Food and Beverage
Supply Chain Project:

MORETON BAY REGION

FULL REPORT

School of Business
Australian Catholic University

September 2012

A Collaborative Project Involving:

Australian Catholic University-Brisbane Campus
Moreton Bay Regional Council
Regional Development Australia – Moreton Bay
Queensland Government

Prepared by:
Associate Professor Nasir Butrous

ACU | business

TABLE OF CONTENTS:

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.

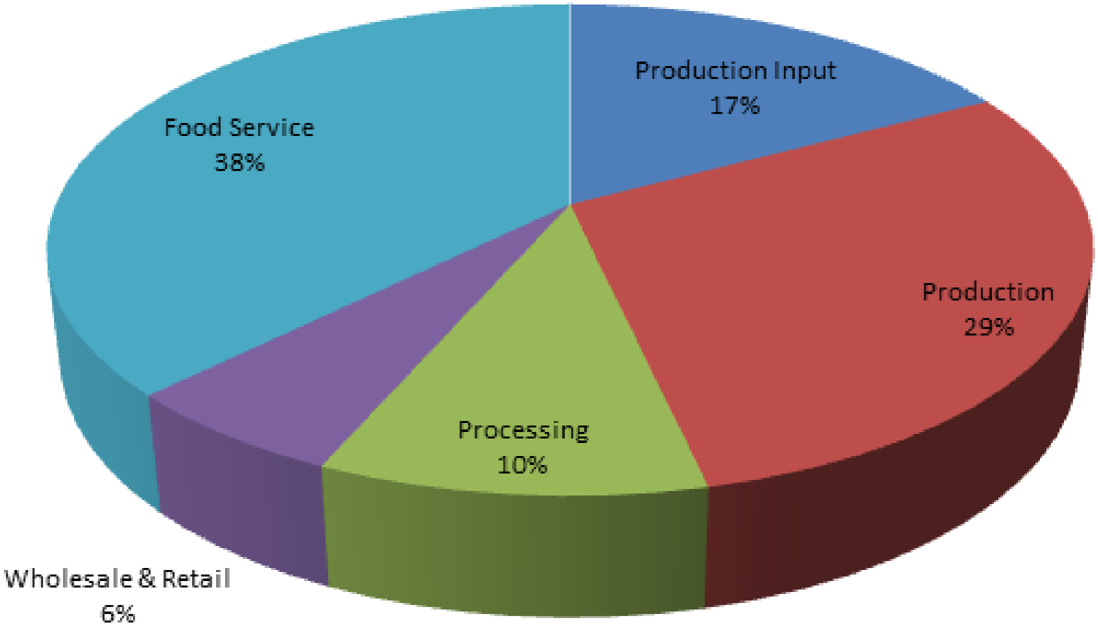
A/P Nasir Butrous
Australian Catholic University

SECTION ONE:
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.

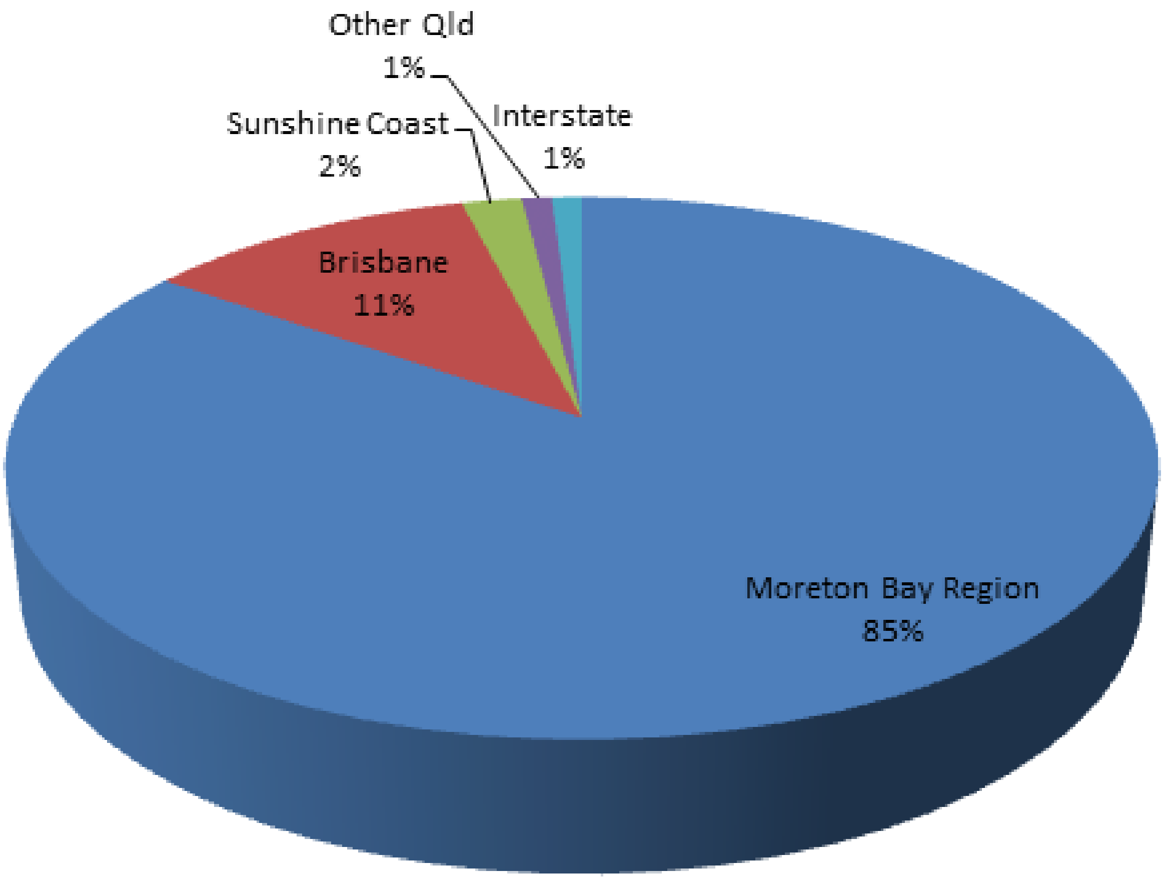
This Section of the report deals with the overall findings of the project related to the supply sources, level of operations, supply commitment, level of satisfaction with suppliers, level of confidence and production constraints. These will be explored in the coming pages.

SAMPLE BUSINESSES



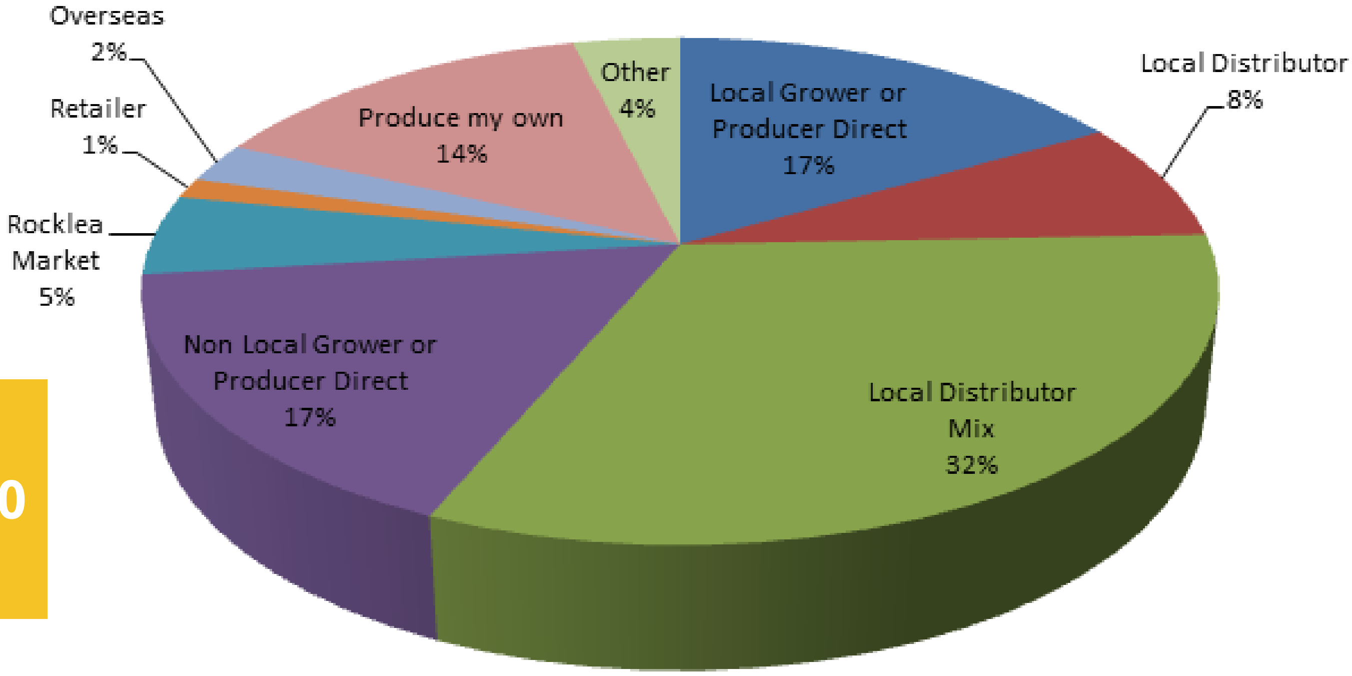
Ninety-nine valid responses were received from the Food and Beverage (F&B) businesses in the Moreton Bay Region as part of this project. Food Service businesses represented more than one-third of the sample followed by Production and Production Input. Processing and Wholesale & Retail businesses accounted for a very small number of the sample.

