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POLICY AND ECONOMICS DIVISION

Size and Performance of the Northern Ireland Food and Drinks Processing Sector

2003, with provisional estimates for 2004

A National Statistics publication

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FOREWORD

This annual publication provides comprehensive information on the performance of the food and drinks processing sector in Northern Ireland for 2003, as well as provisional estimates of gross turnover and level of employment in the sector for 2004. The time-lag between 31 December 2004 and firms' submission of their annual accounts to Companies Registry meant that full accounts information was not available when this report was being prepared. Hence, 2004 estimates are provided for only two variables. However, it is anticipated that the full set of data on the performance of the sector in 2004 will be published in July 2006.

The 2003 data include estimates of the value of sales, value added, profitability, exports and employment 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.

One of the main purposes 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 are produced. These 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 Statistics Research Branch of the Department of Enterprise, Trade and Investment, Invest Northern Ireland, and Companies Registry. The production of this report would not have been possible without their assistance.

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

N FULTON
Director of Policy and Economics
January 2006

Department of Agriculture & Rural Development	*Tel (028) 90 524839*
Policy and Economics Division	*Fax (028) 90 524676*
Dundonald House	*E-mail karen.collins@dardni.gov.uk*
Belfast	*hazel.quinn@dardni.gov.uk*
BT4 3SB	

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PROVISIONAL ESTIMATES 2004
Gross turnover and employment

1. *Between 2003 and 2004, the total gross turnover of the Northern Ireland food and drinks processing sector is estimated to have increased from £2,376 million to £2,400 million, an increase of 1%.*

2. *It is estimated that the increase in total gross turnover between 2003 and 2004 resulted mainly from increases in the values of sales in the poultry (+£18.8m), beef/sheepmeat (+£13.6m) and drinks (+£6.3m) subsectors.*

3. *The total number of employees in the food and drinks processing sector is estimated to have decreased by 1.1%, from 19,006 to 18,790 full-time employees between 2003 and 2004.*

FINAL ESTIMATES 2003
Gross turnover, 2002 and 2003

4. *In 2003, the total gross turnover of the Northern Ireland food and drinks processing sector was £2,376 million, some 4.4% higher than the 2002 level of £2,275 million.*

5. *The 4.4% increase in total gross turnover between 2002 and 2003 reflects higher gross turnovers in 8 of the 10 subsectors encompassed within the sector. The subsectors which experienced the largest increases in gross turnover were beef/sheepmeat (+£33m), poultrymeat (+£22.8m) and drinks (+£22.2m).*

6. *Two of the subsectors, fish and pigmeat, had lower gross turnovers in 2003 than in 2002.*

7. *In 2003, the two largest contributors to total gross turnover were the milk/milk products and beef/sheepmeat subsectors. These subsectors generated 23% and 22.6% of total gross turnover respectively, and together contributed 45.6% of the total sector's turnover.*

Value added, 2002 and 2003

8. *The contribution of the food and drinks processing sector to the Northern Ireland economy is best represented by its generation of value added. In 2003, food and drinks processing activities generated £471.3 million of value added, a 3.1% increase over the 2002 level of £457.3 million.*

9. *Three subsectors, poultrymeat (£91.3m), milk/milk products (£80m) and beef/sheepmeat (£75.3m), contributed more than half (52%) of the total value added in 2003.*

10. *Every £1,000 worth of sales by the food and drinks processing sector resulted in £198 of added value in 2003 compared with £201 in 2002.*

11. *When the components of value added in 2002 and 2003 are compared, the main difference is in wages and salaries, which increased from £302 million to £318 million. The depreciation charge also increased (+£3.1m). However, there was a small decrease in the amount of net profit generated (-£3.5m) and in the amount of interest paid (-£1.1m).*

Semi-processed food purchases, 2003

12. *It is estimated that purchases of semi-processed food by the food and drinks processing sector totalled approximately £270 million in 2003. Of this amount, imported semi-processed food was worth £180 million and inter-business sales among firms in Northern Ireland were worth £90 million.*

Employment, 2002 and 2003

13. *In 2003, the total level of employment provided by the food and drinks processing sector was 19,006 full-time employee equivalents; some 1.5 percentage points higher than in 2002.*

14. *The bakeries subsector (-135 employees) recorded the greatest decline in employment, followed by the beef/sheepmeat (-110 employees) subsector. The largest increases in employment between 2002 and 2003 took place in the poultrymeat (+230 employees), the pigmeat (+169 employees) and milk/milk products (+141 employees) subsectors.*

15. *The poultrymeat subsector continued to be the largest employer of the 10 subsectors, with 4,408 employees in 2003. The three largest employers, poultrymeat, bakeries and beef/sheepmeat subsectors, accounted for just over half (55%) of the total number of employees in the food and drinks processing sector.*

Distribution of sales, 2002 and 2003

16. *The value of total external sales, i.e. those sales to destinations outside Northern Ireland, increased by 3.8% from £1,342 million in 2002 to £1,393 million in 2003. External sales represented 59% of total processing sector sales in both years.*

17. *The value of export sales, i.e. sales to destinations outside the UK, increased by 4.3% from £530 million in 2002 to £553 million in 2003. Export sales represented 23% of total processing sector sales in both years.*

18. *Great Britain remained the principal market outside Northern Ireland for the food and drinks processing sector; in 2003, sales to Great Britain were worth £831 million and this market accounted for 35% of total sales.*

19. *In 2003, the Republic of Ireland continued to be the largest export market for the food and drinks processing sector, with sales worth £335 million. This market accounted for 14% of total processing sector sales.*

20. *The effects of the continued restrictions imposed on the selling of beef outside the UK are clear; in the beef and sheepmeat subsector, export sales totalled £31 million compared with pre-BSE sales levels in exports markets for beef and sheepmeat in 1995 of £161 million.*

Profitability, 2002 and 2003

21. *The long-term sustainability of the food and drinks processing sector depends on its attainment of an adequate level of profitability. Total profits before taxation decreased from £73 million in 2002 to £70 million in 2003, equating to average profit margins on turnover of 3.2% in 2002 and 2.9% in 2003.*

22. *As shown in Table 18, the levels of profitability vary among subsectors. In 2003, the pigmeat subsector failed to generate a profit.*

23. *Between 2002 and 2003, five of the subsectors experienced increases in net profits before taxation. The poultrymeat subsector recorded the largest increase (+£5.0m).*

Return on capital employed, 2002 and 2003

24. *Total capital employed in the food and drinks processing sector was estimated at £911 million in 2003, which was £34.4 million higher than in 2002. The rate of return on capital employed decreased from 10% in 2002 to 9.1% in 2003, which reflects the higher level of capital employed, and the lower level of profits in 2003.*

Contribution of the 10 largest food and drinks processing businesses, 2003

25. *The 10 largest businesses in the food and drinks processing sector in Northern Ireland accounted for 43% of total gross turnover, 42% of value added, and 39% of total employment in the sector in 2003.*

Contribution of the food and drinks processing sector[1] to the manufacturing industry, 2003

