Food and Beverage Supply Chain Project:
MORETON BAY REGION

SUMMARY REPORT

A Collaborative Project Involving:
Australian Catholic University-Brisbane Campus
Moreton Bay Regional Council
Regional Development Australia – Moreton Bay
Queensland Government

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TABLE OF CONTENTS:

<table>
<thead>
<tr>
<th>Section</th>
<th>Page No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive Summary</td>
<td>1</td>
</tr>
<tr>
<td>Introduction</td>
<td>5</td>
</tr>
<tr>
<td>Food and beverage supply chain overall findings</td>
<td>7</td>
</tr>
<tr>
<td>Conclusions</td>
<td>21</td>
</tr>
<tr>
<td>Recommendations</td>
<td>25</td>
</tr>
</tbody>
</table>
EXECUTIVE SUMMARY

The Food and Beverage Supply Chain Moreton Bay research project aimed to enhance the region’s awareness and understanding of the sector. Using the Australian Business Register, around 2000 businesses were identified as part of the industry and mailed a hard copy of a confidential survey on 30th January 2012. Ninety-nine complete responses, representing 5% response rate, were deemed valid and formed the basis of the analysis. Outcomes of the project are summarised as follows:

1. Food service businesses represented the largest sector (37%) of the industry followed by Production (29%). The vast majority (85%) of the sample had their headquarters within the Moreton Bay Region. More than half of the sample businesses (56%) have been operating for seven years or more mainly as Private Companies (44%). The vast majority of business surveyed (91%) were small businesses employing less than 19 employees.

2. Local distributors sourcing a mix of local & non-local foods were the main source of supplies for the sample businesses. On the other hand, Moreton Bay Region was the main source of supplies for the vast majority of sample businesses regardless of their business sector.

3. More than half of the sample businesses (58%) were satisfied with the number of customers/clients of their businesses. The satisfaction level increased with the increase in the number of operating years and the number of employees of the sample businesses.
4. Around three-quarters (72%) of the sample surveyed indicated that business performance over the last six months was the same or stronger compared to the previous six months. The vast majority (79%) of the industry surveyed sighted that business performance will remain the same or stronger over the next six months compared to the last six months.

5. Around two-thirds of the sample surveyed (62%) had no purchasing commitment to buy local produce. More than three-quarters of the sample (85%) indicated that they were satisfied with local suppliers of local produce.

6. More than three-quarters of the sample have a strong confidence in the general health of the Food and Beverage industry and stated that their performance will be the same or improve in the next six months or in the next two year (79% and 80% respectively).

7. Customer Orders, Finance, Skilled Labour and Capacity were stated as single factors limiting the ability of businesses in the sample to increase their production.

Based on the above outcomes, the following recommendations were made that are perceived critical in advancing the regions’ Food and Beverage Supply Chain industry:

1. Create mechanisms to disseminate information about the Food and Beverage Supply Chain in the Moreton Bay Region amongst the industry in order to create a more integrated Supply Chain and improve local purchasing. These mechanisms would facilitate greater usage of local suppliers, enhance local business to business interactions, and increase purchasing commitment to buy local produce and ensure increased awareness of local suppliers. This would strengthen self-reliance in times of disaster or isolation of the region as part of the overall food security for the region.
2. Capitalise on the very high proportion of the sample indicating that they were satisfied with local suppliers of local produce to improve the promotion of the region as a location for food and beverage manufacturing and related industries. This could be used as the basis to attract food and beverage businesses to invest in the Moreton Bay Region.

3. Collaborate with the Food and Beverage Supply Chain industry with the region to overcome low customer orders, finance, and skilled labour that limit their ability to increase their production capacity. In addition, conduct continuous research updates into the health and wellbeing of the industry in the Moreton Bay Region as a way of providing continuous support.

4. Utilise the sample’s expected strong performance over the next six months and the overwhelming confidence about the general health of the Food and Beverage Supply Chain in two years time to attract food and beverage businesses to invest in the Region.

5. Identify various government agencies at a Federal, State and Local government levels to work collaboratively with the Moreton Bay Regional Council and the Regional Development Australia- Moreton Bay in providing better support for the industry in the region.

6. Facilitate stronger engagement between the Food and Beverage industry in the Moreton Bay Region and universities, research and innovation centres to create reciprocal relationships that would result in focussed applied research addressing the industry challenges and enhancing its innovation, improving its capacity, productivity and competitiveness.
INTRODUCTION

In 2011, the Queensland Government issued a draft policy framework titled “Food for a growing economy”. A copy of the policy can be found at: http://www.industry.qld.gov.au/key-industries/835.htm.