SAMPLE BUSINESS HEADQUARTERS BY REGION



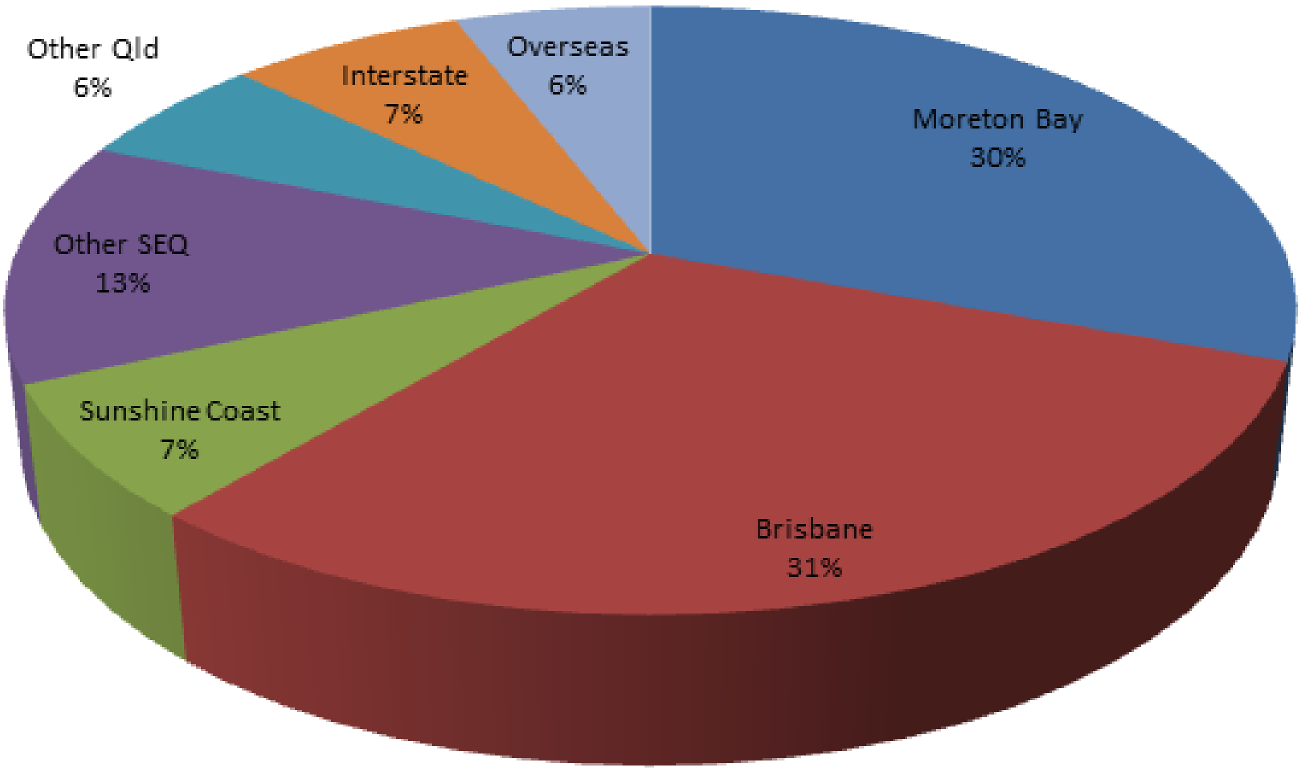
More than three-quarters of the sample had their headquarters within the Moreton Bay Region compared to eleven businesses having their headquarters in Brisbane and two in the Sunshine Coast with one business each in Qld and interstate

Q. THINKING ABOUT YOUR SUPPLIES AND/OR YOUR SUPPLIERS, WHAT PERCENTAGE OF YOUR SUPPLIES AND/OR SUPPLIERS COMES FROM THE FOLLOWING?



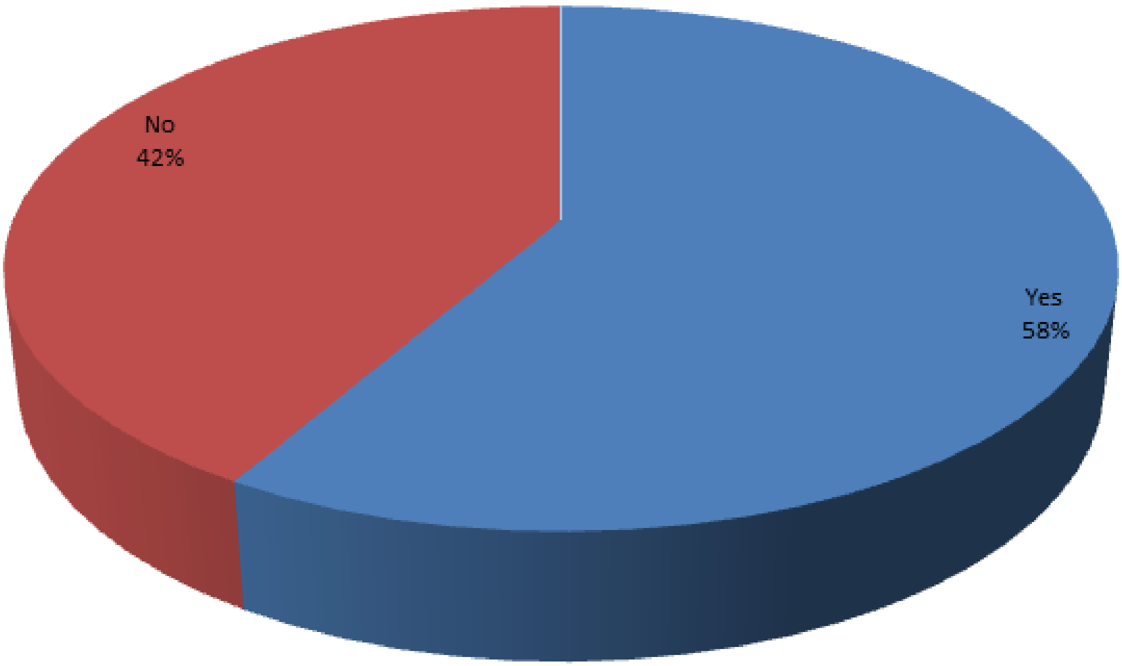
Food and Beverage businesses surveyed indicated that local distributor sourcing a mix of local and nonlocal food was the most supply source used by around one-third of the sample, followed by local grower or producer direct, non-local grower or producer direct, and produces my own.

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?

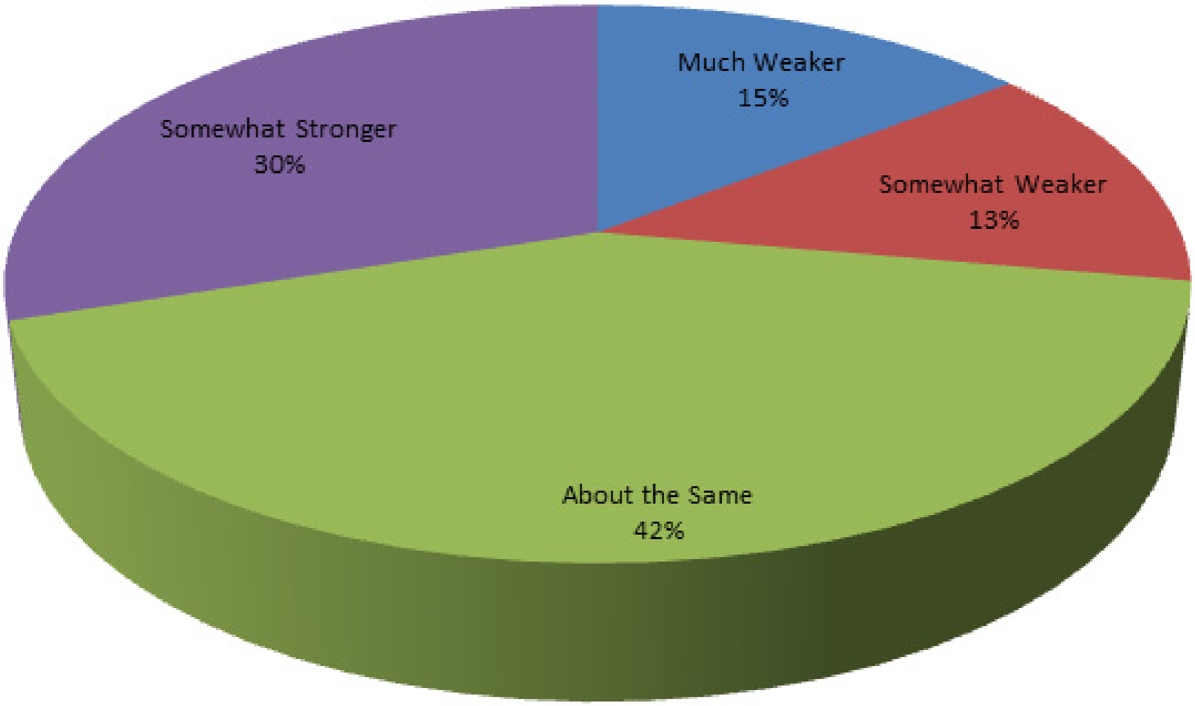


More than half of the Food and Beverage businesses in the sample indicated that they are satisfied with the number of customers /clients of their businesses.

