001

	Gross turnover (£ million)		% change 00/01
	2000	2001	
<i>Animal By-Products</i>	23.6	23.2	-2.0
<i>Bakeries</i>	144.5	149.9	3.8
<i>Beef and Sheepmeat</i>	489.6	487.8	-0.4
<i>Drinks</i>	298.8	315.4	5.5
<i>Eggs</i>	33.5	35.2	4.8
<i>Fish</i>	78.3	82.7	5.6
<i>Fruit and Vegetables</i>	126.9	127.2	0.2
<i>Milk and Milk Products</i>	522.6	521.9	-0.1
<i>Pigmeat</i>	147.8	158.6	7.3
<i>Poultrymeat</i>	283.6	297.5	4.9
Total Sector	2,149.3	2,199.5	2.3

- * The total gross turnover of the Northern Ireland food and drinks processing sector was almost £2.2 billion in 2001.
- * Between 2000 and 2001 turnover increased by 2.3% in current money terms and by 0.6% when inflation is taken into account.
- * The two largest subsectors, milk and milk products and beef and sheepmeat, jointly accounted for 45.9% of the total gross turnover of the processing sector in 2001; some 1.2 percentage points lower than 2000.
- * The largest increases in sales occurred in the drinks (+£16.6m), poultrymeat (+£14.0m) and pigmeat (+£10.8m) subsectors.
- * Three of the subsectors; animal by-products (-£0.5m), beef and sheepmeat (-£1.7m) and milk and milk products (-£0.7m) had lower gross turnovers in 2001 than in 2000.

Table 2a *Distribution of subsector processing businesses by annual turnover, 2000*

	<i>Turnover (£ million)</i>				<i>Total</i>
	<i>0.25 - 0.99</i>	<i>1.0 - 9.99</i>	<i>10.0 - 49.99</i>	<i>50 & over</i>	
<i>Animal By-Products</i>	5	5	0	0	10
<i>Bakeries</i>	32	21	5	0	58
<i>Beef and Sheepmeat</i>	20	19	8	2	49
<i>Drinks</i>	3	6	4	2	15
<i>Eggs</i>	8	11	0	0	19
<i>Fish</i>	14	21	1	0	36
<i>Fruit and Vegetables</i>	17	27	3	0	47
<i>Milk and Milk Products</i>	2	9	8	5	24
<i>Pigmeat</i>	1	16	2	1	20
<i>Poultrymeat</i>	2	6	2	2	12
Total Sector	104	141	33	12	290

Table 2b *Distribution of subsector processing businesses by annual turnover, 2001*

	<i>Turnover (£ million)</i>				<i>Total</i>
	<i>0.25 - 0.99</i>	<i>1.0 - 9.99</i>	<i>10.0 - 49.99</i>	<i>50 & over</i>	
<i>Animal By-Products</i>	5	5	0	0	10
<i>Bakeries</i>	31	22	5	0	58
<i>Beef and Sheepmeat</i>	21	19	6	3	49
<i>Drinks</i>	3	6	4	2	15
<i>Eggs</i>	4	11	0	0	15
<i>Fish</i>	12	23	1	0	36
<i>Fruit and Vegetables</i>	21	25	4	0	50
<i>Milk and Milk Products</i>	2	9	8	4	23
<i>Pigmeat</i>	0	16	3	1	20
<i>Poultrymeat</i>	2	4	3	2	11
Total Sector	101	140	34	12	287

* The food and drinks processing sector had 287 businesses with annual turnovers of more than £250,000 in 2001, three less than in 2000.

* In 2001 there were 46 food and drinks processing businesses in Northern Ireland with annual turnovers of more than £10 million compared with 45 businesses in 2000.

* The 12 businesses in 2001 with a turnover in excess of £50 million accounted for 45% of the total turnover of the food and drinks processing sector.

Table 3 Value added, by subsector, 2000 and 2001

	<i>Value added (£ million)</i>		<i>% change 00/01</i>
	<i>2000</i>	<i>2001</i>	
<i>Animal By-Products</i>	6.7	7.2	6.8
<i>Bakeries</i>	54.3	55.7	2.4
<i>Beef and Sheepmeat</i>	69.7	73.4	5.3
<i>Drinks</i>	76.2	77.7	2.0
<i>Eggs</i>	4.0	5.7	42.2
<i>Fish</i>	16.2	18.5	14.5
<i>Fruit and Vegetables</i>	28.3	29.5	4.0
<i>Milk and Milk Products</i>	65.8	64.4	-2.1
<i>Pigmeat</i>	27.6	28.1	1.9
<i>Poultrymeat</i>	69.5	75.8	9.0
<i>Total Sector</i>	418.3	435.9	4.2

- * *Value added is a key indicator of the contribution made by a subsector or sector to the economy.*
- * *Food and drinks processing activities created a total value added of £436 million in 2001, some 4.2% higher than in 2000.*
- * *In 2000 and 2001, the total value added generated by the food and drinks processing sector was approximately 2.3% of the Northern Ireland total.*
- * *Value added for the food and drinks processing sector represented 19.8% of total gross turnover in 2001 compared with 19.5% in 2000.*
- * *Milk and milk products was the only subsector which generated a lower value added in 2001 than in 2000.*
- * *Three subsectors, drinks (£77.7m), poultrymeat (£75.8m) and beef and sheepmeat (£73.4m) generated more than half (52%) of the total value added in 2001.*