26. *The food and drinks processing sector is the largest contributor to the sales and external sales of the Northern Ireland manufacturing[2] sector, accounting for 18.5% of total sales and 13.6% of external sales in 2003.*

27. *The food and drinks processing sector's sales into export markets represented 14.4% of Northern Ireland's total manufacturing[2] export sales in 2003, 1.5 percentage points higher than in 2002.*

28. *The food and drinks processing sector, as defined in this report, made the third largest contribution to Northern Ireland's total manufacturing exports, after Electrical and Optical Equipment, and Transport Equipment in 2003. However, when food and drinks processing is defined in such a way as to include hide and skin processing, pet food, animal feed manufacturing, and combined with tobacco processing, it made the second largest contribution to Northern Ireland's manufacturing[2] exports.*

29. *In 2003, there were 19,006 full-time employee equivalents employed in food and drinks processing businesses with annual turnovers in excess of £250,000 and there was estimated to be a further 500 employees in the smaller businesses. This equated to 22% of employment in manufacturing[3] in Northern Ireland.*

Contribution of the food and drinks processing sector[1] to the N. Ireland economy, 2003

30. *In 2003, the food and drinks processing sector made the largest contribution to manufacturing Gross Value Added (13%), and contributed approximately 2.2% of Northern Ireland's total Gross Value Added.*

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[1] *These calculations include an estimate of the sales, external sales, export sales and value added of food and drinks processing businesses with turnovers less than £250,000.*
[2] *Manufacturing sales destinations data from the DETI publication "Northern Ireland Manufacturing Sales & Exports Survey, 2004/05" published on 29 November 2005.*
[3] *Manufacturing employment data from the NISRA publication "Northern Ireland Annual Abstract of Statistics 2005".*

I. INTRODUCTION

This booklet contains data estimates for the size and performance of the Northern Ireland Food and Drinks Processing Sector in 2003 and provides revised comparative data for 2002. It also includes provisional estimates of the gross turnover and level of employment in the sector in 2004. The time-lag between 31 December 2004 and firms' submission of their annual accounts to Companies Registry meant that full accounts information was not available when this report was being prepared. Hence, 2004 estimates are provided for only two variables. However, it is anticipated that the full set of data on the performance of the sector in 2004 will be published in July 2006.

A number of data sources are used to derive the estimates included in this report. However, the estimates are based mainly on information contained in the annual accounts of businesses in Northern Ireland with an annual turnover in excess of £250,000. Other sources include the Manufacturing Sales and Exports Survey and the Northern Ireland Annual Business Inquiry conducted by DETI and information provided by Invest NI and Divisions within DARD. The minimum business turnover threshold of £250,000 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 the total gross turnover of the sector and 500 full-time equivalent employees on the level of employment in the sector.

The main measures of size used in the 2002 and 2003 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 external and 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 includes only those businesses that are involved in processing activities that 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, hide and skin processing and tobacco 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.

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 £2,376 million in 2003. 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 £2,052 million in 2003. Often, an estimate is required for the value of that part of the food processing sector which is based on indigenous 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 £1,620 million in 2003. It is hoped that the way in which the data are presented will enable readers to use them to suit their particular purposes.

In total, information for 284 businesses with a turnover of more than £250,000 was used in the 2003 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 2002 data published in the previous report as a result of better information now being available for a small number of businesses. The differences between the previously published and revised data for 2002 are marginal and are as follows:

	2002 Original Estimate	***2002 Revised Estimate***
Total Gross Turnover (£m)	*2,276*	*2,275*
Total Value Added (£m)	*456*	*457*
Total Exports (£m)	*530*	*530*
Total Employment	*18,942*	*18,732*

The previous report in this series also included provisional estimates of the food and drinks processing sector's gross turnover and employment in 2003, based on a sample of business returns. The provisional and revised estimates are as follows:

	2003 Provisional Estimate	***2003 Revised Estimate***
Total Gross Turnover (£m)	*2,365*	*2,376*
Total Employment	*19,295*	*19,006*

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.

II. PRELIMINARY ESTIMATES OF THE GROSS TURNOVER AND EMPLOYMENT OF THE FOOD AND DRINKS PROCESSING SECTOR IN 2004.

Table 1 Gross Turnover and Full-time Employee Equivalents in 2003 with provisional estimates for 2004

	2003	***2004****	***% Change 03/04***
Gross Turnover (£ million)	*2,376*	*2,400*	*1.0*
Employees (full time equivalents)	*19,006*	*18,790*	*-1.1*

** Provisional estimates based on a sample of business returns.*

* *Total gross turnover of the Northern Ireland food and drinks processing sector is estimated to be £2,400 million in 2004, 1% higher than the 2003 level of £2,376 million.*

* *When expressed in real terms (using the GDP deflator), gross turnover decreased by 1.6% between 2003 and 2004.*

* *It is estimated that the number of full-time employee equivalents in the food and drinks processing sector decreased from 19,006 in 2003 to 18,790 in 2004; a decrease of 1.1%.*

Table 2   Gross Turnover, by subsector in 2003 and provisional estimates for 2004

	Gross turnover (£ million)		***Estimated % change***
	2003	***2004****	***03/04***
Animal By-Products	*23.5*	*20*	*-14.9*
Bakeries	*174.7*	*175*	*0.2*
Beef and Sheepmeat	*536.4*	*550*	*2.5*
Drinks	*323.7*	*320*	*-1.1*
Eggs	*34.9*	*30*	*-14.0*
Fish	*77.9*	*80*	*2.7*
Fruit and Vegetables	*154.9*	*155*	*0.1*
Milk and Milk Products	*546.5*	*550*	*0.6*
Pigmeat	*162.2*	*160*	*-1.4*
Poultrymeat	*341.2*	*360*	*5.5*
Total Sector	***2,375.9***	***2,400***	***1.0***

** Provisional estimates based on a sample of business returns.*

*   *Between 2003 and 2004, it is estimated that 6 of the 10 subsectors increased their gross turnovers. The largest increases in gross turnover are estimated to have occurred in the poultrymeat (+£18.8m) and beef and sheepmeat (+£13.6m) subsectors.*

*   *The highest rates of growth in turnover between 2003 and 2004 were recorded in the poultrymeat (+5.5%) and fish (+2.7%) subsectors.*

*   *In 2004, the beef/sheepmeat and milk/milk products subsectors made the largest contribution to the gross turnover of the food and drinks processing sector. The two subsectors collectively accounted for 46% of the total gross turnover of the sector.*

*   *In 2004, the food and drinks processing sector accounted for 18.1% of Northern Ireland's total manufacturing sales; this represented a slight decrease on the 2003 figure of 18.5%. However, the food and drinks processing sector continued to be the largest contributor to the sales of the Northern Ireland manufacturing sector.*

Table 3 Full-time employee equivalents, by subsector, 2003 and provisional estimates for 2004