Q. WHAT CHANGES WOULD YOU LIKE TO SEE LOCAL SUPPLIERS MAKE RELATED TO THEIR CUSTOMERS/CLIENTS?

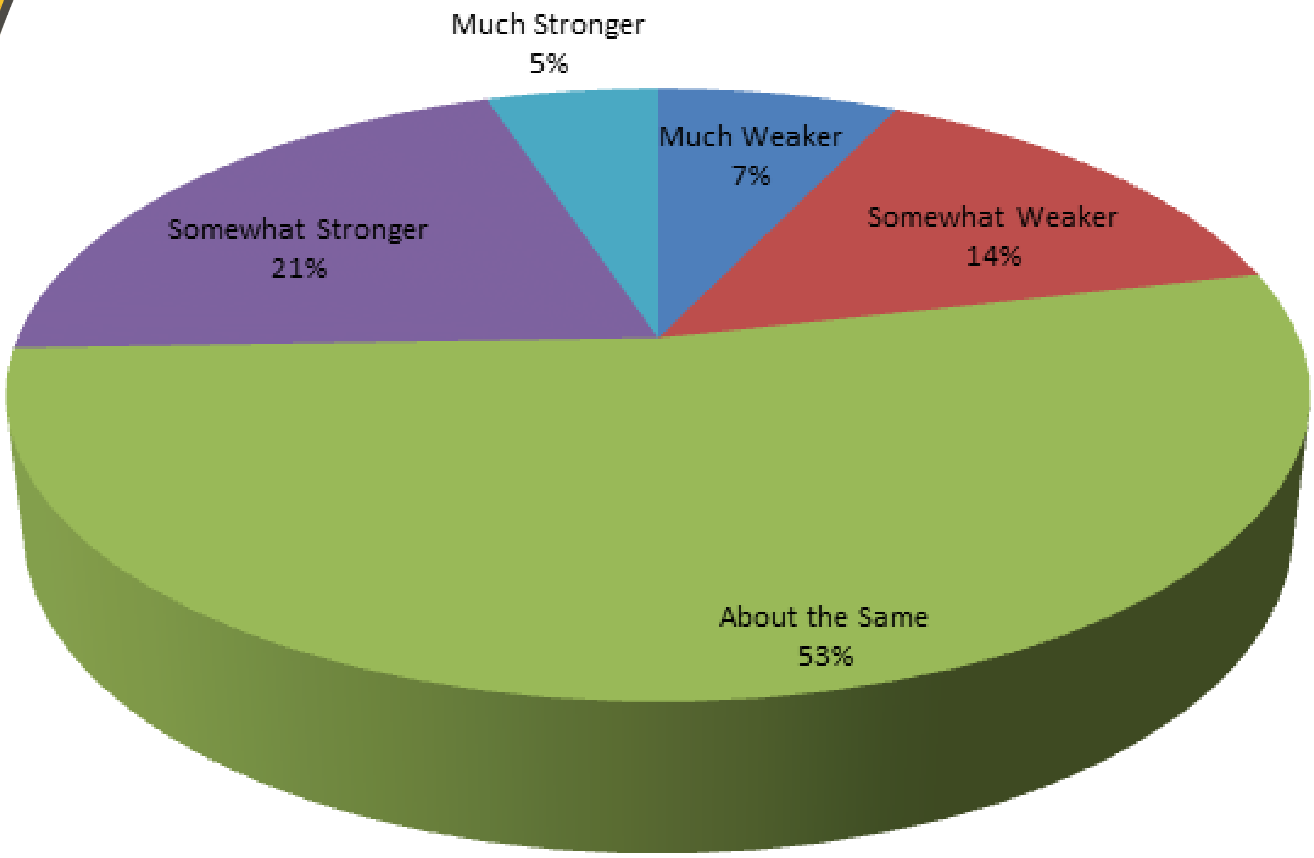
Thirty-five businesses commented on changes they would like to see the local supplier make related to customers/clients. More awareness of the local Food and Beverage industry, change of food laws health claim standards, government support to the local industry, and more parking were among the suggested changes.

Q. HOW HAS YOUR BUSINESS PERFORMED OVER THE LAST SIX MONTHS RELATIVE TO THE PREVIOUS SIX MONTHS?



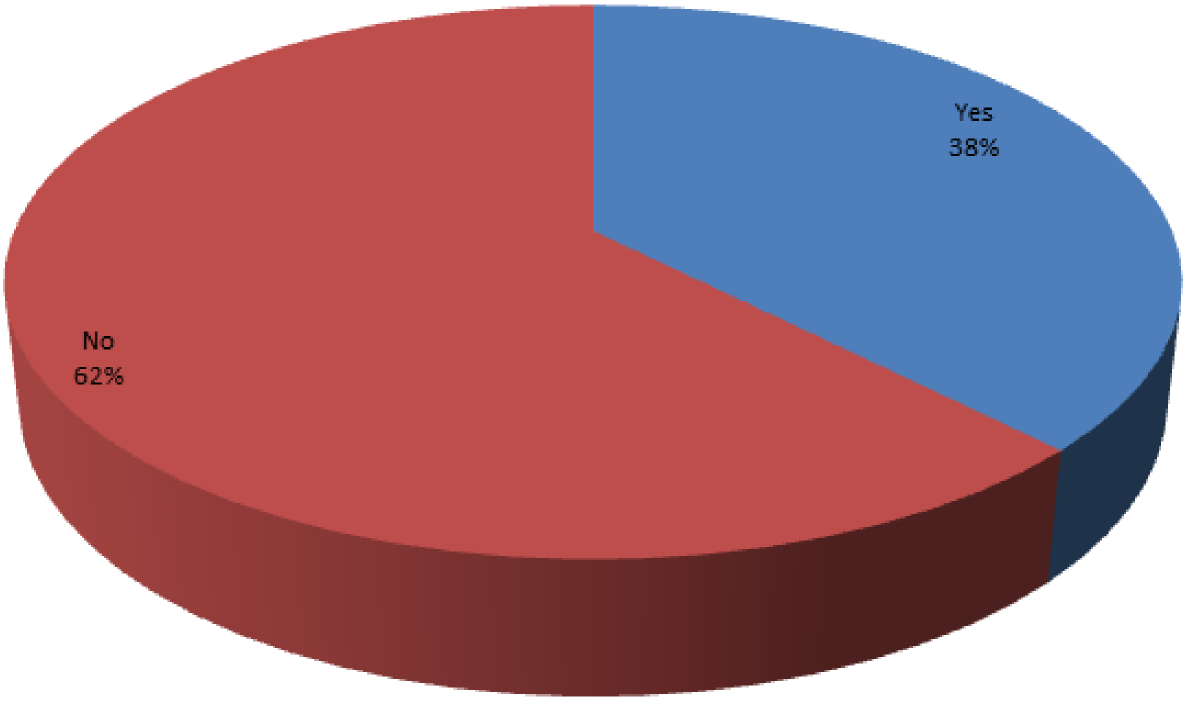
Around three-quarters of the Food and Beverage businesses in the sample indicated that their business had performed about the same or somewhat stronger over the last six months relative to the previous six months.

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.

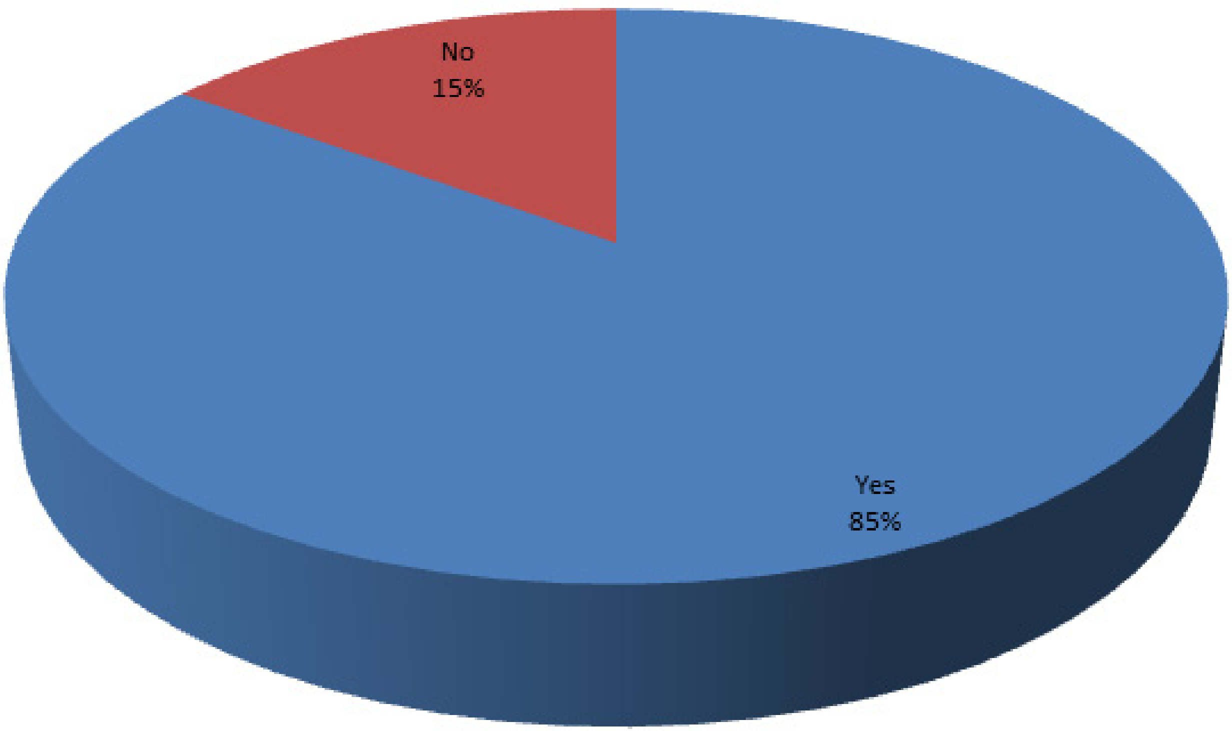
Q. DO YOU GENERALLY HAVE A PURCHASING COMMITMENT TO BY LOCAL PRODUCE?