Table 4a Components of value added for each subsector, 2000

	<i>Value added (£ million)</i>				
	<i>Wages & salaries</i>	<i>Depreciation charge</i>	<i>Net profit</i>	<i>Interest paid</i>	<i>Value added</i>
<i>Animal By-Products</i>	4.33	1.39	0.92	0.09	6.74
<i>Bakeries</i>	44.87	6.27	1.89	1.30	54.33
<i>Beef and Sheepmeat</i>	42.14	9.49	15.89	2.16	69.67
<i>Drinks</i>	33.45	10.03	28.59	4.11	76.17
<i>Eggs</i>	2.58	1.11	-0.04	0.33	3.98
<i>Fish</i>	9.85	2.65	3.26	0.41	16.16
<i>Fruit and Vegetables</i>	18.32	4.62	4.20	1.19	28.33
<i>Milk and Milk Products</i>	46.79	11.15	4.36	3.54	65.83
<i>Pigmeat</i>	20.21	4.01	2.47	0.92	27.61
<i>Poultrymeat</i>	57.76	11.01	-1.30	2.06	69.52
Total Sector	280.28	61.72	60.25	16.09	418.34

Table 4b Components of value added for each subsector, 2001

	<i>Value added (£ million)</i>				
	<i>Wages & salaries</i>	<i>Depreciation charge</i>	<i>Net profit</i>	<i>Interest paid</i>	<i>Value added</i>
<i>Animal By-Products</i>	4.26	1.21	1.64	0.10	7.20
<i>Bakeries</i>	46.57	6.23	1.41	1.46	55.66
<i>Beef and Sheepmeat</i>	43.37	10.54	17.23	2.22	73.36
<i>Drinks</i>	36.77	11.01	26.87	3.05	77.70
<i>Eggs</i>	2.69	1.03	1.62	0.33	5.66
<i>Fish</i>	11.82	2.44	3.79	0.46	18.51
<i>Fruit and Vegetables</i>	20.90	4.96	2.56	1.06	29.47
<i>Milk and Milk Products</i>	46.06	11.76	3.84	2.79	64.45
<i>Pigmeat</i>	19.53	4.19	3.66	0.75	28.13
<i>Poultrymeat</i>	60.42	11.30	1.97	2.07	75.76
Total Sector	292.39	64.65	64.59	14.26	435.89

- * The amount of interest paid was the only component of value added to decline between 2000 and 2001.
- * The net profit of the food and drinks processing sector increased by 7% from £60 million in 2000 to £65 million in 2001 and represented 15% of value added in 2001.
- * Wages and salaries accounted for approximately two thirds (67%) of the total value added in 2000 and 2001.
- * The total wages and salaries bill for the food and drinks processing sector increased from £280 million in 2000 to £292 million in 2001. This equates to an average full time employee equivalent cost of £15,524 in 2001, compared with £14,849 in 2000.

Table 5 Full-time employee equivalents, by subsector, 2000 and 2001

	Employees (Full-time equivalents)		% change 00/01
	2000	2001	
<i>Animal By-Products</i>	264	269	1.9
<i>Bakeries</i>	3,331	3,464	4.0
<i>Beef and Sheepmeat</i>	2,803	2,772	-1.1
<i>Drinks</i>	1,763	1,790	1.6
<i>Eggs</i>	192	187	-2.9
<i>Fish</i>	992	995	0.3
<i>Fruit and Vegetables</i>	1,433	1,504	4.9
<i>Milk and Milk Products</i>	2,383	2,242	-5.9
<i>Pigmeat</i>	1,510	1,449	-4.0
<i>Poultrymeat</i>	4,205	4,166	-0.9
Total Sector	18,875	18,835	-0.2

- * The total number of employees in the food and drinks processing sector decreased by 40 full time equivalents from 18,875 in 2000 to 18,835 in 2001.
- * The milk and milk products subsector (-141 employees) recorded the greatest decline in employment.
- * The largest increases in employment in 2001 took place in the bakeries (+133 employees) and the fruit and vegetables (+71 employees) subsectors.
- * The poultrymeat subsector was the largest employer of the 10 subsectors with 4,166 employees, and eggs was the smallest with 187 employees in 2001.
- * Three subsectors, poultrymeat, bakeries and beef and sheepmeat employed over half (55%) of the total employees in the sector.

Table 6 Total sales by country of destination, 2000 and 2001

	<i>Sales (£ million and % of total sales)</i>			
	2000	%	2001	%
<i>Northern Ireland</i>	979.0	46	971.1	44
<i>Great Britain</i>	750.4	35	776.2	35
<i>Republic of Ireland</i>	215.6	10	233.5	11
<i>Other EU</i>	152.1	7	165.8	8
<i>Rest of World</i>	52.0	2	52.8	2
<i>Intervention</i>	0.2	0	0.1	0
Total Sales	2,149.3	100	2,199.5	100
<i>External Sales</i>	1,170.3	54	1,228.4	56
<i>Export Sales</i>	419.7	20	452.2	21

- * Sales of food and drinks products to external markets totalled £1,228 million in 2001, compared with £1,170 million in 2000, and represented 56% of total processing sector sales.
- * Great Britain was the major market outside Northern Ireland for the food and drinks processing sector with sales worth £776 million in 2001.
- * Export sales were worth £452 million, some £32 million higher than in 2000.
- * The Republic of Ireland was the largest export market for food and drinks products in 2001 with sales worth £234 million; almost £18 million higher than in 2000.
- * Sales to other European Union countries increased by almost £14 million to £166 million in 2001.
- * Sales into intervention were negligible in both 2000 and 2001.