	Employees (full-time equivalents)		***Estimated % change***
	2003	***2004****	***03/04***
Animal By-Products	*216*	*220*	*2.1*
Bakeries	*3,365*	*3,410*	*1.3*
Beef and Sheepmeat	*2,700*	*2,775*	*2.8*
Drinks	*1,563*	*1,550*	*-0.8*
Eggs	*197*	*180*	*-8.6*
Fish	*915*	*925*	*1.1*
Fruit and Vegetables	*1,618*	*1,630*	*0.8*
Milk and Milk Products	*2,368*	*2,315*	*-2.2*
Pigmeat	*1,658*	*1,655*	*-0.2*
Poultrymeat	*4,408*	*4,130*	*-6.3*
Total Sector	***19,006***	***18,790***	***-1.1***

** Provisional estimates based on a sample of business returns.*

- *It is estimated that the level of employment in the food and drinks processing sector decreased by 1.1% from 19,006 employees in 2003 to 18,790 employees in 2004.*

- *It is estimated that five of the ten subsectors decreased employment between 2003 and 2004, namely drinks, eggs, milk/milk products, pigmeat and poultrymeat subsectors.*

- *Between 2003 and 2004, five of the ten subsectors increased employment levels. The largest increase in employment was recorded by the beef/sheepmeat subsector (+75 employees).*

- *The poultrymeat subsector (-278) recorded the largest decline in employment levels between 2003 and 2004. However, it remained the largest employer within the sector.*

- *In 2004, three subsectors, poultrymeat, bakeries and beef/sheepmeat, accounted for over half (55%) of the total employees in the food and drinks processing sector.*

- *The food and drinks processing sector accounted for 22% of Northern Ireland's total manufacturing employment in 2004.*

III. SIZE & MARKETING DESTINATIONS OF THE NORTHERN IRELAND FOOD AND DRINKS PROCESSING SECTOR IN 2002 AND 2003

Table 4 Gross turnover, by subsector, 2002 and 2003

	Gross turnover (£ million)		
	2002	***2003***	***% Change 02/03***
Animal By-Products	*23.1*	*23.5*	*1.9*
Bakeries	*166.7*	*174.7*	*4.8*
Beef and Sheepmeat	*503.4*	*536.4*	*6.6*
Drinks	*301.5*	*323.7*	*7.4*
Eggs	*32.5*	*34.9*	*7.4*
Fish	*83.5*	*77.9*	*-6.8*
Fruit and Vegetables	*140.8*	*154.9*	*10.0*
Milk and Milk Products	*541.1*	*546.5*	*1.0*
Pigmeat	*164.2*	*162.2*	*-1.2*
Poultrymeat	*318.4*	*341.2*	*7.2*
Total Sector	***2,275.1***	***2,375.9***	***4.4***

∗ *The total gross turnover of the Northern Ireland food and drinks processing sector was almost £2.4 billion in 2003.*

∗ *Between 2002 and 2003, turnover increased by 4.4% in current money terms and by 1.2% when inflation is taken into account.*

∗ *The largest increases in sales occurred in the beef/sheepmeat (+£33m), poultrymeat (+£22.8m) and drinks (+£22.2m) subsectors.*

∗ *In 2003, the two largest subsectors, milk/milk products and beef/sheepmeat, jointly accounted for 45.9% of the total gross turnover of the processing sector.*

∗ *Two of the subsectors, fish (-£5.6m) and pigmeat (-£2m), had lower gross turnovers in 2003 than in 2002.*

Table 5a Distribution of processing businesses by subsector and value of annual turnover, 2002*

<table>
<tr><th></th><th colspan="4">Turnover (£ million)</th><th></th></tr>
<tr><th></th><th>0.25 - 0.99</th><th>1.0 - 9.99</th><th>10.0 - 49.99</th><th>50 & over</th><th>Total</th></tr>
<tr><td>Animal By-Products</td><td colspan="2">9</td><td>0</td><td>0</td><td>9</td></tr>
<tr><td>Bakeries</td><td>34</td><td>23</td><td>5</td><td>0</td><td>62</td></tr>
<tr><td>Beef and Sheepmeat</td><td>22</td><td>17</td><td colspan="2">10</td><td>49</td></tr>
<tr><td>Drinks</td><td colspan="2">9</td><td colspan="2">5</td><td>14</td></tr>
<tr><td>Eggs</td><td colspan="2">15</td><td>0</td><td>0</td><td>15</td></tr>
<tr><td>Fish</td><td>10</td><td colspan="2">24</td><td>0</td><td>34</td></tr>
<tr><td>Fruit and Vegetables</td><td>22</td><td colspan="2">29</td><td>0</td><td>51</td></tr>
<tr><td>Milk and Milk Products</td><td colspan="2">12</td><td colspan="2">13</td><td>25</td></tr>
<tr><td>Pigmeat</td><td>0</td><td colspan="3">20</td><td>20</td></tr>
<tr><td>Poultrymeat</td><td colspan="2">7</td><td colspan="2">6</td><td>13</td></tr>
<tr><td>Total</td><td>103</td><td>141</td><td>37</td><td>11</td><td>292</td></tr>
</table>

**Cells amalgamated where the number of firms was less than five.*

Table 5b Distribution of processing businesses by subsector and value of annual turnover, 2003*

<table>
<tr><th></th><th colspan="4">Turnover (£ million)</th><th></th></tr>
<tr><th></th><th>0.25 - 0.99</th><th>1.0 - 9.99</th><th>10.0 - 49.99</th><th>50 & over</th><th>Total</th></tr>
<tr><td>Animal By-Products</td><td colspan="2">9</td><td>0</td><td>0</td><td>9</td></tr>
<tr><td>Bakeries</td><td>29</td><td colspan="2">30</td><td>0</td><td>59</td></tr>
<tr><td>Beef and Sheepmeat</td><td>18</td><td>17</td><td colspan="2">10</td><td>45</td></tr>
<tr><td>Drinks</td><td colspan="2">8</td><td colspan="2">5</td><td>13</td></tr>
<tr><td>Eggs</td><td>7</td><td>10</td><td>0</td><td>0</td><td>17</td></tr>
<tr><td>Fish</td><td>8</td><td>23</td><td>0</td><td>0</td><td>31</td></tr>
<tr><td>Fruit and Vegetables</td><td>24</td><td colspan="2">29</td><td>0</td><td>53</td></tr>
<tr><td>Milk and Milk Products</td><td colspan="2">12</td><td colspan="2">12</td><td>24</td></tr>
<tr><td>Pigmeat</td><td>0</td><td colspan="3">20</td><td>20</td></tr>
<tr><td>Poultrymeat</td><td colspan="2">7</td><td colspan="2">6</td><td>13</td></tr>
<tr><td>Total</td><td>96</td><td>143</td><td>33</td><td>12</td><td>284</td></tr>
</table>

** Cells amalgamated where the number of firms was less than five.*

* *The food and drinks processing sector had 284 businesses with annual turnovers of more than £250,000 in 2003, eight less than in 2002.*

* *In 2003, there were 45 food and drinks processing businesses in Northern Ireland with annual turnovers of more than £10 million, compared with 48 businesses in 2002.*

* *In 2003, there were 12 businesses with a turnover in excess of £50 million, which accounted for 47% of the total turnover of the food and drinks processing sector.*