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

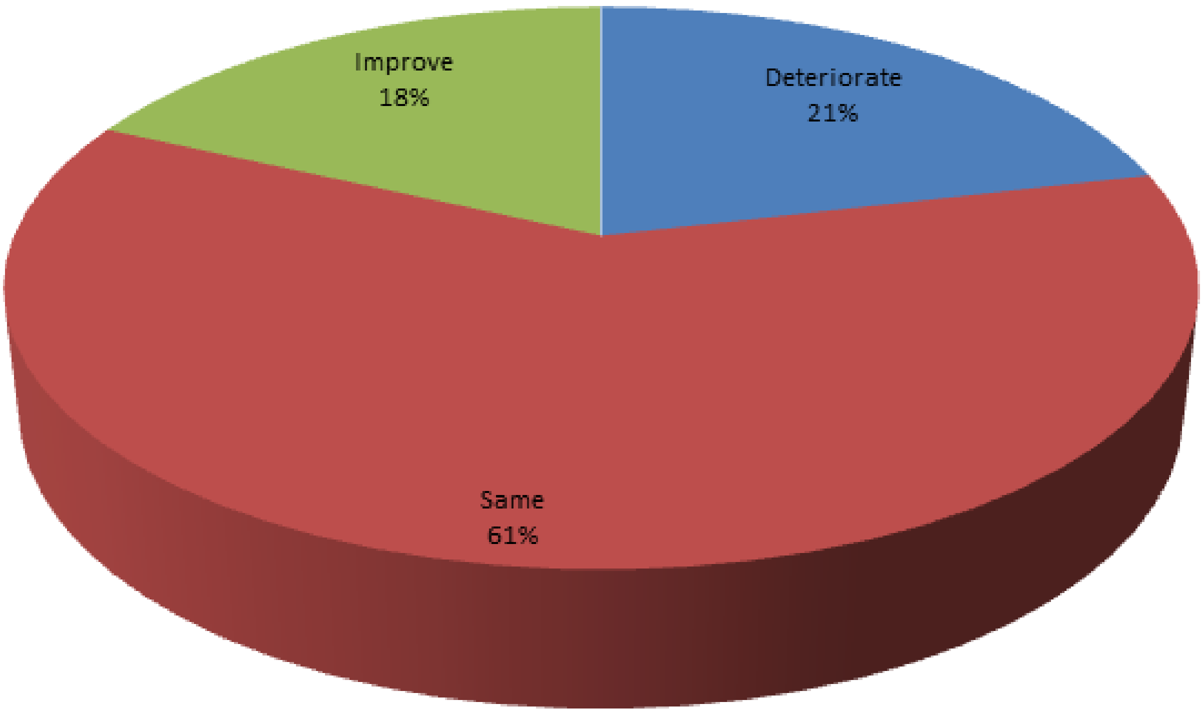
Price was the most regarded factor perceived by around one-fifth of the sample affecting their decision to buy locally followed by supporting local businesses, quality of the local produce and its availability in addition to being locked into an agreement.

Q. ARE YOU SATISFIED WITH LOCAL SUPPLIERS OF LOCAL PRODUCE?



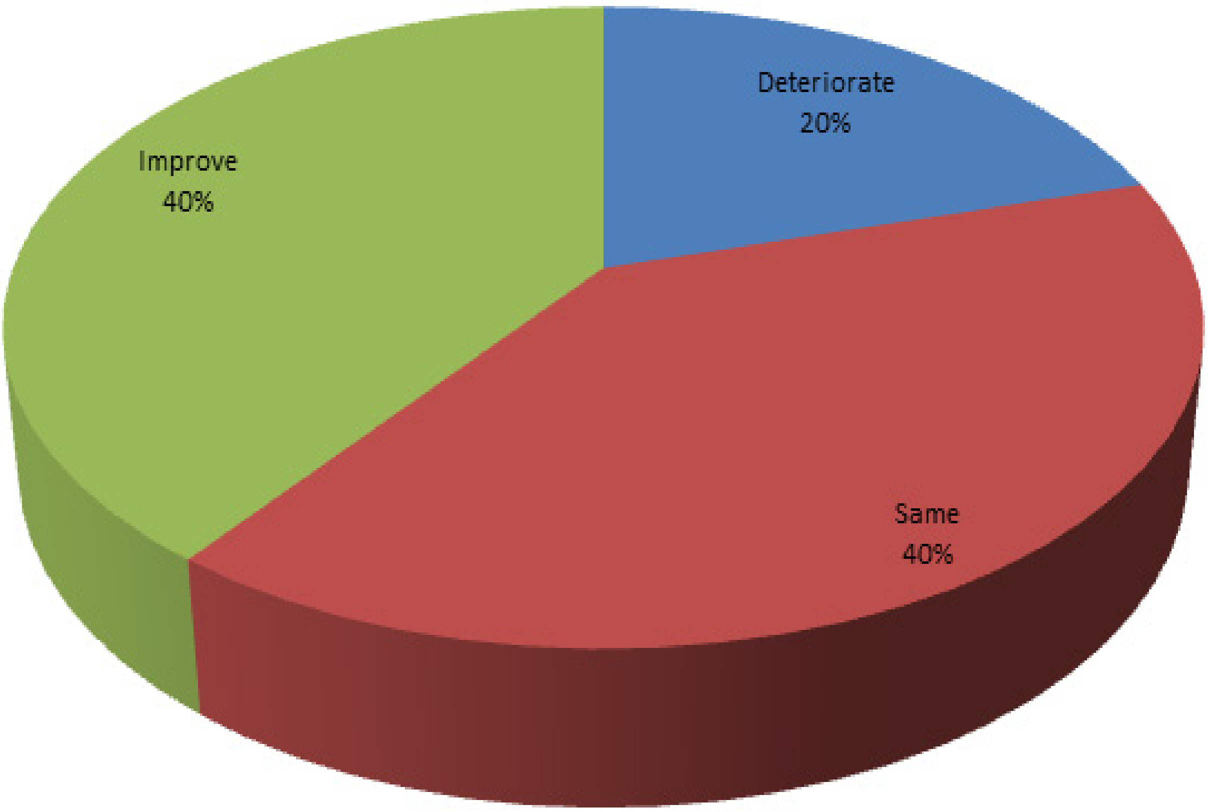
More than three-quarters of the Food and Beverage businesses in the sample are satisfied with local suppliers of local produce. Volume of quality products, lack of large scale suppliers, and the reliability of the delivery were among the changes suggested by those who were not satisfied with the local 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?



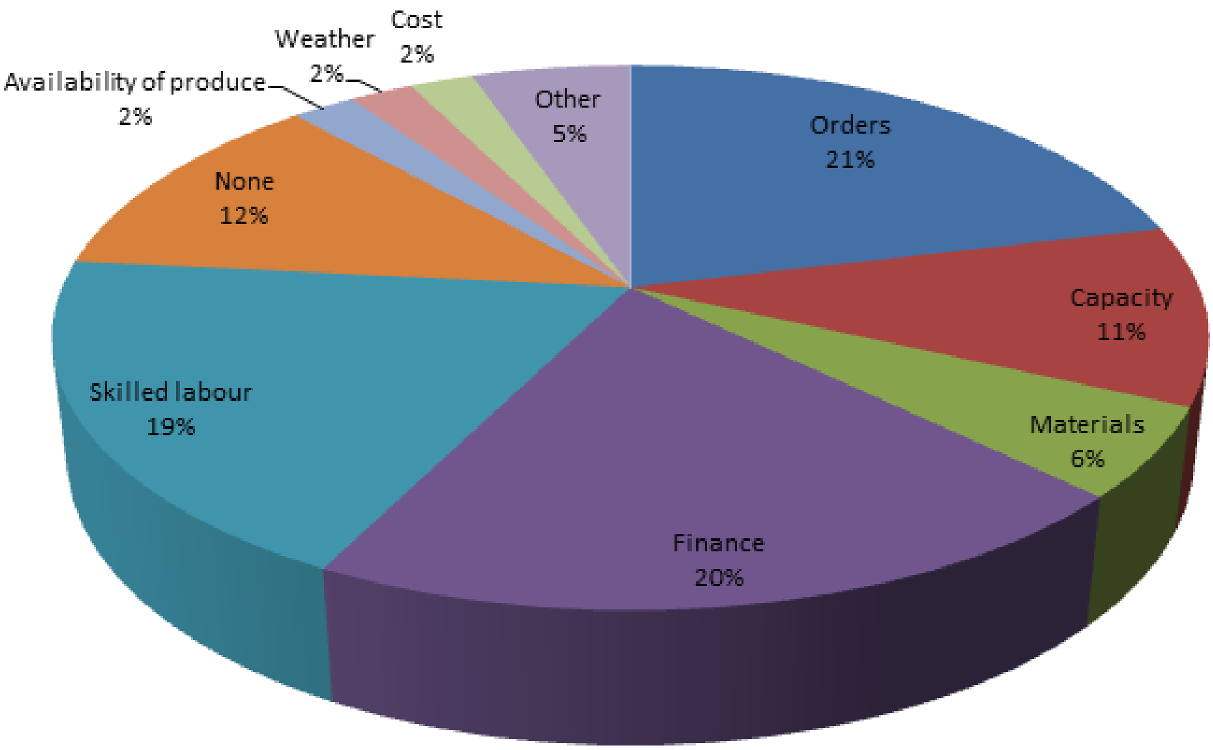
More than half of the Food and Beverage businesses surveyed perceived no changes to the general health of their industry in the next six months with around one-fifth indicating a deterioration or improvement to health.