Table 7a Destinations and values of subsector sales, 2000

	<i>NI</i> ¹	<i>GB</i> ²	<i>ROI</i> ³	<i>Other</i> ⁴ <i>EU</i>	<i>(£ million)</i> <i>ROW</i> ⁵		<i>Total</i> <i>Sales</i>	<i>External</i> ⁶ <i>Sales</i>	<i>Export</i> ⁷ <i>Sales</i>
<i>Animal By-Products</i>	4.1	16.2	1.3	1.8	0.2	0.0	23.6	19.5	3.3
<i>Bakeries</i>	108.1	12.4	23.5	0.3	0.2	0.0	144.5	36.4	24.0
<i>Beef and Sheepmeat</i>	239.9	217.5	11.2	19.8	1.1	0.0	489.6	249.6	32.1
<i>Drinks</i>	204.1	17.7	56.3	5.9	14.9	0.0	298.8	94.7	77.0
<i>Eggs</i>	7.8	21.9	3.8	0.0	0.0	0.0	33.5	25.7	3.8
<i>Fish</i>	17.7	32.8	5.1	21.6	1.2	0.0	78.3	60.7	27.9
<i>Fruit and Vegetables</i>	52.1	55.4	18.1	0.9	0.4	0.0	126.9	74.9	19.4
<i>Milk and Milk Products</i>	187.0	163.6	47.7	90.2	33.9	0.2	522.6	335.6	171.8
<i>Pigmeat</i>	69.8	55.4	18.2	4.3	0.0	0.0	147.8	78.0	22.6
<i>Poultrymeat</i>	88.3	157.5	30.5	7.3	0.0	0.0	283.6	195.3	37.8

Table 7b Destinations and values of subsector sales, 2001

	<i>NI</i> ¹	<i>GB</i> ²	<i>ROI</i> ³	<i>Other</i> ⁴ <i>EU</i>	<i>(£ million)</i> <i>ROW</i> ⁵		<i>Total</i> <i>Sales</i>	<i>External</i> ⁶ <i>Sales</i>	<i>Export</i> ⁷ <i>Sales</i>
<i>Animal By-Products</i>	3.9	16.2	1.9	1.0	0.2	0.0	23.2	19.3	3.1
<i>Bakeries</i>	112.8	13.1	23.3	0.5	0.2	0.0	149.9	37.2	24.0
<i>Beef and Sheepmeat</i>	208.5	243.2	8.9	26.7	0.6	0.0	487.8	279.3	36.1
<i>Drinks</i>	209.3	17.8	65.5	5.6	17.2	0.0	315.4	106.1	88.4
<i>Eggs</i>	8.3	22.9	4.0	0.0	0.0	0.0	35.2	26.9	4.0
<i>Fish</i>	18.6	33.4	6.3	23.7	0.8	0.0	82.7	64.1	30.7
<i>Fruit and Vegetables</i>	60.3	45.9	19.9	0.7	0.5	0.0	127.2	67.0	21.1
<i>Milk and Milk Products</i>	182.8	155.5	52.4	97.8	33.2	0.1	521.9	339.0	183.4
<i>Pigmeat</i>	81.8	52.2	20.4	4.2	0.1	0.0	158.6	76.8	24.6
<i>Poultrymeat</i>	84.9	175.9	31.1	5.6	0.1	0.0	297.5	212.7	36.8

1. Northern Ireland 2. Great Britain 3. Republic of Ireland 4. Other European Union
5. Rest of World 6. Sales outside NI 7. Sales outside UK

- * All 10 of the subsectors depend on market outlets in Great Britain. As a proportion of sales, the drinks subsector was the least dependent (6% of total sales), whereas the animal by-products subsector was the most dependent subsector, (70% of total sales).
- * All 10 of the subsectors had export sales in 2001. They ranged from £3.1 million (animal by-products) to £183.4 million (milk and milk products).
- * The bakeries, drinks and pigmeat subsectors relied heavily on the Northern Ireland market which accounted for 75%, 66% and 52% of their sales respectively. All other subsectors had less than 50% of their sales to market outlets in Northern Ireland.
- * Sales to the Republic of Ireland represented between 2% and 21% of total sales for each of the 10 subsectors. The drinks subsector had the highest dependence on the ROI market and beef and sheepmeat the lowest.

*

Table 8 Capital Employed, by subsector, 2000 and 2001

	<i>Capital employed (£ million)</i>	
	2000	2001
<i>Animal By-Products</i>	9.7	10.0
<i>Bakeries</i>	51.5	58.2
<i>Beef and Sheepmeat</i>	126.0	126.1
<i>Drinks</i>	216.2	212.2
<i>Eggs</i>	9.5	9.5
<i>Fish</i>	26.9	28.2
<i>Fruit and Vegetables</i>	48.7	55.3
<i>Milk and Milk Products</i>	212.3	183.0
<i>Pigmeat</i>	48.6	52.6
<i>Poultrymeat</i>	73.3	73.3
Total Sector	822.8	808.4

- * *The total amount of capital employed in the food and drinks processing sector decreased from £822.8 million in 2000 to £808.4 million in 2001.*
- * *Almost half (49%) of the capital employed in the food and drinks processing sector is tied up in two subsectors, namely drinks and milk and milk products.*
- * *The subsectors that had the largest increases in capital employed between 2000 and 2001 were fruit and vegetables (+£6.7m) and bakeries (+£6.6m).*
- * *Two of the ten subsectors, milk and milk products (-£29.3m) and drinks (-£4.0m), recorded decreases in the total capital employed between 2000 and 2001.*
- * *The rate of return on capital employed averaged 9.3% in 2000 and 9.8% in 2001.*
- * *The drinks subsector (£118,551 capital per employee) was the most capital intensive of the 10 subsectors and bakeries (£16,802) was the least capital intensive subsector in both 2000 and 2001.*
- * *The poultrymeat subsector (£246) had the lowest capital employed per £1,000 of sales and drinks (£673) the highest in 2001.*

Table 9 The 10 companies which made the largest contribution in order of importance in 2001 were:-