To research and understand implications of the above policy on the Food Industry in the Moreton Bay Regional Council Area, a research proposal has been initiated by Associate Professor Nasir Butrous, School of Business - Australian Catholic University – Brisbane Campus. The proposal has been discussed and further developed, as a collaborative project involving: Australian Catholic University– Brisbane Campus; Moreton Bay Regional Council; Regional Development Australia – Moreton Bay and the Queensland Government.

The Food and Beverage Supply Chain Moreton Bay project aimed to enhance the Region's economic capabilities through:

• Better support for the Food and Beverage industry in the Region,
• Improve the promotion of the Region as a location for food and beverage manufacturing and related industries,
• Identify opportunities to attract food and beverage businesses to invest in the region, and,
• Build Regional supply chains and improve local purchasing.

To achieve the above objectives, a specifically designed survey instrument has been distributed to the relevant Food and Beverage Supply Chain in the Moreton Bay Region (MBR). Sample businesses have been identified, with the help of 3rd year business students of the Australian Catholic University, using the Australian Business Register.
This project has been approved by the Human Research Ethics Committee at Australian Catholic University.

The Food and Beverage Supply Chain Report is organised into six sections to facilitate the dissemination of the information. Section one deals with the overall findings of the project related to the supply sources, levels of operation, supply commitment, level of satisfaction with suppliers, level of confidence and production constraints. The remaining five sections, present the above results based on the supply chain sector, business operational entities, legal status, number of employees and annual turnover.

A/P Nasir Butrous
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FOOD AND BEVERAGE SUPPLY CHAIN OVERALL FINDINGS

Using the Australian Business Register, approximately 2000 businesses were identified as part of the Food and Beverage Supply Chain within the Moreton Bay Region. These businesses were mailed a hard copy of the survey instrument on 30th January 2012. One hundred and eighty one responses were received with eighty two returned to the sender due to a wrong address or a closed business. Ninety-nine responses, representing a 5% response rate, were deemed valid and formed the basis of the analysis by the researcher.

This Section of the report deals with the overall findings of the project related to the supply sources, level of operations, supply commitment, level of satisfaction with suppliers, level of confidence and production constraints. These will be explored in the coming pages.
Ninety-nine valid responses were received from the Food and Beverage (F&B) businesses in the Moreton Bay Region as part of this project. Food Service businesses represented more than one-third of the sample followed by Production and Production Input. Processing and Wholesale & Retail businesses accounted for a very small number of the sample.
More than three-quarters of the sample had their headquarters within the Moreton Bay Region compared to eleven businesses having their headquarters in Brisbane and two in the Sunshine Coast with one business each in Qld and interstate.
Q. THINKING ABOUT YOUR SUPPLIES AND/OR YOUR SUPPLIERS, WHAT PERCENTAGE OF YOUR SUPPLIES AND/OR SUPPLIERS COMES FROM THE FOLLOWING?

Food and Beverage businesses surveyed indicated that local distributor sourcing a mix of local and nonlocal food was the most supply source used by around one-third of the sample, followed by local grower or producer direct, non-local grower or producer direct, and produces my own.
Q. THINKING ABOUT YOUR SUPPLIES AND/OR YOUR SUPPLIERS, WHAT PERCENTAGE OF YOUR SUPPLIES AND/OR SUPPLIERS COMES FROM THE FOLLOWING BROADLY CLASSIFIED REGIONS?

Moreton Bay Region and Brisbane were the highest supply source and together accounted for around two-thirds of the supply sources used by Food and Beverage businesses surveyed.
Q. ARE YOU SATISFIED WITH THE NUMBER OF CUSTOMERS/CLIENTS OF YOUR BUSINESS?

More than half of the Food and Beverage businesses in the sample indicated that they are satisfied with the number of customers/clients of their businesses.
Q. WHAT CHANGES WOULD YOU LIKE TO SEE LOCAL SUPPLIERS MAKE RELATED TO THEIR CUSTOMERS/CLIENTS?

Thirty-five businesses commented on changes they would like to see the local supplier make related to customers/clients. More awareness of the local Food and Beverage industry, change of food laws health claim standards, government support to the local industry, and more parking were among the suggested changes.
Q. How has your business performed over the last six months relative to the previous six months?

Around three-quarters of the Food and Beverage businesses in the sample indicated that their business had performed about the same or somewhat stronger over the last six months relative to the previous six months.
Q. HOW DO YOU BELIEVE YOUR BUSINESS WILL PERFORM IN THE NEXT SIX MONTHS COMPARED WITH THE LAST SIX MONTHS?

Three-quarters of the Food and Beverage businesses in the sample believed that their business will perform about the same or somewhat stronger in the next six months compared to the last six months.
Q. DO YOU GENERALLY HAVE A PURCHASING COMMITMENT TO BUY LOCAL PRODUCE?