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?



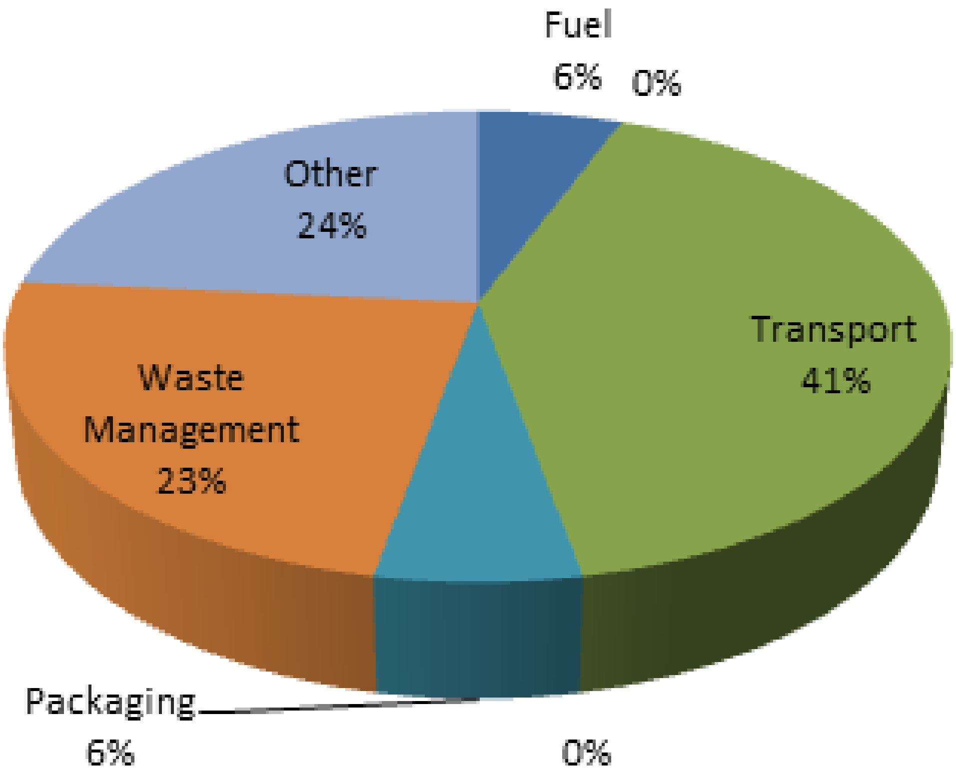
Customer Orders, Finance, Skilled Labour, and Capacity were among the highest single factor limiting abilities of the Food and Beverage businesses surveyed with regards increased production.

SECTION TWO:
FOOD AND BEVERAGE SUPPLY CHAIN FINDINGS BY SECTOR

This Section of the report deals with the findings of the project using various sectors of the Food and Beverage Supply Chain as the basis for the analysis. These sectors include: Production Input, Production, Processing, Wholesale & Retail, and Food Service.

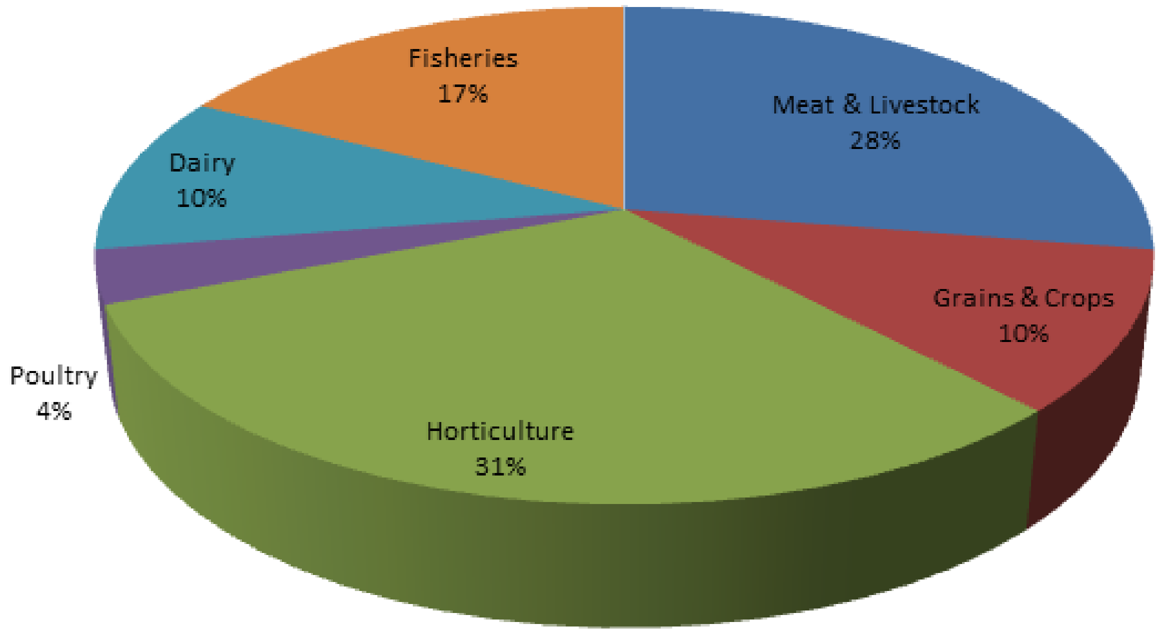
Findings from the cross tabulation analysis between Food and Beverage Supply Chain sectors and the supply sources, level of operations, supply commitment, level of satisfaction with suppliers, level of confidence and production constraints will be explored in the coming pages.

SAMPLE BUSINESSES - PRODUCTION INPUT



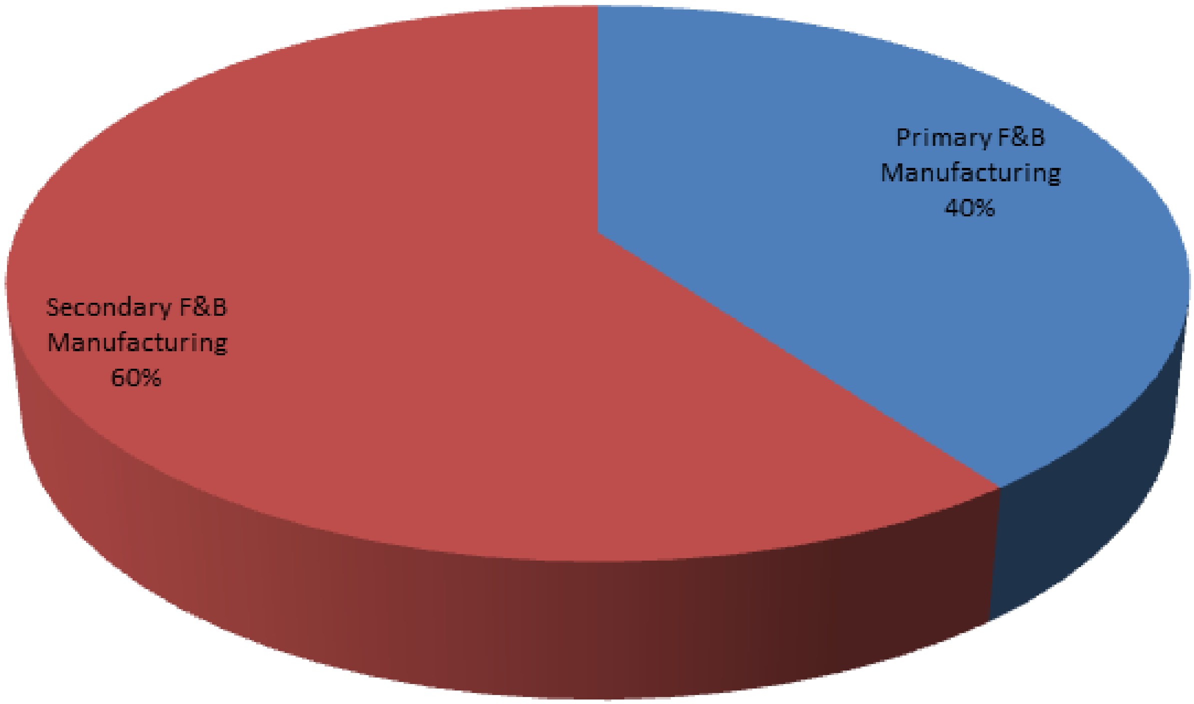
Transport accounted for the largest number of the Production Input sample followed by Waste Management and one business in the area of Fuel and Packaging. There were no Fertiliser or Storage businesses in the sample.