Gross Turnover	Value Added	Employment
<i>Moy Park Ltd.</i>	<i>Moy Park Ltd.</i>	<i>Moy Park Ltd.</i>
<i>Dungannon Meats</i>	<i>Dungannon Meats</i>	<i>Dungannon Meats</i>
<i>Coca-Cola Bottlers (Ulster) Ltd.</i>	<i>Coca-Cola Bottlers (Ulster) Ltd.</i>	<i>O'Kane Poultry Ltd.</i>
<i>Foyle Food Group</i>	<i>Bass Ireland Ltd.</i>	<i>Coca-Cola Bottlers (Ulster) Ltd.</i>
<i>Dromona Quality Foods Ltd.</i>	<i>Irish Bonding Co Ltd.</i>	<i>A H Foods Ltd.</i>
<i>Leckpatrick Dairies Ltd.</i>	<i>Foyle Food Group</i>	<i>Foyle Food Group</i>
<i>Dairy Produce Packers Ltd.</i>	<i>Dairy Produce Packers Ltd.</i>	<i>W D Irwin & Sons Ltd.</i>
<i>Linden Foods Ltd.</i>	<i>Old Bushmills Distillery Company Ltd.</i>	<i>Henry Denny & Sons Ltd.</i>
<i>Irish Bonding Co Ltd.</i>	<i>Pritchitt Foods Ltd.</i>	<i>Farm Fed Chickens Ltd.</i>
<i>O'Kane Poultry Ltd.</i>	<i>Linden Foods Ltd.</i>	<i>Bass Ireland Ltd.</i>

N.B – Some multi-national companies do not produce consolidated accounts for their Northern Ireland operations, even though they have more than one subsidiary in Northern Ireland. This may have excluded them from being listed as one of the 10 largest companies.

- * *The 10 largest businesses within the food and drinks processing sector in Northern Ireland accounted for 40% of total gross turnover, 40% of value added, and 35% of total employment in the sector in 2001.*
- * *The 10 largest food and drinks processing sector businesses had higher average levels of sales and value added per employee than the 277 smaller businesses.*
- * *The 277 smaller businesses had a higher average proportion of sales represented by value added than the 10 largest businesses.*
- * *Moy Park Ltd. was the largest food processing company in terms of gross turnover, added value and employment.*
- * *There were 2 changes between 2000 and 2001 in the 10 largest companies determined by the annual gross turnover (Foyle Food Group and Dairy Produce Packers Ltd. replaced Armaghdown Creameries Ltd. and Pritchitt Foods Ltd.).*
- * *The 10 largest companies in terms of employment includes 3 poultrymeat, 2 bakeries, 2 drinks, 1 pigmeat and 2 beef and sheepmeat. Bakeries companies are not represented in the 10 largest companies by gross turnover. There are, however, 2 bakeries companies in the 10 largest firms by employment. This arises because bakeries companies have a low level of sales per employee.*
- * *Five of the ten largest gross turnover food and drinks processing companies were under local ownership.*
- * *As a consequence of recent changes in ownership of some companies, particularly in the milk and milk products subsector, it is most likely that this will be reflected in some new companies featuring in the 10 largest companies analysis for 2002 and 2003.*

III. FOOD AND DRINKS SECTOR PERFORMANCE INDICATORS

Table 10a *Average performance indicators for the 10 food and drinks processing subsectors, 2000*

	<i>Animal By - Products</i>	<i>Bakeries</i>	<i>Beef & Sheep- Meat</i>	<i>Drinks</i>	<i>Eggs</i>	<i>Fish</i>	<i>Fruit & Veg.</i>	<i>Milk & Milk Products</i>	<i>Pig- meat</i>	<i>Poultry -meat</i>	<i>Ave.</i>
<i>Sales per employee (£)</i>	89,572	43,371	174,656	169,542	174,729	78,954	88,588	219,357	97,893	67,433	113,870
<i>Value added per employee (£)</i>	25,523	16,311	24,854	43,219	20,745	16,289	19,766	27,631	18,282	16,533	22,164
<i>Total capital per employee (£)</i>	36,860	15,474	44,947	122,685	49,448	27,077	33,964	89,112	32,192	17,440	43,591
<i>Ave. wage cost per employee (£)</i>	16,402	13,470	15,032	18,978	13,453	9,924	12,782	19,639	13,381	13,736	14,849
<i>Gross profit as % of sales (%)</i>	21.84	30.83	11.60	27.61	16.12	19.80	22.13	15.77	17.94	20.49	18.85
<i>Net profit as % of sales (%)</i>	3.90	1.31	3.25	9.57	-0.12	4.16	3.31	0.83	1.67	-0.46	2.80
<i>Value added as % of sales (%)</i>	28.49	37.61	14.23	25.49	11.87	20.63	22.31	12.60	18.68	24.52	19.46
<i>Wages & salaries as % of sales (%)</i>	18.31	31.06	8.61	11.19	7.70	12.57	14.43	8.95	13.67	20.37	13.04
<i>Interest costs as % of sales (%)</i>	0.39	0.90	0.44	1.37	0.99	0.52	0.94	0.68	0.62	0.72	0.75
<i>Sales per £1,000 wages (£)</i>	5,461	3,220	11,619	8,934	12,988	7,956	6,931	11,170	7,316	4,909	7,668
<i>Value added per £1,000 wages (£)</i>	1,556	1,211	1,653	2,277	1,542	1,641	1,546	1,407	1,366	1,204	1,493
<i>Interest costs as % of gross profit</i>	1.78	2.92	3.80	4.98	6.12	2.62	4.23	4.29	3.47	3.54	3.97
<i>Interest costs as % of net profit¹</i>	9.98	68.82	13.57	14.36	n.a	12.50	28.28	81.12	37.30	n.a	26.71
<i>Rate of return on capital employed (%)</i>	10.42	6.19	14.32	15.12	3.07	13.64	11.08	3.72	6.97	1.03	9.28
<i>Capital employed per £1,000 of sales (£)</i>	412	357	257	724	283	343	383	406	329	259	383

¹N.a. – not appropriate because of either a trading loss or small profit relative to interest paid.