Table 6   Value added, by subsector, 2002 and 2003

	Value added (£ million)		
	2002	***2003***	***% Change 02/03***
Animal By-Products	*7.6*	*6.6*	*-12.8*
Bakeries	*60.3*	*58.3*	*-3.3*
Beef and Sheepmeat	*72.3*	*75.3*	*4.2*
Drinks	*74.8*	*71.8*	*-3.9*
Eggs	*4.5*	*5.6*	*25.6*
Fish	*20.3*	*18.6*	*-8.6*
Fruit and Vegetables	*34.0*	*39.2*	*15.4*
Milk and Milk Products	*76.9*	*80.0*	*4.1*
Pigmeat	*28.5*	*24.6*	*-13.8*
Poultrymeat	*78.3*	*91.3*	*16.6*
Total Sector	***457.3***	***471.3***	***3.1***

- *Value added is a key indicator of the contribution made by a subsector or sector to the economy. In 2002 and 2003, the total value added generated by the food and drinks processing sector was approximately 2.2% of the Northern Ireland total.*

- *Food and drinks processing activities created a total value added of £471.3 million in 2003; an increase of 3.1% between 2002 and 2003.*

- *Value added for the food and drinks processing sector represented 19.8% of total gross turnover in 2003 compared with 20.1% in 2002.*

- *Three subsectors, poultrymeat (£91.3m), milk/milk products (£80m) and beef/sheepmeat (£75.3m), generated more than half (52%) of the total value added in 2003.*

- *Five of the subsectors, animal by-products, bakeries, drinks, fish and pigmeat generated a lower value added in 2003 than 2002.*

% of Value Added by subsector 2003

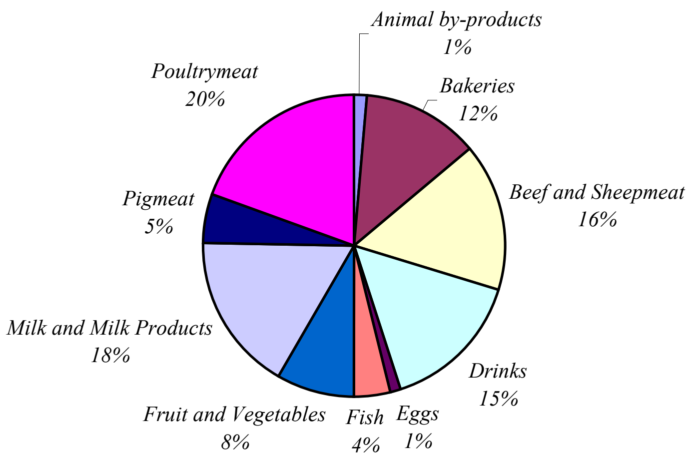

Table 7a Components of value added for each subsector, 2002

	Value added (£ million)				
	Wages & salaries	***Depreciation charge***	***Net profit***	***Interest paid***	***Value added***
Animal By-Products	*4.22*	*1.22*	*2.01*	*0.13*	*7.57*
Bakeries	*48.50*	*7.43*	*2.66*	*1.68*	*60.27*
Beef and Sheepmeat	*44.86*	*10.60*	*14.59*	*2.24*	*72.29*
Drinks	*35.27*	*9.99*	*26.82*	*2.69*	*74.77*
Eggs	*2.77*	*0.88*	*0.47*	*0.33*	*4.45*
Fish	*12.98*	*2.85*	*3.96*	*0.51*	*20.30*
Fruit and Vegetables	*24.73*	*6.86*	*1.22*	*1.16*	*33.96*
Milk and Milk Products	*46.30*	*12.14*	*15.56*	*2.87*	*76.87*
Pigmeat	*21.24*	*3.96*	*2.57*	*0.78*	*28.55*
Poultrymeat	*61.30*	*11.96*	*3.26*	*1.79*	*78.31*
Total Sector	***302.16***	***67.88***	***73.12***	***14.17***	***457.32***

Table 7b Components of value added for each subsector, 2003

	Value added (£ million)				
	Wages & salaries	***Depreciation charge***	***Net profit***	***Interest paid***	***Value added***
Animal By-Products	*3.99*	*1.18*	*1.43*	*0.00*	*6.60*
Bakeries	*45.01*	*8.08*	*3.55*	*1.68*	*58.32*
Beef and Sheepmeat	*50.36*	*11.79*	*10.13*	*3.03*	*75.30*
Drinks	*38.60*	*12.22*	*19.11*	*1.91*	*71.83*
Eggs	*2.80*	*1.15*	*1.19*	*0.45*	*5.59*
Fish	*12.09*	*2.58*	*3.44*	*0.44*	*18.55*
Fruit and Vegetables	*26.66*	*6.26*	*5.24*	*1.01*	*39.18*
Milk and Milk Products	*47.45*	*11.15*	*19.04*	*2.40*	*80.04*
Pigmeat	*22.15*	*3.59*	*-1.76*	*0.63*	*24.61*
Poultrymeat	*68.53*	*12.99*	*8.23*	*1.53*	*91.28*
Total Sector	***317.64***	***71.00***	***69.59***	***13.08***	***471.31***

∗ *Net profit and the amount of interest paid were the only components of value added to decline between 2002 and 2003.*

∗ *The net profit of the food and drinks processing sector decreased by 4.1% from £73 million in 2002 to £70 million in 2003. It represented 15% of value added in 2003.*

∗ *Wages and salaries accounted for approximately two thirds of the total value added in 2002 and 2003.*

∗ *The total wages and salaries bill for the food and drinks processing sector increased from £302 million in 2002 to £318 million in 2003. This equates to an average full time employee equivalent cost of £16,131 in 2002, compared with £16,713 in 2003; an increase of 3.6%.*

Table 8 Full-time employee equivalents, by subsector, 2002 and 2003

	Employees (Full-time equivalents)		
	2002	***2003***	***% Change 02/03***
Animal By-Products	*255*	*216*	*-15.5*
Bakeries	*3,500*	*3,365*	*-3.9*
Beef and Sheepmeat	*2,810*	*2,700*	*-3.9*
Drinks	*1,542*	*1,563*	*1.4*
Eggs	*193*	*197*	*2.1*
Fish	*1,000*	*915*	*-8.6*
Fruit and Vegetables	*1,538*	*1,618*	*5.2*
Milk and Milk Products	*2,228*	*2,368*	*6.3*
Pigmeat	*1,489*	*1,658*	*11.3*
Poultrymeat	*4,178*	*4,408*	*5.5*
Total Sector	***18,732***	***19,006***	***1.5***

∗ *Between 2002 and 2003, the total number of employees in the food and drinks processing sector increased by 274 full time equivalents, from 18,732 to 19,006.*

∗ *Between 2002 and 2003, the largest increases in employment occurred in the poultrymeat (+230 employees), pigmeat (+169 employees) and milk/milk products (+141 employees) subsectors.*

∗ *The greatest declines in employment were recorded in the bakeries (-135 employees) and beef/sheepmeat (-110 employees) subsectors.*

∗ *In 2003, the poultrymeat subsector was the largest employer of the 10 subsectors with 4,408 employees, and eggs was the smallest with 197 employees.*