Around two-thirds of the sample generally had no purchasing commitment to buy local produce compared to more than one-third who did.

Price was the most regarded factor perceived by around one-fifth of the sample affecting their decision to buy locally followed by supporting local businesses, quality of the local produce and its availability in addition to being locked into an agreement.
Q. ARE YOU SATISFIED WITH LOCAL SUPPLIERS OF LOCAL PRODUCE?

More than three-quarters of the Food and Beverage businesses in the sample are satisfied with local suppliers of local produce. Volume of quality products, lack of large scale suppliers, and the reliability of the delivery were among the changes suggested by those who were not satisfied with the local suppliers of the local produce.
Q. WHAT IS YOUR PERCEPTION ABOUT THE GENERAL HEALTH OF THE FOOD AND BEVERAGE INDUSTRY IN THE NEXT SIX MONTHS?

More than half of the Food and Beverage businesses surveyed perceived no changes to the general health of their industry in the next six months with around one-fifth indicating a deterioration or improvement to health.
Q. WHAT IS YOUR PERCEPTION ABOUT THE GENERAL HEALTH OF THE FOOD AND BEVERAGE INDUSTRY IN TWO YEARS FROM NOW?

Eighty percent of the Food and Beverage businesses surveyed perceived the same or improvement to the general health of their industry in the next two years with one-fifth pointing towards deteriorating health.
Q. WHAT SINGLE FACTOR IS MOST LIMITING YOUR ABILITY TO INCREASE PRODUCTION?

Customer Orders, Finance, Skilled Labour, and Capacity were among the highest single factor limiting abilities of the Food and Beverage businesses surveyed with regards increased production.
The Food and Beverage Supply Chain Moreton Bay Region project aimed to enhance the Region’s economic capabilities. Using the Australian Business Register, around 2000 businesses were identified as part of this industry. These businesses were mailed a hard copy of a confidential survey instrument on 30th January 2012 and given six weeks to respond. Ninety-nine complete responses, representing 5% response rate, were deemed valid and formed the basis of the analysis. Project conclusions could be summarised as follows:

1. Food Service businesses represented the largest sector (37%) of the Food and Beverage Supply Chain industry followed by Production and Production Input (29% and 17% respectively), and 85% of the sample had their headquarters within the Moreton Bay Region.

2. More than half of the sample businesses (56%) have been operating for seven years or more mainly as Private Companies (44%) and Partnerships (32%) as their legal status. The vast majority of business surveyed (91%) were small businesses employing less than 19 employees with one-fourth operating as Sole Trader (non-employing). More than two-thirds of the sample businesses (69%) had an annual turnover over between $50K-$2M.

3. Local distributors sourcing a mix of local & non-local foods was the main source of supplies for the sample businesses followed by direct local grower or producer direct and non-local grower or producer direct regardless of the Food and Beverage Supply Chain industry, operating entities, legal status, employee size and annual turnover.
4. Moreton Bay Region was the main source of supplies for the vast majority of sample businesses regardless of their Food and Beverage Supply Chain industry, operating entities, legal status, employee size and turnover. On the other hand, Brisbane was the main supply source for the Food Service Sector businesses operating between 7-10 years, Private Companies in the sample, businesses employing 5-19 employees and those with a turnover between $50K-$200K and $2M or more.

5. More than half of the sample businesses (58%) were satisfied with the number of customers/clients of their businesses regardless of the legal status. The satisfaction level increased with the increase in the number of operating years and the number of employees of the sample businesses. Figures revealed businesses with lower annual turnover ($200K or less) were more satisfied (63% or more) compared with the rest of the sample. More awareness of the Food and Beverage Supply Chain industry within the Moreton Bay Region was stated by the sample as changes they would like to see.

6. Three-quarters of the sample indicated that business performance over the last six months was the same or stronger compared to the previous six months. Food Service, businesses operating between 1-3 years, businesses operating as Private Companies & Trust, employing 5 or more employees, and those with $2M annual turnover in the sample stated higher performance over the last six months.

7. More than three-quarters (79%) of the Food and Beverage industry surveyed in the Moreton Bay Region sighted that business performance will remain the same or stronger over the next six months compared to the last six months. Food Services, businesses operating between 1-6 years, businesses operating as Sole Traders & Trust, employing 5-100 employees and those with $201K-$2M annual turnover in the sample expected stronger performance over the next six months.
8. Around two-thirds of the sample surveyed (62%) had no purchasing commitment to buy local produce. Processing Sectors of the Food and Beverage Supply Chain, businesses operating for 7 years or more, Sole Traders, businesses non-employing and those with less than $50K annual turnover stated having higher purchasing commitment to buy local produce. Price, supporting local businesses, quality and availability were stated as main factors affecting the sample’s decision to buy locally.