SAMPLE BUSINESSES - PRODUCTION



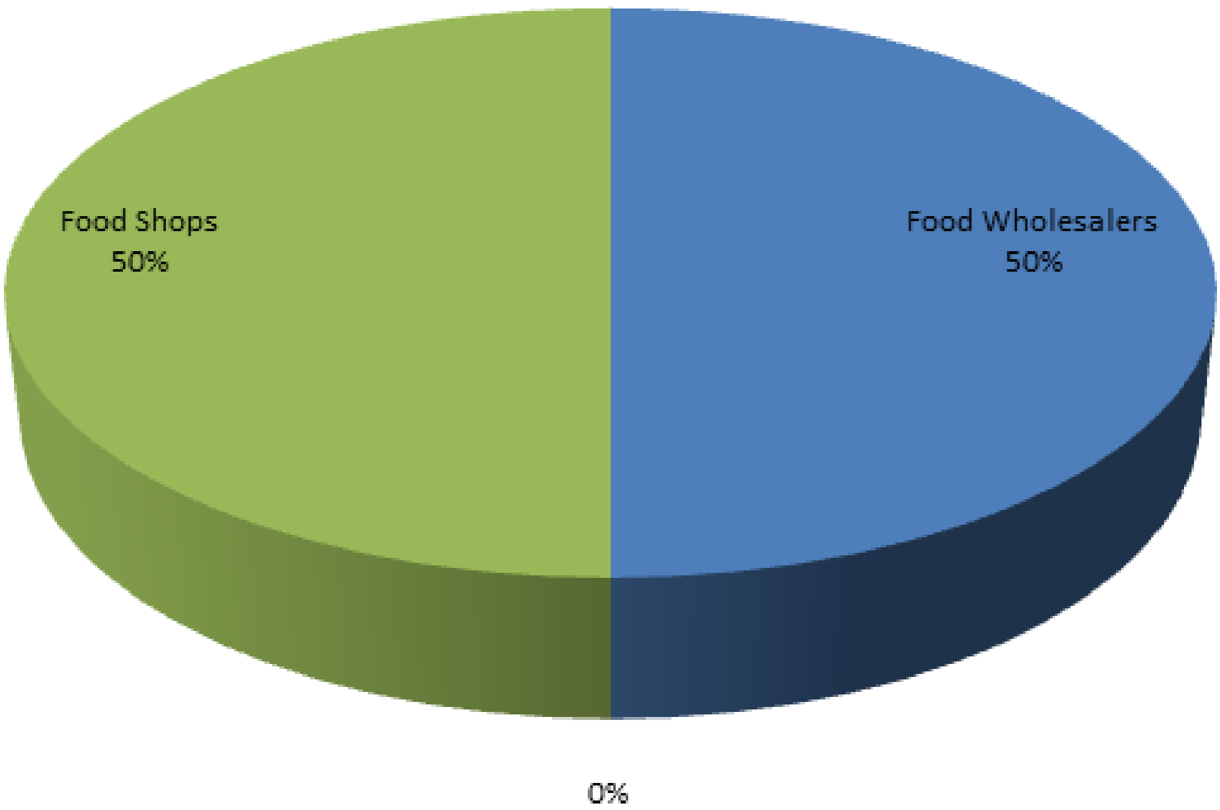
Horticulture denoted the highest proportion of the Production businesses followed by Meat & Livestock and Fisheries. The Production sample also contained three each in Dairy and Grains & Crops and one Poultry business.

SAMPLE BUSINESSES - PROCESSING



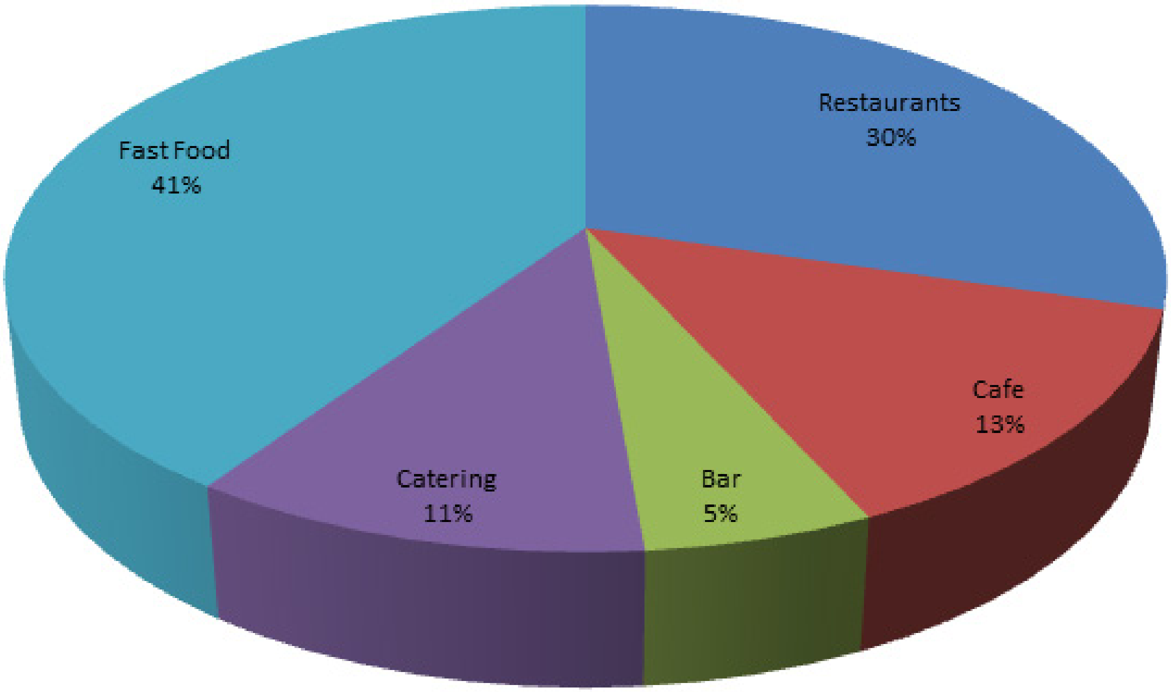
There were six Secondary Food and Beverage Manufacturing Processing businesses in the sample whereas Primary Manufacturing accounted for the remaining four.

SAMPLE BUSINESSES - WHOLESALE & RETAIL



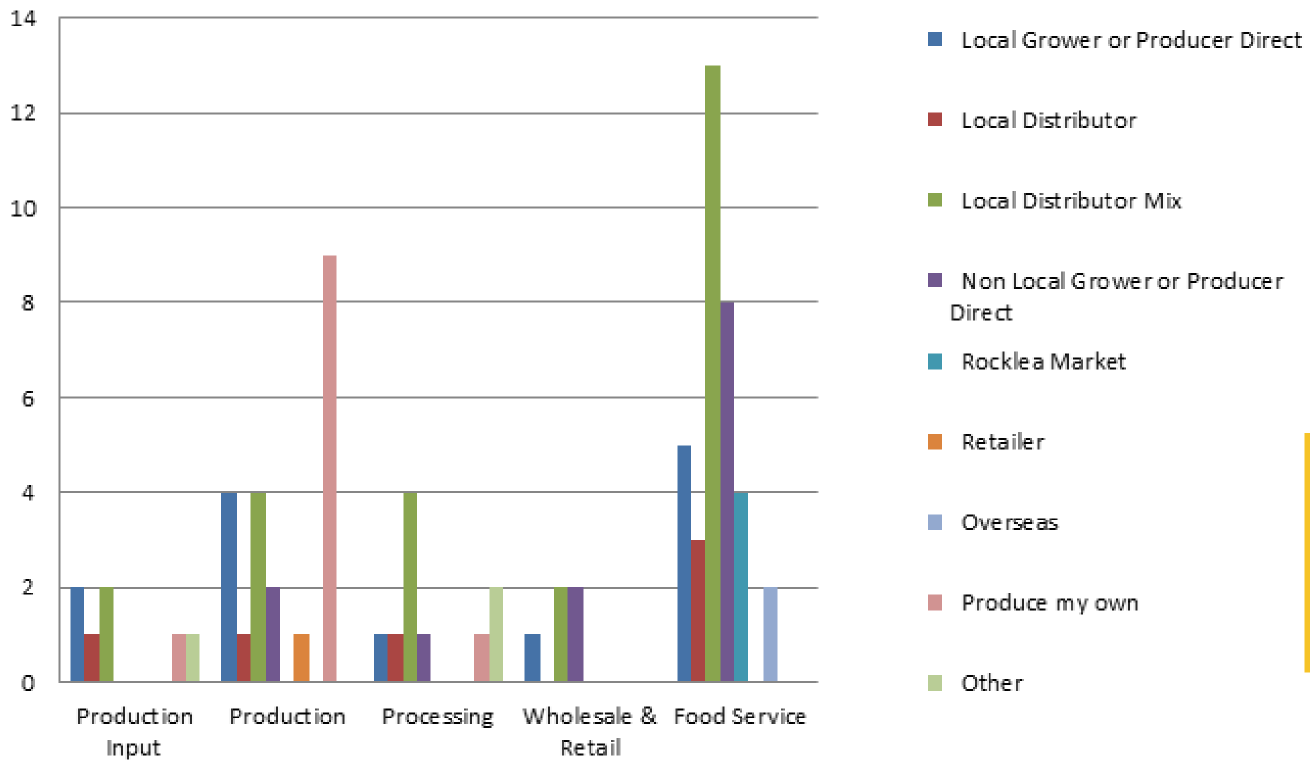
There were three businesses representing Food Wholesalers and an equal number of Food Shops. There were no supermarkets in the Wholesale & Retail sample.

SAMPLE BUSINESSES - FOOD SERVICE



Fast Food businesses accounted for the largest number of the Food Service sample followed by Restaurants and Cafés. The Food Service sample also comprised of four Catering and two Bar businesses.

