

Industry Overview and Economic Impact Study of the BC Food and Beverage Processing Industry



INDUSTRY OVERVIEW

The BC food and beverage processing industry (“the Industry”) is a major contributor to the BC economy. In 2013, the Industry generated approximately \$8.5 billion in total revenues, making it the second largest manufacturing industry in the province. Table A summarizes the key statistics of the Industry in 2013.¹

Table A: Key Industry Statistics in 2013

- The Industry accounted for approximately 19 percent of BC’s total manufacturing revenues.
- BC exported approximately \$1.9 billion worth of food and beverage processed products, which accounted for 7 percent of Canada’s total food and beverage processing exports.
- Approximately 25 percent of the value of the Industry’s goods were exported, and about 75 percent of the Industry’s goods were supplied to domestic markets.
- The Industry generated an estimated 28,684 direct jobs within the province, with total expenditures on wages and salaries of approximately \$1.0 billion.
- There were approximately 1,108 food and beverage processing establishments in BC, of which 87 percent or 967 were micro and small operations employing between 1 and 49 people.

SWOT ANALYSIS

Table B summarizes the key strengths, weaknesses, opportunities and threats (SWOT) facing the Industry.

The SWOT was informed by:

- an online survey of 62 BC Food Processors Association’s (BCFPA’s) members.
- a roundtable panel of industry leaders.
- secondary reports published by the public and private sector.

Table B: SWOT Analysis

- Access to markets
- Access to transportation infrastructure
- Access to inputs
- Favourable business environment
- Local food and beverage manufacturing research and training institutions
- International reputation for safe, high quality food

- Skilled labour shortages
- Lack of government support
- Lack of innovation
- Inability to meet demand
- Falling productivity

- Niche food markets
- Changing demographics
- Changing ethnic and cultural backgrounds
- Buy local campaigns
- General economic conditions
- Clean labelling
- Lower value of the Canadian dollar against other currencies
- Availability of new technology
- Free trade agreements

- Rising cost of inputs
- Consolidation of retailers and distributors, as well as increased pressure on margins from retailers
- Increase in global competition
- Increased regulations, including food safety requirements
- The value of the Canadian dollar against other currencies

¹ Please see the full report for data sources and additional information.

Prepared by:



ACCOUNTING > CONSULTING > TAX

Industry Overview and Economic Impact Study of the BC Food and Beverage Processing Industry



ECONOMIC IMPACTS OF THE INDUSTRY

In 2013, the Industry was estimated to have generated the following economic impacts in BC:

- Approximately **\$15.1 billion in total output**, consisting of direct output of \$8.5 billion and indirect and induced output of \$6.6 billion.
- Approximately **\$6.0 billion in total GDP**, consisting of direct GDP of \$2.9 billion and indirect and induced GDP of \$3.1 billion.
- Approximately **65,271 total full time equivalent (FTE) positions**, consisting of direct employment of 28,684 FTEs and indirect and induced employment of 36,587 FTEs.
- Approximately **\$1.4 billion in total federal, provincial and municipal tax revenue**, consisting of direct tax revenue of \$618 million and indirect and induced tax revenue of \$762 million.

Table C summarizes the estimated economic impacts generated in 2013 by the Industry.

	Output (Millions)	GDP (Millions)	Employment (FTEs)	Federal Tax (Millions)	Provincial Tax (Millions)	Municipal Tax (Millions)
Direct	\$8,503	\$2,921	28,684	\$359	\$226	\$33
Indirect & Induced	\$6,560	\$3,049	36,587	\$385	\$291	\$86
Total	\$15,063	\$5,970	65,271	\$744	\$517	\$119

COMPARISON WITH OTHER INDUSTRIES

The economic impacts of the Industry are comparable with many of the province's largest sectors, including mining, film and television production and new home construction. The following are comparisons of the Industry's impacts with three other important industries in BC:

- **Mining.** The direct employment supported by the Industry (28,684 FTEs) in 2013 was roughly three times that generated by the BC mining industry (10,720 FTEs).
- **High End Television Series.** The total employment created by the BC food and beverage processors (65,271 FTEs) in 2013 was equivalent to the employment that would be created from the production of approximately 58 high-end television series in BC.
- **New Home Construction.** The total employment supported by the Industry (65,271 FTEs) in 2013 was roughly equivalent to the total employment supported by the construction of all new homes in the province that year (approximately 27,000 housing starts).

Prepared by:



ACCOUNTING > CONSULTING > TAX