9. More than three-quarters of the sample (85%) indicated that they were satisfied with local suppliers of local produce. Food Service Sector, businesses operating 4-6 years, operating as Private Companies & Trust, employing 1-19 employees and those with annual turnover of $50K-200K stated higher level of satisfaction with local suppliers of local produce compared to the rest of the sample. Wholesale & Retail Sector, newly established businesses, Sole Traders, non-employing businesses and those with less than $50K annual turnover, stated the least satisfaction with the local suppliers of local produce.

10. More than three-quarters of the sample (79%) had confidence about the general health of the Food and Beverage industry and stated that the performance will be the same or improve in the next six months whereas one-fifth of the sample (21%) had less confidence and indicated deterioration in the general health of the industry. Production Input Sector, Newly established businesses, operating as a Trust, non-employing and those employing 20-100 employees and businesses with annual turnover of less than $50K stated, more than other businesses in the sample, that the performance will be the same or improve in the next six months. Food Service Sector businesses operating between 7-10 years, operating as Private companies and Sole Proprietor, businesses employing 1-19 employees and those with $50K-$200K annual turnover had less confidence and indicated, more than other businesses in the sample, deterioration in the general health of the industry in the next six months.
11. More than three-quarters of the sample (80%) had a strong confidence about the general health of the Food and Beverage industry and stated that the performance will be the same or improve in two years time whereas one-fifth of the sample (20%) had less confidence and indicated deterioration in the general health of the industry. The Wholesale & Retail sector, newly established businesses, operating as Trusts, non-employing and those employing 200 employees or more and businesses with annual turnover of less than $50K stated, more than other businesses in the sample, that the performance will be the same or improve in two years. The Production sector, businesses operating for 7 years or more, operating as Sole Traders, businesses employing 1-4 employees and those with $201K or more annual turnover had less confidence and indicated, more than other businesses in the sample, deterioration in the general health of the industry in two years time.

12. Customer Orders, Finance, Skilled Labour and Capacity were stated as single factors limiting the ability of businesses in the sample to increase their production. Food Service sector, businesses operating for 11 years or more, businesses operating as private companies, businesses employing 5-19 and those businesses with annual turnover between $201K-$2M stated Customer Orders as the single factor limiting their ability to increase production. Finance was stated by the Production sector, businesses operating between 7-10 years, businesses operating as Private Companies & Partnerships, businesses employing 1-4 employees and businesses with less than $50K and $201K-$2M annual turnover as the single factor limiting their ability to increase production. Skilled Labour was stated by businesses operating between 1-3 years, businesses employing 5-19 employees and businesses with $50K-$200K and $201K-$2M annual turnover as the single factor limiting their ability to increase production.
RECOMMENDATIONS

Based on the above conclusions, the following recommendations are perceived critical in advancing the Food and Beverage Supply Chain industry in the Moreton Bay Region:

1. Create mechanisms to disseminate information about the Food and Beverage Supply Chain in the Moreton Bay Region amongst the industry in order to create a more integrated Supply Chain and improve local purchasing. These mechanisms would facilitate greater usage of local suppliers, enhance local business to business interactions, and increase purchasing commitment to buy local produce. Ultimately, this would lead to building, strengthening and integrating the Food and Beverage Supply Chain industry in the Region.

2. Ensure increase awareness of local suppliers to strengthen self-reliance in times of disaster or isolation of the region as part of the overall food security for the Region.

3. Capitalise on the very high proportion of the sample indicating that they were satisfied with local suppliers of local produce to improve the promotion of the Region as a location for food and beverage manufacturing and related industries.

4. Collaborate with the Food and Beverage Supply Chain industry within the Region to overcome low customer orders, finance, and skilled labour that limit their ability to increase their production capacity.
5. Utilise the sample’s expecting strong performance over the next six months and the overwhelming confidence about the general health of the Food and Beverage Supply Chain in the next two years to attract Food and Beverage businesses to invest in the Region.

6. Facilitate stronger engagement between the Food and Beverage industry in the Region and universities, research and innovation centres to create reciprocal relationships that would result in focussed applied research addressing the industry challenges and enhancing its innovation, and improving its capacity, capability and competitiveness.

7. Identify various government agencies at a Federal, State and Local government levels to work collaboratively with the Regional Development Australia Moreton Bay in providing better support for the Food and Beverage industry in the Region.

8. Utilise the Food and Beverage Supply Chain project outcomes to inform the Moreton Bay Regional Council Economic Development Strategy.

9. Work collaboratively with the industry and other relevant government agencies in the Region to conduct continuous research updates into the health and wellbeing of the industry in the Region as a way of providing continuous support.