Table 10b Average performance indicators for the 10 food and drinks processing subsectors, 2001

	<i>Animal By - Products</i>	<i>Bakeries</i>	<i>Beef & Sheep- meat</i>	<i>Drinks</i>	<i>Eggs</i>	<i>Fish</i>	<i>Fruit & Veg.</i>	<i>Milk & Milk Products</i>	<i>Pig- meat</i>	<i>Poultry -meat</i>	<i>Ave.</i>
<i>Sales per employee (£)</i>	86,190	43,292	175,991	176,164	188,568	83,180	84,624	232,824	109,454	71,432	116,776
<i>Value added per employee (£)</i>	26,747	16,071	26,463	43,402	30,370	18,609	19,599	28,753	19,413	18,187	23,142
<i>Total capital per employee (£)</i>	37,063	16,802	45,487	118,551	50,772	28,372	36,810	81,648	36,283	17,592	42,919
<i>Ave. wage cost per employee (£)</i>	15,829	13,445	15,647	20,537	14,408	11,889	13,898	20,551	13,479	14,506	15,524
<i>Gross profit as % of sales (%)</i>	25.75	29.79	12.00	28.13	14.42	24.23	22.73	13.10	18.95	19.02	18.50
<i>Net profit as % of sales (%)</i>	7.06	0.94	3.53	8.52	4.61	4.58	2.01	0.74	2.31	0.66	2.94
<i>Value added as % of sales (%)</i>	31.03	37.12	15.04	24.64	16.11	22.37	23.16	12.35	17.74	25.46	19.82
<i>Wages & salaries as % of sales (%)</i>	18.37	31.06	8.89	11.66	7.64	14.29	16.42	8.83	12.31	20.31	13.29
<i>Interest costs as % of sales (%)</i>	0.41	0.97	0.45	0.97	0.93	0.55	0.83	0.53	0.47	0.69	0.65
<i>Sales per £1,000 wages (£)</i>	5,445	3,220	11,248	8,578	13,088	6,996	6,089	11,329	8,120	4,924	7,522
<i>Value added per £1,000 wages (£)</i>	1,690	1,195	1,691	2,113	2,108	1,565	1,410	1,399	1,440	1,254	1,491
<i>Interest costs as % of gross profit</i>	1.59	3.26	3.78	3.43	6.45	2.28	3.66	4.07	2.50	3.65	3.50
<i>Interest costs as % of net profit¹</i>	5.81	n.a	12.86	11.33	20.16	12.09	41.40	72.63	20.54	n.a	22.07
<i>Rate of return on capital employed (%)</i>	17.36	4.92	15.42	14.10	20.58	15.05	6.54	3.62	8.38	5.51	9.75
<i>Capital employed per £1,000 of sales (£)</i>	430	388	258	673	269	341	435	351	331	246	368

Table 11 Sales per employee, by subsector, 2001

	<i>Sales (£ per employee)</i>		
	<i>Minimum</i>	<i>Maximum</i>	<i>Average</i>
<i>Animal By-Products</i>	52,463	138,833	86,190
<i>Bakeries</i>	13,043	269,457	43,292
<i>Beef and Sheepmeat</i>	32,500	314,562	175,991
<i>Drinks</i>	30,303	266,171	176,164
<i>Eggs</i>	104,188	215,875	188,568
<i>Fish</i>	39,158	313,333	83,180
<i>Fruit and Vegetables</i>	21,600	387,200	84,624
<i>Milk and Milk Products</i>	29,200	360,870	232,824
<i>Pigmeat</i>	52,558	260,067	109,454
<i>Poultrymeat</i>	36,957	119,184	71,432
<i>Total Sector</i>	13,043	387,200	116,776

* The average level of sales per employee in the food and drinks processing sector increased from £113,870 in 2000 to £116,776 in 2001.

* Businesses within the milk and milk products subsector had the highest average level of sales per employee of the 10 subsectors, at £232,824 in 2001.

* The lowest average sales per employee was recorded for the bakeries subsector, at £43,292.

* Businesses in the bakeries subsector exhibited the widest range in sales per employee with the maximum greater than the minimum by a factor of 21.

* All of the other subsectors had a difference between the maximum and minimum sales per employee within an 18:1 ratio.

* Subsectors with high, medium and low sales per employee (£)

High
(>£150,000)

Medium
(£90,000 to £150,000)

Low
(<£90,000)

Beef and Sheepmeat
Drinks
Eggs
Milk and Milk Products

Pigmeat

Animal by-products
Bakeries
Fish
Fruit and Vegetables
Poultrymeat

Table 12 Value added per employee, by subsector, 2001

	<i>Value added (£ per employee)</i>		
	<i>Minimum</i>	<i>Maximum</i>	<i>Average</i>
<i>Animal By-Products</i>	14,134	54,633	26,747
<i>Bakeries</i>	6,882	30,178	16,071
<i>Beef and Sheepmeat</i>	10,727	45,250	26,463
<i>Drinks</i>	14,353	78,043	43,402
<i>Eggs</i>	12,813	49,185	30,370
<i>Fish</i>	7,107	49,000	18,609
<i>Fruit and Vegetables</i>	5,700	40,778	19,599
<i>Milk and Milk Products</i>	17,292	58,222	28,753
<i>Pigmeat</i>	11,429	28,421	19,413
<i>Poultrymeat</i>	11,000	23,469	18,187
<i>Total Sector</i>	5,700	78,043	23,142