∗ *Three subsectors, poultrymeat, bakeries and beef and sheepmeat, employed over half (55%) of the total employees in the sector.*

∗ *The food and drinks processing sector accounted for 22% of Northern Ireland's total manufacturing employment in 2003, and was 1.5% higher than in 2002.*

*Table 9   **Total sales by country of destination, 2002 and 2003***

	Sales (£ million and % of total sales)			
	2002	***%***	***2003***	***%***
Northern Ireland	*933.2*	*42*	*982.9*	*42*
Great Britain	*795.4*	*35*	*831.3*	*35*
Republic of Ireland	*312.4*	*14*	*335.1*	*14*
Other EU	*161.7*	*7*	*163.6*	*7*
Rest of World	*56.1*	*2*	*54.1*	*2*
Intervention	*16.3*	*1*	*9.0*	*0*
Total Sales	***2,275.1***	***100***	***2,375.9***	***100***
External Sales	*1,341.9*	*58*	*1,393.0*	*58*
Export Sales	*530.2*	*23*	*552.8*	*23*

- *Sales to destinations outside Northern Ireland totalled £1,393 million in 2003, compared with £1,342 million in 2002, and represented 59% of total processing sector sales in both years.*

- *Export sales, which are sales from Northern Ireland to markets outside of the United Kingdom, increased by 4.3% from £530.2 million in 2002 to £552.8 million in 2003.*

- *Great Britain remained the principal market outside Northern Ireland for the food and drinks processing sector, with sales in 2003 worth £831.3 million. This market accounted for 35% of total sales.*

- *The Republic of Ireland was the largest export market for the food and drinks processing sector in 2003, with sales worth £335 million; some £23 million higher than in 2002.*

- *Sales into intervention decreased by 45% from £16.3 million in 2002 to £9 million in 2003.*

Table 10a   Destinations and values of subsector sales, 2002

	NI[1]	*GB*[2]	*ROI*[3]	*Other*[4] *EU*	*ROW*[5]	*Inter-vention*	*Total Sales*	*External*[6] *Sales*	*Export*[7] *Sales*
					(£ million)				
Animal By-Products	*3.1*	*17.4*	*2.1*	*0.5*	*0.0*	*0.0*	***23.1***	*20.0*	*2.6*
Bakeries	*119.9*	*21.6*	*24.6*	*0.5*	*0.0*	*0.0*	***166.7***	*46.8*	*25.2*
Beef and Sheepmeat	*212.5*	*259.3*	*9.5*	*	*	*0.0*	***503.4***	*290.9*	*31.6*
Drinks	*150.0*	*15.6*	*113.2*	*6.2*	*16.6*	*0.0*	***301.5***	*151.6*	*136.0*
Eggs	*7.8*	*21.0*	*3.7*	*0.0*	*0.0*	*0.0*	***32.5***	*24.7*	*3.7*
Fish	*19.9*	*33.6*	*6.4*	*22.2*	*1.5*	*0.0*	***83.5***	*63.6*	*30.0*
Fruit and Vegetables	*60.9*	*53.4*	*25.8*	*	*	*0.0*	***140.8***	*79.8*	*26.5*
Milk and Milk Products	*191.7*	*129.3*	*67.8*	*100.9*	*35.2*	*16.3*	***541.1***	*349.4*	*203.8*
Pigmeat	*82.5*	*51.4*	*24.5*	*	*	*0.0*	***164.2***	*81.7*	*30.3*
Poultrymeat	*85.0*	*192.7*	*34.9*	*	*	*0.0*	***318.4***	*233.4*	*40.7*
Total	***933.2***	***795.4***	***312.4***	***161.7***	***56.1***	***16.3***	***2,275.1***	***1,341.9***	***530.2***

Table 10b   Destinations and values of subsector sales, 2003

	NI[1]	*GB*[2]	*ROI*[3]	*Other*[4] *EU*	*ROW*[5]	*Inter-vention*	*Total Sales*	*External*[6] *Sales*	*Export*[7] *Sales*
					(£ million)				
Animal By-Products	*2.9*	*16.5*	*3.7*	*0.5*	*0.0*	*0.0*	***23.5***	*20.7*	*4.2*
Bakeries	*122.2*	*23.1*	*28.8*	*0.5*	*0.1*	*0.0*	***174.7***	*52.5*	*29.4*
Beef and Sheepmeat	*230.5*	*275.3*	*10.2*	*19.8*	*0.5*	*0.0*	***536.4***	*305.9*	*30.6*
Drinks	*169.1*	*10.7*	*118.9*	*8.6*	*16.3*	*0.0*	***323.7***	*154.6*	*143.9*
Eggs	*7.7*	*22.4*	*4.8*	*0*	*0*	*0.0*	***34.9***	*27.3*	*4.8*
Fish	*18.8*	*28.2*	*8.4*	*	*	*0.0*	***77.9***	*59.0*	*30.9*
Fruit and Vegetables	*65.1*	*60.1*	*28.8*	*	*	*0.0*	***154.9***	*89.7*	*29.7*
Milk and Milk Products	*203.4*	*131.6*	*67.0*	*99.7*	*35.8*	*9.0*	***546.5***	*343.1*	*202.5*
Pigmeat	*84.7*	*47.0*	*24.6*	*	*	*0.0*	***162.2***	*77.5*	*30.4*
Poultrymeat	*78.5*	*216.3*	*39.9*	*	*	*0.0*	***341.2***	*262.8*	*46.4*
Total	***982.9***	***831.3***	***335.1***	***163.6***	***54.1***	***9.0***	***2,375.9***	***1,393.0***	***552.8***

**Information has been suppressed to avoid disclosure.*
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 (3% of total sales), whereas the animal by-products subsector was the most dependent subsector (70% of total sales), in 2003.*

- *All 10 of the subsectors had export sales in 2003. They ranged from £4.2 million (animal by-products) to £202.5 million (milk/milk products).*

- *As in previous years, the bakeries subsector was heavily reliant upon the Northern Ireland market, which accounted for 70% of its sales in 2003. The drinks and pigmeat subsectors were also extremely dependent on the Northern Ireland market, with each having 52% of sales destined for this market. All other subsectors had less than 50% of their sales to market outlets in Northern Ireland.*

- *Sales to the Republic of Ireland, in 2003, represented between 2% and 37% of total sales for each of the 10 subsectors. The subsector which had the highest dependence on the ROI market was the drinks subsector, whereas the beef/sheepmeat subsector had the lowest.*

Table 11   Capital employed, by subsector, 2002 and 2003

	Capital employed (£ million)	
	2002	**2003**
Animal By-Products	*9.4*	*11.9*
Bakeries	*71.9*	*73.3*
Beef and Sheepmeat	*135.5*	*153.1*
Drinks	*231.1*	*260.5*
Eggs	*10.4*	*10.7*
Fish	*32.7*	*32.8*
Fruit and Vegetables	*64.0*	*53.6*
Milk and Milk Products	*189.6*	*178.8*
Pigmeat	*54.4*	*54.9*
Poultrymeat	*77.6*	*81.3*
Total Sector	***876.6***	***911.0***