Q. THINKING ABOUT YOUR SUPPLIES AND/OR YOUR SUPPLIERS, WHAT PERCENTAGE OF YOUR SUPPLIES AND/OR SUPPLIERS COMES FROM THE FOLLOWING?



For the Production Input of the Food and Beverage Supply Chain sector in the sample, local grower or producer direct, and local distributor were the most common supply source used.

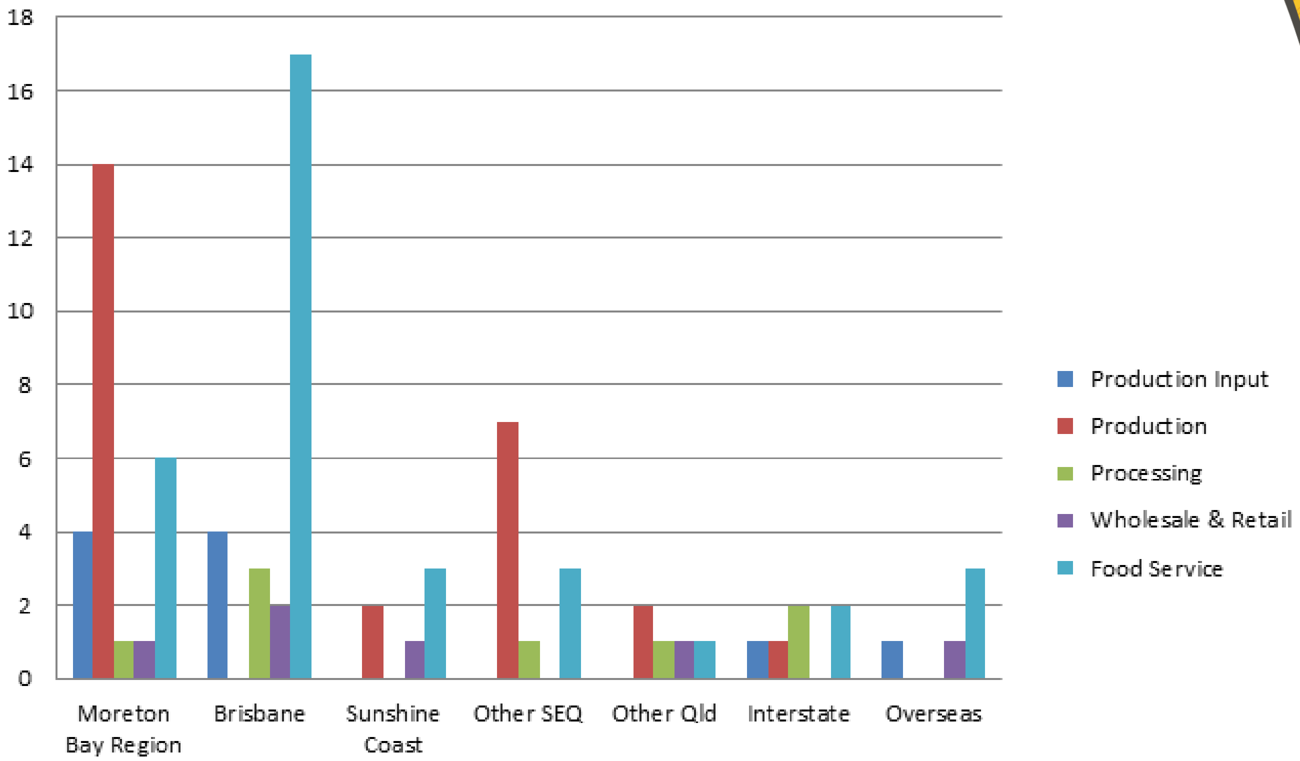
Produce my own was the most common supply source used by the Production sector in the sample followed by local grower or producer direct and local distributor.

Local distributor sourcing a mix of local and nonlocal food was the most common supply source used by the Processing sector of the sample businesses.

Non-local grower or producer direct and local distributor sourcing a mix of local and non-local food was the most common supply source used by the Wholesale & Retail sector.

For the Food Service of the sector sample businesses, local distributor sourcing a mix of local and nonlocal food was the most common supply source used followed by non-local grower or producer direct and local grower or producer direct.

Q. THINKING ABOUT YOUR SUPPLIES AND/OR YOUR SUPPLIERS, WHAT PERCENTAGE OF YOUR SUPPLIES AND/OR SUPPLIERS COMES FROM THE FOLLOWING BROADLY CLASSIFIED REGIONS?



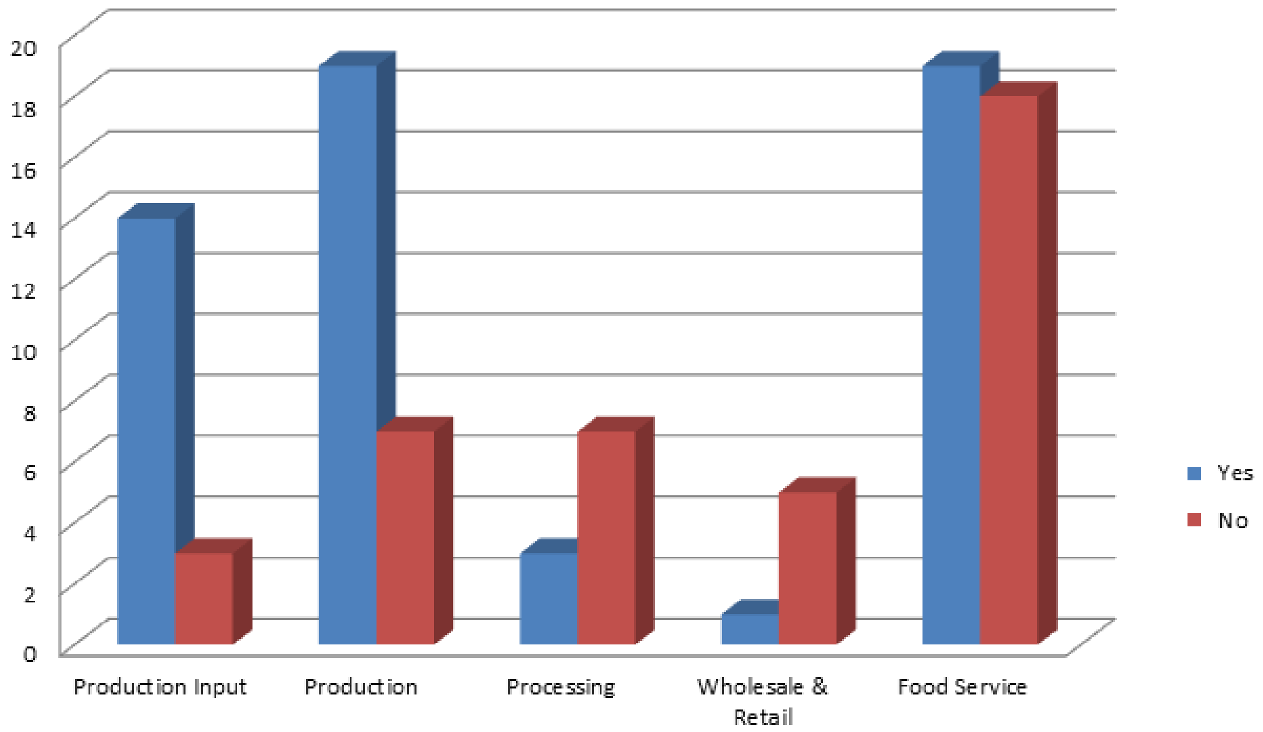
Moreton Bay Region was the most common regional source used by the Production and Production Input followed by Food Service sectors in the sample.

Food Service, Processing and Production input sectors in the sample used Brisbane as their most common source.

Sunshine Coast was the most common regional source used by Food Service and Production sectors.

Other South East Queensland was the most common regional source used by the Production businesses followed by the Food Service sectors. Wholesale & Retail businesses in the sample used a variety of sources as their suppliers with a concentration on the Brisbane Region.