- * Between 2000 and 2001 the average level of value added per employee in the sector increased from £22,164 to £23,142.
- * Businesses in the drinks subsector had the highest average level of value added per employee of £43,402, and bakeries the lowest at £16,071.
- * All of the subsectors had a difference between the maximum and minimum value added per employee within a 7:1 ratio.
- * Subsectors with high, medium and low value added per employee

<i>High</i> (>£25,000)	<i>Medium</i> (£17,500 to £25,000)	<i>Low</i> (<£17,500)
<i>Animal by-products</i>	<i>Fish</i>	<i>Bakeries</i>
<i>Beef and Sheepmeat</i>	<i>Fruit and Vegetables</i>	
<i>Drinks</i>	<i>Pigmeat</i>	
<i>Eggs</i>	<i>Poultrymeat</i>	
<i>Milk and Milk Products</i>		

Table 13 Total capital employed per employee, by subsector, 2001

	<i>Total capital employed (£ per employee)</i>		
	<i>Minimum</i>	<i>Maximum</i>	<i>Average</i>
<i>Animal By-Products</i>	6,061	133,000	37,063
<i>Bakeries</i>	1,476	108,978	16,802
<i>Beef and Sheepmeat</i>	7,250	159,000	45,487
<i>Drinks</i>	9,018	242,902	118,551
<i>Eggs</i>	14,594	97,963	50,772
<i>Fish</i>	2,462	94,333	28,372
<i>Fruit and Vegetables</i>	3,677	96,500	36,810
<i>Milk and Milk Products</i>	6,000	289,240	81,648
<i>Pigmeat</i>	6,174	70,567	36,283
<i>Poultrymeat</i>	11,159	48,694	17,592
<i>Total Sector</i>	1,476	289,240	42,919

- * *The average amount of capital employed per employee decreased slightly from £43,591 in 2000 to £42,919 in 2001.*
- * *Businesses within the drinks and milk and milk products subsectors had the highest average level of capital required per employee.*
- * *The bakeries subsector businesses had the lowest level of capital per employee of any of the 10 subsectors at £16,802.*
- * *The subsector with the widest range in the amount of capital employed per employee was bakeries with a ratio of 74:1.*
- * *Subsectors with high, medium and low total capital employed (£ per employee)*

<i>High</i> (>£50,000)	<i>Medium</i> (£25,000 to £50,000)	<i>Low</i> (<£25,000)
<i>Drinks</i>	<i>Animal by-products</i>	<i>Bakeries</i>
<i>Eggs</i>	<i>Beef and Sheepmeat</i>	<i>Poultrymeat</i>
<i>Milk and Milk Products</i>	<i>Fish</i>	
	<i>Fruit and Vegetables</i>	
	<i>Pigmeat</i>	

Table 14 Average wages and salaries cost per employee, by subsector, 2001

	<i>Wages & Salaries Cost (£ per employee)</i>		
	<i>Minimum</i>	<i>Maximum</i>	<i>Average</i>
<i>Animal By-Products</i>	12,390	24,967	15,829
<i>Bakeries</i>	5,850	18,871	13,445
<i>Beef and Sheepmeat</i>	5,200	22,741	15,647
<i>Drinks</i>	7,333	23,693	20,537
<i>Eggs</i>	9,556	15,089	14,408
<i>Fish</i>	5,731	18,478	11,889
<i>Fruit and Vegetables</i>	5,364	19,672	13,898
<i>Milk and Milk Products</i>	8,111	27,716	20,551
<i>Pigmeat</i>	7,810	16,667	13,479
<i>Poultrymeat</i>	8,966	16,178	14,506
<i>Total Sector</i>	5,200	27,716	15,524

- * *The average wage cost per full-time employee equivalent in the food and drinks processing sector increased by 4.5% between 2000 and 2001, from £14,849 to £15,524.*
- * *Businesses within the fish subsector had the lowest average wage per full-time employee equivalent, at £11,889.*
- * *The milk and milk products subsector had the highest average wage cost per full-time employee equivalent, at £20,551.*
- * *All of the subsectors were within a ratio of 4 to 1 between the maximum and minimum wages paid per employee.*
- * *Subsectors with high, medium and low average wages and salaries costs (£ per employee)*

<i>High</i> (>£15,000)	<i>Medium</i> (£12,500 to 15,000)	<i>Low</i> (<£12,500)
<i>Animal by-products</i>	<i>Bakeries</i>	<i>Fish</i>
<i>Beef and Sheepmeat</i>	<i>Eggs</i>	
<i>Drinks</i>	<i>Fruit and Vegetables</i>	
<i>Milk and Milk Products</i>	<i>Pigmeat</i>	
	<i>Poultrymeat</i>	

Table 15 Net Profit as a % of sales, by subsector, 2001

	Net Profit (% of sales)		Average
	Minimum	Maximum	
<i>Animal By-Products</i>	0	22	7.1
<i>Bakeries</i>	-11	24	0.9
<i>Beef and Sheepmeat</i>	-4	19	3.5
<i>Drinks</i>	1	26	8.5
<i>Eggs</i>	-1	18	4.6
<i>Fish</i>	-6	23	4.6
<i>Fruit and Vegetables</i>	-22	25	2.0
<i>Milk and Milk Products</i>	-4	18	0.7
<i>Pigmeat</i>	-5	11	2.3
<i>Poultrymeat</i>	-16	3	0.7
Total Sector	-22	26	2.9

- * The average level of profitability of the food processing sector increased from 2.8% of sales in 2000 to 2.9% of sales in 2001.
- * All subsectors made a profit in 2001 although there were substantial differences in profitability performance among the businesses in each subsector.
- * The drinks subsector recorded the highest average level of profitability, at 8.5%.
- * None of the businesses included in the drinks subsector incurred a loss in trading in 2001.
- * Subsectors with high, medium and low net profit (% of sales)