* *The total amount of capital employed in the food and drinks processing sector increased by 3.9% from £876.6 million in 2002 to £911 million in 2003.*

* *In 2003, capital employed in the drinks and milk/milk product subsectors constituted almost half (48%) of total capital employed in the food and drinks processing sector.*

* *The subsectors that had the largest increases in capital employed between 2002 and 2003 were drinks (+£29.4m) and beef/sheepmeat (+£17.6m).*

* *Two of the ten subsectors, milk and milk products (-£10.8m) and fruit and vegetables (-£10.4m), recorded decreases in the total capital employed between 2002 and 2003.*

* *The rate of return on capital employed decreased from 10% in 2002 to 9.1% in 2003, which reflects the higher level of capital employed and the lower level of profits in 2003.*

* *In terms of capital per employee, the drinks subsector (£166,678) was the most capital intensive of the 10 subsectors and poultrymeat (£18,447) was the least capital intensive subsector in 2003.*

* *In both years, the poultrymeat subsector had the lowest capital employed per £1,000 of sales and drinks had the highest.*

Table 12 Contribution of the 10 largest businesses within the food and drinks processing sector in Northern Ireland

	2002	***2003***
Turnover of the 10 largest businesses as a % of total gross turnover of the food and drinks processing sector	*41%*	*43%*
Value added of the 10 largest businesses as a % of total value added of the food and drinks processing sector	*39%*	*42%*
Employment in the 10 largest businesses as a % of total employment provided by the food and drinks processing sector	*36%*	*39%*

- *The contribution of the 10 largest businesses to the turnover, value added and employment in the food and drinks processing sector increased between 2002 and 2003.*

- *In 2003, the 10 largest businesses within the food and drinks processing sector in Northern Ireland accounted for 43% of total gross turnover, 42% of value added, and 39% of total employment in the sector.*

- *The 10 largest food and drinks processing sector businesses had higher average levels of sales and value added per employee than the 274 smaller businesses.*

- *The 274 smaller businesses had a higher average proportion of sales represented by value added than the 10 largest businesses.*

- *Five of the ten largest gross turnover food and drinks processing companies were under local ownership.*

IV. FOOD AND DRINKS SECTOR PERFORMANCE INDICATORS IN 2002 AND 2003.

Table 13a Average performance indicators for the 10 food and drinks processing subsectors, 2002

	Animal By - Products	*Bakeries*	*Beef & Sheep-Meat*	*Drinks*	*Eggs*	*Fish*	*Fruit & Veg.*	*Milk & Milk Products*	*Pig-meat*	*Poultry -meat*	*Ave.*
Sales per employee (£)	90,749	47,618	179,137	195,615	168,212	83,555	91,516	242,941	110,242	76,206	121,458
Value added per employee (£)	29,690	17,220	25,724	48,505	23,062	20,306	22,083	34,508	19,171	18,742	24,415
Total capital per employee (£)	36,769	20,537	48,222	149,941	54,109	32,694	41,640	85,125	36,503	18,576	46,800
Ave. wage cost per employee (£)	16,533	13,857	15,964	22,880	14,373	12,982	16,078	20,783	14,263	14,672	16,131
Gross profit as % of sales (%)	28.00	29.92	10.79	29.69	16.86	20.28	23.74	15.50	18.26	19.76	19.08
Net profit as % of sales (%)	8.66	1.60	2.90	8.90	1.44	4.74	0.86	2.88	1.56	1.02	3.21
Value added as % of sales (%)	32.72	36.16	14.36	24.80	13.71	24.30	24.13	14.20	17.39	24.59	20.10
Wages & salaries as % of sales (%)	18.22	29.10	8.91	11.70	8.54	15.54	17.57	8.55	12.94	19.25	13.28
Interest costs as % of sales (%)	0.57	1.00	0.44	0.89	1.02	0.61	0.83	0.53	0.47	0.56	0.62
Sales per £1,000 wages (£)	5,489	3,437	11,221	8,550	11,703	6,436	5,692	11,689	7,729	5,194	7,530
Value added per £1,000 wages (£)	1,796	1,243	1,611	2,120	1,605	1,564	1,373	1,660	1,344	1,277	1,514
Interest costs as % of gross profit	1.99	3.36	4.12	3.00	6.08	2.99	3.48	3.42	2.59	2.84	3.27
Interest costs as % of net profit	6.63	62.92	15.33	10.01	71.00	12.80	95.64	18.43	30.27	54.77	19.37
Rate of return on capital employed (%)	22.80	6.03	12.41	12.77	7.68	13.68	3.71	9.72	6.15	6.51	9.96
Capital employed per £1,000 of sales (£)	405	431	269	767	322	391	455	350	331	244	385

Table 13b Average performance indicators for the 10 food and drinks processing subsectors, 2003

	Animal By - Products	*Bakeries*	*Beef & Sheep-meat*	*Drinks*	*Eggs*	*Fish*	*Fruit & Veg.*	*Milk & Milk Products*	*Pig-meat*	*Poultry -meat*	*Ave.*
Sales per employee (£)	*109,253*	*51,927*	*198,679*	*207,124*	*177,198*	*85,130*	*95,737*	*230,769*	*97,810*	*77,423*	*125,010*
Value added per employee (£)	*30,636*	*17,330*	*27,890*	*45,959*	*28,381*	*20,285*	*24,222*	*33,802*	*14,843*	*20,710*	*24,798*
Total capital per employee (£)	*55,248*	*21,768*	*56,708*	*166,678*	*54,376*	*35,873*	*33,151*	*75,522*	*33,120*	*18,447*	*47,931*
Ave. wage cost per employee (£)	*18,515*	*13,377*	*18,651*	*24,696*	*14,228*	*13,219*	*16,485*	*20,037*	*13,359*	*15,548*	*16,713*
Gross profit as % of sales (%)	*24.41*	*32.51*	*10.12*	*29.34*	*19.76*	*18.11*	*21.74*	*19.23*	*19.71*	*18.06*	*19.58*
Net profit as % of sales (%)	*6.09*	*2.03*	*1.89*	*5.90*	*3.40*	*4.42*	*3.38*	*3.48*	*-1.08*	*2.41*	*2.93*
Value added as % of sales (%)	*28.04*	*33.37*	*14.04*	*22.19*	*16.02*	*23.83*	*25.30*	*14.65*	*15.17*	*26.75*	*19.84*
Wages & salaries as % of sales (%)	*16.95*	*25.76*	*9.39*	*11.92*	*8.03*	*15.53*	*17.22*	*8.68*	*13.66*	*20.08*	*13.37*
Interest costs as % of sales (%)	*0.00*	*0.96*	*0.56*	*0.59*	*1.29*	*0.57*	*0.65*	*0.44*	*0.39*	*0.45*	*0.55*
Sales per £1,000 wages (£)	*5,901*	*3,882*	*10,652*	*8,387*	*12,454*	*6,440*	*5,808*	*11,517*	*7,321*	*4,980*	*7,480*
Value added per £1,000 wages (£)	*1,655*	*1,296*	*1,495*	*1,861*	*1,995*	*1,535*	*1,469*	*1,687*	*1,111*	*1,332*	*1,484*
Interest costs as % of gross profit	*0.00*	*2.96*	*5.57*	*2.01*	*6.52*	*3.14*	*3.00*	*2.29*	*1.96*	*2.49*	*2.81*
Interest costs as % of net profit[1]	*0.00*	*47.35*	*29.87*	*9.99*	*37.98*	*12.87*	*19.29*	*12.62*	*n.a*	*18.63*	*18.79*
Rate of return on capital employed (%)[2]	*12.04*	*7.13*	*8.59*	*8.07*	*15.26*	*11.85*	*11.66*	*11.99*	*0.00*	*12.01*	*9.07*
Capital employed per £1,000 of sales(£)	*506*	*419*	*285*	*805*	*307*	*421*	*346*	*327*	*339*	*238*	*383*

[1]N.a. – not appropriate because of either a trading loss or small profit relative to interest paid.
[2] Zero in cases where the sum of net profits plus interest paid is negative.