High
(>5.0%)

Medium
(1.0% to 5.0%)

Low
(<1.0%)

Animal by-products
Drinks

Beef and Sheepmeat
Eggs
Fish
Fruit and Vegetables
Pigmeat

Bakeries
Milk and Milk Products
Poultrymeat

Table 16 Value added as a % of sales, by subsector, 2001

	<i>Value added (% of sales)</i>		<i>Average</i>
	<i>Minimum</i>	<i>Maximum</i>	
<i>Animal By-Products</i>	23	44	31.0
<i>Bakeries</i>	8	82	37.1
<i>Beef and Sheepmeat</i>	5	59	15.0
<i>Drinks</i>	12	57	24.6
<i>Eggs</i>	8	31	16.1
<i>Fish</i>	5	41	22.4
<i>Fruit and Vegetables</i>	3	62	23.2
<i>Milk and Milk Products</i>	7	44	12.3
<i>Pigmeat</i>	4	35	17.7
<i>Poultrymeat</i>	13	34	25.5
<i>Total Sector</i>	3	82	19.8

* *Value added as a percentage of sales is considered to be one of the most important measures of performance, because it provides an indication of the magnitude of value which is added to all the inputs which are used on the activity of processing before leaving the factory gate.*

* *Between 2000 and 2001 the average level of value added increased from 19.5% to 19.8% of sales.*

* *Value added expressed as a percentage of sales was higher for 6 of the 10 subsectors in 2001 compared with 2000. Only the bakeries, drinks, milk and milk products and pigmeat subsectors had lower average levels of value added in 2001 than in 2000.*

* *Bakeries had the highest average value added as a percentage of sales (37.1%), and milk and milk products businesses the lowest (12.3%).*

* *The ranges in value added percentages recorded for the subsectors is partly explained by the presence of primary processing and further processing businesses within each subsector.*

* *Subsectors with high, medium and low value added (% of sales)*

<i>High</i> (>25%)	<i>Medium</i> (17.5% to 25%)	<i>Low</i> (<17.5%)
<i>Animal by-products</i>	<i>Drinks</i>	<i>Beef and Sheepmeat</i>
<i>Bakeries</i>	<i>Fish</i>	<i>Eggs</i>
<i>Poultrymeat</i>	<i>Fruit and Vegetables</i>	<i>Milk and Milk Products</i>
	<i>Pigmeat</i>	

Table 17 Wages as a % of sales, by subsector 2001

	Wages (% of sales)		
	Minimum	Maximum	Average
<i>Animal By-Products</i>	12	26	18.4
<i>Bakeries</i>	6	66	31.1
<i>Beef and Sheepmeat</i>	1	39	8.9
<i>Drinks</i>	6	22	11.7
<i>Eggs</i>	3	22	7.6
<i>Fish</i>	1	30	14.3
<i>Fruit and Vegetables</i>	2	51	16.4
<i>Milk and Milk Products</i>	5	22	8.8
<i>Pigmeat</i>	5	26	12.3
<i>Poultrymeat</i>	10	29	20.3
Total Sector	1	66	13.3

* The wages and salaries bill is one of the main components of cost incurred by businesses. In 2001 the wages bill represented 13.3% of the total value of food and drinks processing sector sales and this was slightly higher than the 2000 average of 13.0%.

* The proportions of sales which wages and salaries represented in 2001 ranged from 7.6% for eggs sector businesses to 31.1% for bakeries businesses.

* For 5 of the 10 subsectors, wages and salaries expressed as a percentage of sales were higher in 2001 than in 2000.

* Within each subsector the difference between the minimum and maximum proportion of sales represented by wages was quite large. Such differences have been recorded in previous years and reflect the wide range of types of processing activities undertaken and levels of mechanisation within subsectors.

* Subsectors with high, medium and low wages (% of sales)

<i>High</i> (>15%)	<i>Medium</i> (12.5% to 15%)	<i>Low</i> (<12.5%)
<i>Animal by-products</i>	<i>Fish</i>	<i>Beef and Sheepmeat</i>
<i>Bakeries</i>		<i>Drinks</i>
<i>Fruit and Vegetables</i>		<i>Eggs</i>
<i>Poultrymeat</i>		<i>Milk and Milk Products</i>
		<i>Pigmeat</i>

IV. INTER-BUSINESS SALES WITHIN THE NORTHERN IRELAND FOOD AND DRINKS PROCESSING SECTOR.

Some food processing businesses in Northern Ireland sell partially processed food products which are used as ingredients, or undergo further processing by other Northern Ireland processors. This being so, the 'outputs' of some food processing businesses are the 'inputs' of others, resulting in an over-estimation of the level of net sales into the Northern Ireland market. When the value of inter-business sales is known the net turnover value of the food and drinks processing sector can be estimated

In the course of the NIERC¹ study on marketing outlets, businesses within the food and drink processing sector were asked to provide estimates for the values of semi-processed food purchased from businesses within and outside Northern Ireland. These data indicated that inter-business purchases between businesses in Northern Ireland were approximately £102 million, and imports of semi-processed food by Northern Ireland businesses were worth approximately £201 million in 2001.

Inter-business sales of partially processed foods between firms in Northern Ireland occur to differing extents in the 10 food processing subsectors. As a result, there is a range in the magnitude of differences between the values of gross and net turnovers for each of the 10 subsectors. The highest levels of inter-business sales between firms in Northern Ireland generally occur in the beef and sheepmeat and milk and milk products subsectors. This arises because they are the two largest subsectors within the Northern Ireland food processing sector and also because a high proportion of businesses within these subsectors tend to specialise in either primary or further processing activities, or have valuable by-products which are used by other subsectors.