Table 14 Sales per employee, by subsector, 2003

	Sales (£ per employee)		
	Minimum[1]	**Maximum[1]**	**Average[2]**
Animal By-Products	69,879	147,953	109,253
Bakeries	19,457	68,172	51,927
Beef and Sheepmeat	50,000	292,683	198679
Drinks	48,276	221235	207,124
Eggs	159,440	191,313	177,198
Fish	49,143	152,436	85,130
Fruit and Vegetables	38,750	250,000	95,737
Milk and Milk Products	62,119	376,143	230,769
Pigmeat	72,052	236,842	97,810
Poultrymeat	44,407	112,500	77,423
Total Sector	**19,457**	**376,143**	**125,010**

1. *The minimum and maximum values refer to the lower and upper limits of the range in values for 80% of the businesses (i.e. the 10% lowest and 10% highest values are excluded).*
2. *This is the average value for all businesses in each subsector.*

∗ *The average level of sales per employee in the food and drinks processing sector was £125,010 in 2003, a 2.8% increase against the 2002 level of £121,458.*

∗ *In 2003, businesses within the milk/ milk products subsector had the highest average level of sales per employee of the 10 subsectors, at £230,769.*

∗ *The lowest average sales per employee in 2003 was recorded for the bakeries subsector, at £51,927.*

∗ *All of the other subsectors had a difference between the maximum and minimum sales per employee within a 6:1 ratio.*

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

High (>£150,000)	Medium (£90,000 to £150,000)	Low (<£90,000)
Beef and Sheepmeat	Animal By-products	Bakeries
Drinks	Fruit and Vegetables	Fish
Eggs	Pigmeat	Poultrymeat
Milk and Milk Products		

Table 15 Value added per employee, by subsector, 2003

	Value added (£ per employee)		
	***Minimum*[1]**	***Maximum*[1]**	***Average*[2]**
Animal By-Products	*26,275*	*52,605*	*30,636*
Bakeries	*13,486*	*22,914*	*17,330*
Beef and Sheepmeat	*19,250*	*39,200*	*27,890*
Drinks	*16,125*	*60,648*	*45,959*
Eggs	*23,821*	*35,094*	*28,381*
Fish	*10,863*	*29,385*	*20,285*
Fruit and Vegetables	*14,417*	*29,897*	*24,222*
Milk and Milk Products	*22,667*	*49,914*	*33,802*
Pigmeat	*13,385*	*19,649*	*14,843*
Poultrymeat	*16,108*	*22,738*	*20,710*
Total Sector	***10,863***	***60,648***	***24,798***

1. *The minimum and maximum values refer to the lower and upper limits of the range in values for 80% of the businesses (i.e. the 10% lowest and 10% highest values are excluded).*
2. *This is the average value for all businesses in each subsector.*

∗ *Between 2002 and 2003, the average level of value added per employee in the sector remained relatively unchanged, increasing from £24,415 to £24,798.*

∗ *Businesses in the drinks subsector had the highest average level of value added per employee at £45,959 and pigmeat the lowest at £14,843.*

∗ *All of the subsectors had a difference between the maximum and minimum value added per employee within a 4:1 ratio.*

∗ *Subsectors with high, medium and low value added per employee (£)*

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

Table 16 Total capital employed per employee, by subsector, 2003

	Total capital employed (£ per employee)		
	Minimum[1]	***Maximum[1]***	***Average[2]***
Animal By-Products	*33,961*	*75,172*	*55,248*
Bakeries	*3,600*	*46,679*	*21,768*
Beef and Sheepmeat	*10,800*	*90,896*	*56,708*
Drinks	*20,400*	*384,827*	*166,678*
Eggs	*29,320*	*133,364*	*54,376*
Fish	*8,488*	*78,348*	*35,873*
Fruit and Vegetables	*8,688*	*58,500*	*33,151*
Milk and Milk Products	*15,127*	*147,232*	*75,522*
Pigmeat	*22,875*	*62,900*	*33,120*
Poultrymeat	*10,556*	*31,583*	*18,447*
Total Sector	***3,600***	***384,827***	***47,931***

1. The minimum and maximum values refer to the lower and upper limits of the range in values for 80% of the businesses (i.e. the 10% lowest and 10% highest values are excluded).
2. This is the average value for all businesses in each subsector.

* *The average amount of capital employed per employee increased from £46,800 in 2002 to £47,931 in 2003.*

* *Businesses within the drinks subsector had the highest average level of capital required per employee, at £166,678. The milk and milk products subsector had the second highest, at £75,522.*

* *The lowest average level of capital per employee of any of the 10 subsectors was recorded by the poultrymeat subsector, at £18,447.*

* *Subsectors with high, medium and low total capital employed per employee (£)*

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

Table 17 Average wages and salaries cost per employee, by subsector, 2003

	Wages & Salaries Cost (£ per employee)		
	Minimum [1]	***Maximum*** [1]	***Average*** [2]
Animal By-Products	*18,700*	*19,200*	*18,515*
Bakeries	*8,750*	*15,700*	*13,377*
Beef and Sheepmeat	*11,759*	*20,385*	*18,651*
Drinks	*10,296*	*26,138*	*24,696*
Eggs	*9,320*	*16,000*	*14,228*
Fish	*9,500*	*15,191*	*13,219*
Fruit and Vegetables	*8,700*	*17,000*	*16,485*
Milk and Milk Products	*17,810*	*20,364*	*20,037*
Pigmeat	*11,000*	*16,676*	*13,359*
Poultrymeat	*12,482*	*16,339*	*15,548*
Total Sector	***8,700***	***26,138***	***16,713***

1. *The minimum and maximum values refer to the lower and upper limits of the range in values for 80% of the businesses (i.e. the 10% lowest and 10% highest values are excluded).*
2. *This is the average value for all businesses in each subsector.*

- *Between 2002 and 2003, the average wage cost per full-time employee equivalent in the food and drinks processing sector increased from £16,131 to £16,713, an increase of some 3.6 percentage points.*

- *Businesses within the fish subsector had the lowest average wage per full-time employee equivalent, at £13,219.*

- *The highest average wage cost per full-time employee equivalent, was recorded by the drinks subsector, at £24,696.*

- *All of the subsectors were within a ratio of 3 to 1 between the maximum and minimum wages paid per employee.*

- *Subsectors with high, medium and low average wages and salaries costs per employee (£)*

High	*Medium*	*Low*
(>£19,000)	*(£14,500 to 19,000)*	*(<£14,500)*
Drinks	*Animal By-products*	*Bakeries*
Milk and Milk Products	*Beef and Sheepmeat*	*Eggs*
	Fruit and Vegetables	*Fish*
	Poultrymeat	*Pigmeat*

Table 18 Net profit as a % of sales, by subsector, 2003

	Net Profit (% of sales)		
	Minimum[1]	***Maximum[1]***	***Average[2]***
Animal By-Products	*4*	*7*	*6.1*
Bakeries	*-1*	*13*	*2.0*
Beef and Sheepmeat	*1*	*6*	*1.9*
Drinks	*0*	*13*	*5.9*
Eggs	*-2*	*7*	*3.4*
Fish	*1*	*7*	*4.4*
Fruit and Vegetables	*2*	*8*	*3.4*
Milk and Milk Products	*1*	*10*	*3.5*
Pigmeat	*-2*	*1*	*-1.1*
Poultrymeat	*0*	*5*	*2.4*
Total Sector	***-2***	***13***	***2.9***

1. *The minimum and maximum values refer to the lower and upper limits of the range in values for 80% of the businesses (i.e. the 10% lowest and 10% highest values are excluded).*
2. *This is the average value for all businesses in each subsector.*

* *The average level of profitability of the food processing sector decreased from 3.2% of sales in 2002, to 2.9% of sales in 2003.*

* *In 2003, there were substantial differences in profitability performance among the subsectors.*

* *Pigmeat was the only subsector to incur a loss in 2003, with an average level of profitability of –1.1% of sales.*

* *The highest average level of profitability was recorded by the animal by-products subsector, at 6.1%.*

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

High	*Medium*	*Low*
(>4.0%)	*(2.0% to 4.0%)*	*(<2.0%)*
Animal By-products	*Bakeries*	*Pigmeat*
Drinks	*Eggs*	*Beef and Sheepmeat*
Fish	*Fruit and Vegetables*	
	Milk and Milk Products	
	Poultrymeat	

Table 19 Value added as a % of sales, by subsector, 2003

	Value added (% of sales) Minimum[1]	Maximum[1]	Average[2]
Animal By-Products	*25*	*39*	*28.0*
Bakeries	*26*	*69*	*33.4*
Beef and Sheepmeat	*12*	*42*	*14.0*
Drinks	*19*	*44*	*22.2*
Eggs	*12*	*20*	*16.0*
Fish	*15*	*40*	*23.8*
Fruit and Vegetables	*10*	*42*	*25.3*
Milk and Milk Products	*12*	*34*	*14.6*
Pigmeat	*7*	*18*	*15.2*
Poultrymeat	*19*	*38*	*26.7*
Total Sector	*7*	***69***	***19.8***

1. The minimum and maximum values refer to the lower and upper limits of the range in values for 80% of the businesses (i.e. the 10% lowest and 10% highest values are excluded).
2. This is the average value for all businesses in each subsector.

* *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 that is added to all the inputs which are used in the activity of processing before leaving the factory gate.*

* *Between 2002 and 2003, the average level of value added decreased from 20.1% to 19.8% of sales.*

* *Value added expressed as a percentage of sales was higher for only 4 of the 10 subsectors in 2003 compared with 2002; namely the eggs, fruit/vegetables, milk/milk products and poultrymeat subsectors.*

* *Bakeries had the highest average value added as a percentage of sales (33.4%), whilst the beef/sheepmeat subsector had the lowest (14%).*

* *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)*

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

Table 20 Wages and salaries as a % of sales, by subsector, 2003

	Wages (% of sales)		
	Minimum[1]	***Maximum[1]***	***Average[2]***
Animal By-Products	*14*	*27*	*16.9*
Bakeries	*14*	*51*	*25.8*
Beef and Sheepmeat	*6*	*32*	*9.4*
Drinks	*10*	*26*	*11.9*
Eggs	*6*	*11*	*8.0*
Fish	*7*	*25*	*15.5*
Fruit and Vegetables	*6*	*31*	*17.2*
Milk and Milk Products	*5*	*28*	*8.7*
Pigmeat	*5*	*21*	*13.7*
Poultrymeat	*12*	*32*	*20.1*
Total Sector	***5***	***51***	***13.4***

1. *The minimum and maximum values refer to the lower and upper limits of the range in values for 80% of the businesses (i.e. the 10% lowest and 10% highest values are excluded).*
2. *This is the average value for all businesses in each subsector.*

* *The wages and salaries bill is one of the main components of cost incurred by businesses. In 2003, the wages bill represented 13.4% of the total value of food and drinks processing sector sales; this was slightly higher than the 2002 average of 13.3%.*

* *The proportions of sales represented by wages and salaries in 2003 ranged from 8.0% for eggs sector businesses to 25.8% for bakeries businesses.*

* *For 5 of the 10 subsectors, wages and salaries expressed as a percentage of sales were higher in 2003 than in 2002.*

* *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)*

High (>16%)	*Medium (11% to 16%)*	*Low (<11%)*
Animal By-products	*Pigmeat*	*Beef and Sheepmeat*
Bakeries	*Fish*	*Eggs*
Fruit and Vegetables	*Drinks*	*Milk and Milk Products*
Poultrymeat		

V. INTER-BUSINESS SALES WITHIN THE NORTHERN IRELAND FOOD AND DRINKS PROCESSING SECTOR IN 2003.

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 DETI[4] survey 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. Data provided by DETI was added to information within DARD, and it is estimated that the value of purchases of semi-processed food by the food and drinks processing sector was approximately £270 million in 2003. Of this, inter-business sales of semi-processed food between businesses in Northern Ireland were approximately £90 million, and imports of semi-processed food by Northern Ireland businesses were worth approximately £180 million.

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 £26 million in 2003. The milk/milk products subsector had the second largest amount of semi-processed product purchases from other firms in Northern Ireland, worth approximately £17 million in 2003.

Net sales are gross sales (i.e. gross turnover) minus inter-business sales between firms in Northern Ireland. When these inter-business data are taken into account, external sales were 60 per cent of total net sales for the beef/sheepmeat subsector and 62 per cent for the milk and milk products subsector in 2003. In comparison, the proportions based on gross turnover data were 57 per cent for the beef and sheepmeat subsector and 63 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. £90 million), net sales to the Northern Ireland market were worth £893 million in 2003. Therefore, total net sales for the food and drinks processing sector totalled £2,286 million. This reduction means that the Northern Ireland market was a destination for 39% of the total net sales, i.e. external sales were 61% of the total.

[4] Department of Enterprise, Trade and Investment (2004). "Northern Ireland Manufacturing Sales and Exports Survey 2001/02 – 2002/03." 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.*

Policy and Economics Division
Department of Agriculture
and Rural Development
Dundonald House
BELFAST BT4 3SB

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