The beef and sheepmeat subsector had the largest amount of semi-processed product purchases from other firms in Northern Ireland, worth approximately £51 million in 2001. The milk and milk products subsector had the second largest amount of semi-processed product purchases from other firms in Northern Ireland, worth approximately £11 million in 2001

Net sales are gross sales minus inter-business sales between firms in Northern Ireland. When these inter business data are taken into account, external sales were 64 per cent of total sales for the beef/sheepmeat subsector and 66 per cent for the milk and milk products subsector in 2001. In comparison, the proportions based on gross turnover data were 57 per cent for the beef and sheepmeat subsector and 65 per cent for the milk and milk products subsector.

Taking the value of inter-business sales between food and drinks processing firms in Northern Ireland into account, (i.e. £102 million), net sales to the Northern Ireland market were worth £869 million in 2001. Therefore, total net sales for the food and drinks processing sector totalled £2,097 million. This reduction means that the Northern Ireland market was a destination for 40% of the total net sales, i.e. external sales were 60% of the total.

¹ Department of Enterprise, Trade and Investment (2003). "Northern Ireland Manufacturing Sales and exports Survey 2000/01 – 2001/02." Belfast: Department of Enterprise, Trade and Investment.

ANNEX A

DEFINITIONS OF TERMS

Gross turnover of a subsector is the sum of the annual turnovers of all the businesses in the subsector. It is also equal to the total annual sales of the businesses within the subsector.

Net turnover of a subsector is the gross turnover of the subsector minus the purchases of partially processed food products from other food processing businesses in Northern Ireland.

Value added of a subsector is determined by deducting all of the 'inputs', which are the 'outputs' of other industries, from the gross turnover of the processing subsector. It is equal to the sum of the wages and salaries bill, depreciation, net profit and interest paid in the subsector.

Full-time employee is someone employed for at least 30 hours per week.

Part-time employee is someone employed for less than 30 hours per week.

Casual/seasonal employee is someone not employed on a regular basis.

Full-time employee equivalents in a subsector are the part-time and casual employees converted to full-time equivalents, (by multiplying part-time employees by 0.5 and casual by 0.25), and added to the number of full-time employees.

Semi-processed food is defined as an agricultural commodity which has been modified in some way, but which will be further processed before sale by the purchasing processing business.

Gross profit is the difference between gross turnover and cost of sales.

Wages and salaries is the total remuneration to directors and employees including National Insurance contributions.

Depreciation is the depreciation charge made against all the tangible fixed assets in the business.

Net profit is the profit generated after deduction of all costs and charges, including interest costs, but before deduction of tax.

Total capital employed is the sum of the share capital, reserves and total borrowings for incorporated businesses and net worth plus total borrowings for partnerships and sole traders.

Sales per employee in each subsector is the gross turnover of the subsector divided by the total number of full-time employee equivalents in the subsector.

Value added per employee in each subsector is the total subsector value added divided by the total number of full-time employee equivalents in the subsector.

Total capital per employee in each subsector is the total capital employed divided by the total number of full-time employee equivalents in the subsector.

Average wage cost per employee is the subsector's wages and salaries bill divided by the total number of full-time employee equivalents in the subsector.

Gross profit as a % of sales is the subsector gross profit divided by the subsector gross turnover and expressed as a percentage.

Net profit as a % of sales is the subsector total net profit divided by the subsector gross turnover and expressed as a percentage.

Value added as a percentage of sales is the subsector total value added divided by the subsector gross turnover and expressed as a percentage.

Wages and salaries as a % of sales is the subsector wages and salaries bill divided by the subsector gross turnover and expressed as a percentage.

Interest costs as a % of sales is the total interest paid by businesses within the subsector divided by the gross turnover and expressed as a percentage.

Sales per £1,000 wages is the sales of the subsector divided by the wages and salaries bill and multiplied by 1,000.

Value added per £1,000 wages is the subsector value added divided by the wages and salaries bill and multiplied by 1,000.

Interest costs as a percentage of gross profit is the total interest paid by businesses in the subsector divided by the total subsector gross profit and expressed as a percentage.

Interest costs as a percentage of net profit is the total interest paid by businesses in the subsector divided by the total subsector net profits and expressed as a percentage.

Rate of return on capital employed is the total subsector net profits plus interest paid divided by the total capital employed in the subsector and expressed as a percentage.

ANNEX B

DEFINITIONS OF SUBSECTORS

Animal By-Products - those businesses which process red offals and fats which enter the human food chain. It excludes pet food, rendering, and hide and skin processing businesses.

Bakeries - flour milling and bread and pastry manufacturers. Home bakeries, which sell their products through their own retail outlets, are excluded.

Beef and Sheepmeat - all the businesses involved in the slaughtering of cattle and sheep and the processing of beef and sheepmeat.

Drinks - both alcoholic and non-alcoholic drinks manufacturing businesses. The main products are soft drinks, beers and whiskey.

Eggs - those businesses involved in the grading and packing of eggs and the preparation of egg components for bakeries and catering businesses.

Fish - businesses which process and package freshwater and sea fish species. Activities range from filleting to preparing cooked products.

Fruit and Vegetables - a wide range of businesses from those principally involved in the grading and packing of fruit and vegetables to those which manufacture products such as potato crisps. All of the businesses within this subsector used fruit and vegetables grown in Northern Ireland. Wholesale fruit and vegetable businesses are excluded.

Milk and Milk Products - businesses which pasteurise milk and those which manufacture milk products such as butter, cheese, ice-cream and yoghurt. Data do not include milk roundsmen activities.

Pigmeat - all businesses involved in the slaughter and processing of pigs. Products include bacon, pork and hams.

Poultrymeat - all slaughtering and processing of table poultry such as chickens, ducks and turkeys. Products range from whole birds to highly developed ready meals based on chicken.