Q. ARE YOU SATISFIED WITH THE NUMBER OF CUSTOMERS/ CLIENTS OF YOUR BUSINESS?

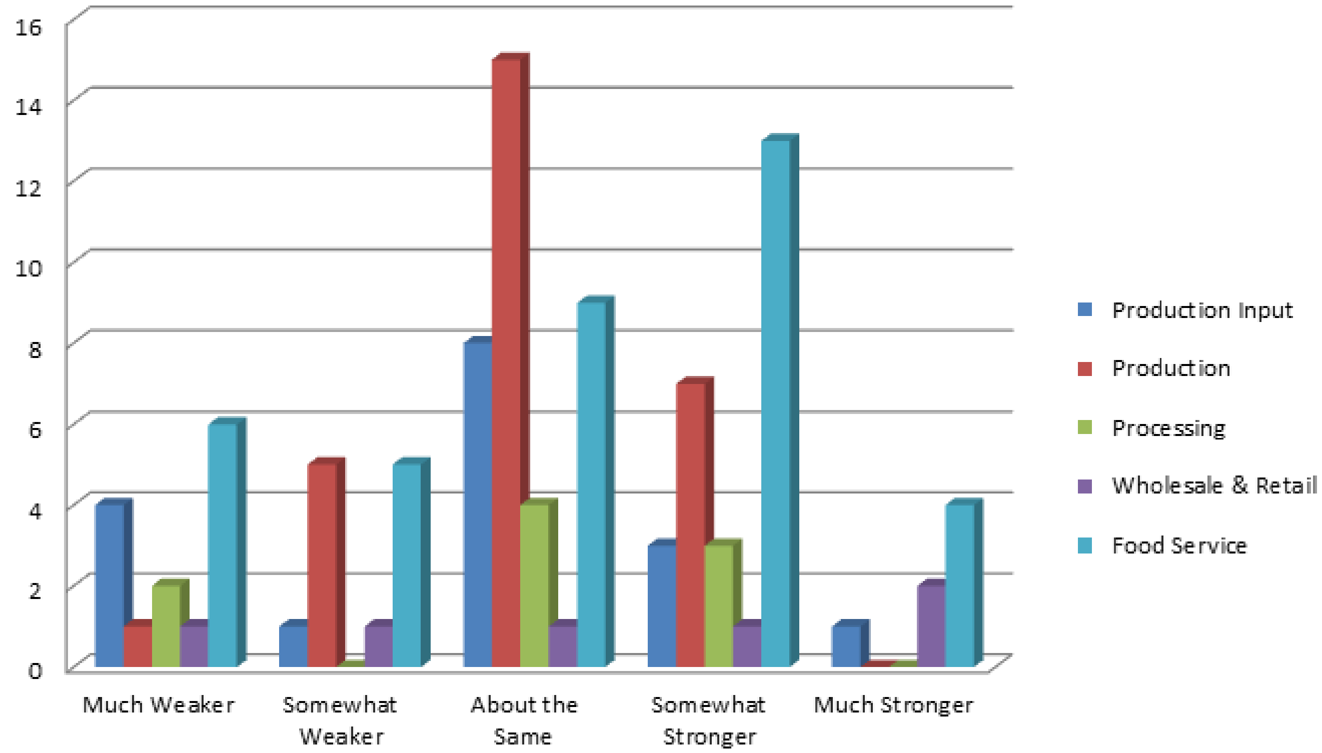


Fifty six businesses in the sample answered this question. Production Input and Production businesses in the sample indicated higher satisfaction with the number of customers or clients (82% & 73% respectively).

Food Service businesses were almost equally divided about their satisfaction with the number of customers or clients.

Around 70% of the Processing businesses and 80% of the Wholesale & Retail businesses in the sample were not satisfied with the number of customers or clients.

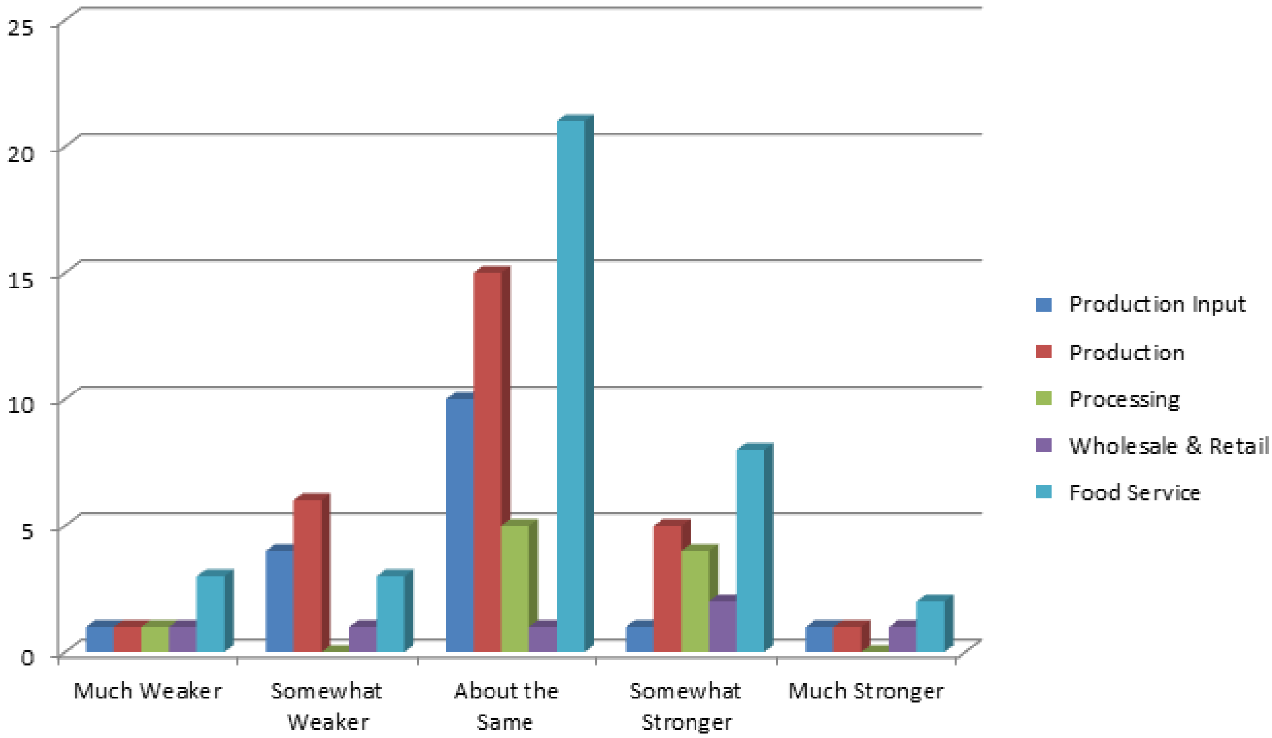
Q. HOW HAS YOUR BUSINESS PERFORMED OVER THE LAST SIX MONTHS RELATIVE TO THE PREVIOUS SIX MONTHS?



Around half of the Production Input, Production, and Processing businesses in the sample perceived business performance of the last six months were about the same compared with the previous six months. Around one-quarter of the same sectors indicated somewhat stronger performance over same period.

Approximately half of the Food Service businesses in the sample were more confident that business performance over the last six months would be somewhat or much stronger compared to the previous six months.

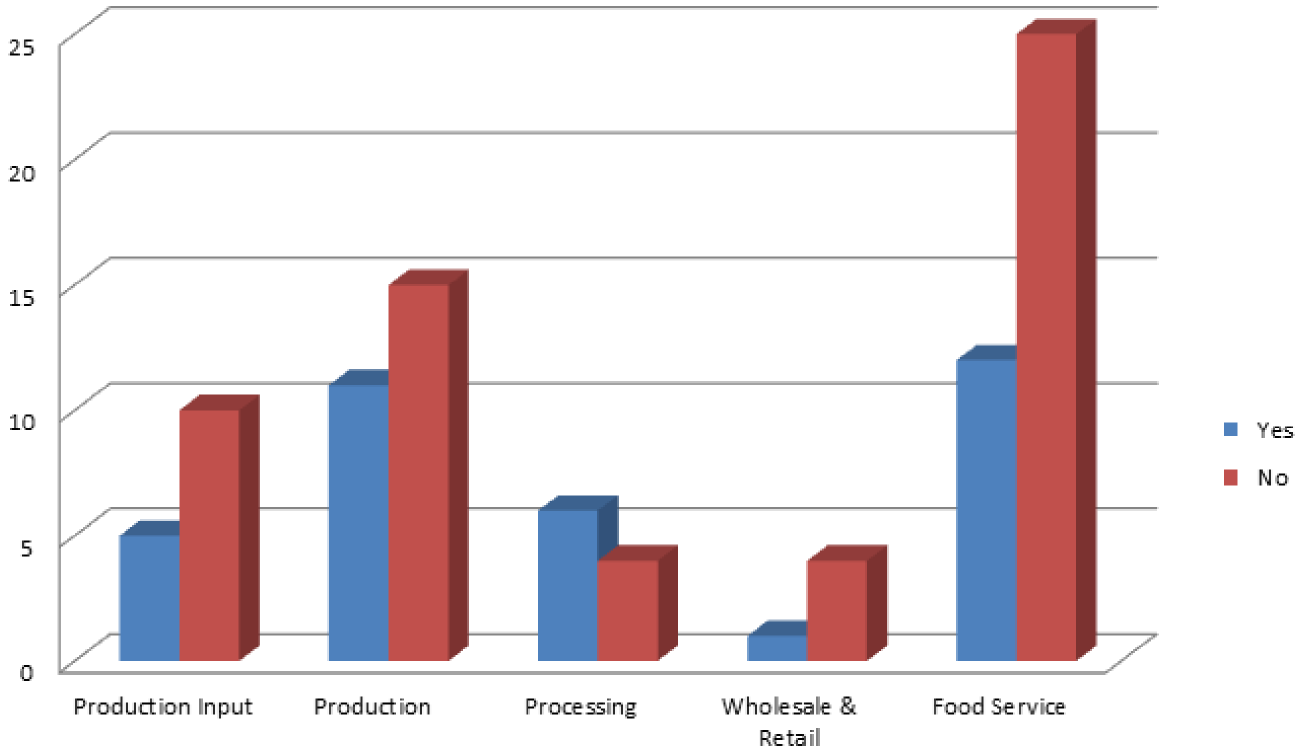
Q. HOW DO YOU BELIEVE YOUR BUSINESS WILL PERFORM IN THE NEXT SIX MONTHS COMPARED WITH THE LAST SIX MONTHS?



Half or more of the Food Service, Production, Production Input and Processing sample surveyed indicated that business performance over the next six months would be about the same compared to the last six months.

Half of the Wholesale & Retail, one third of processing and one-fifth of the Production and Food Service businesses in the sample were confident that business performance over the next six months would be somewhat or much stronger over the next six months compared to the last six months.

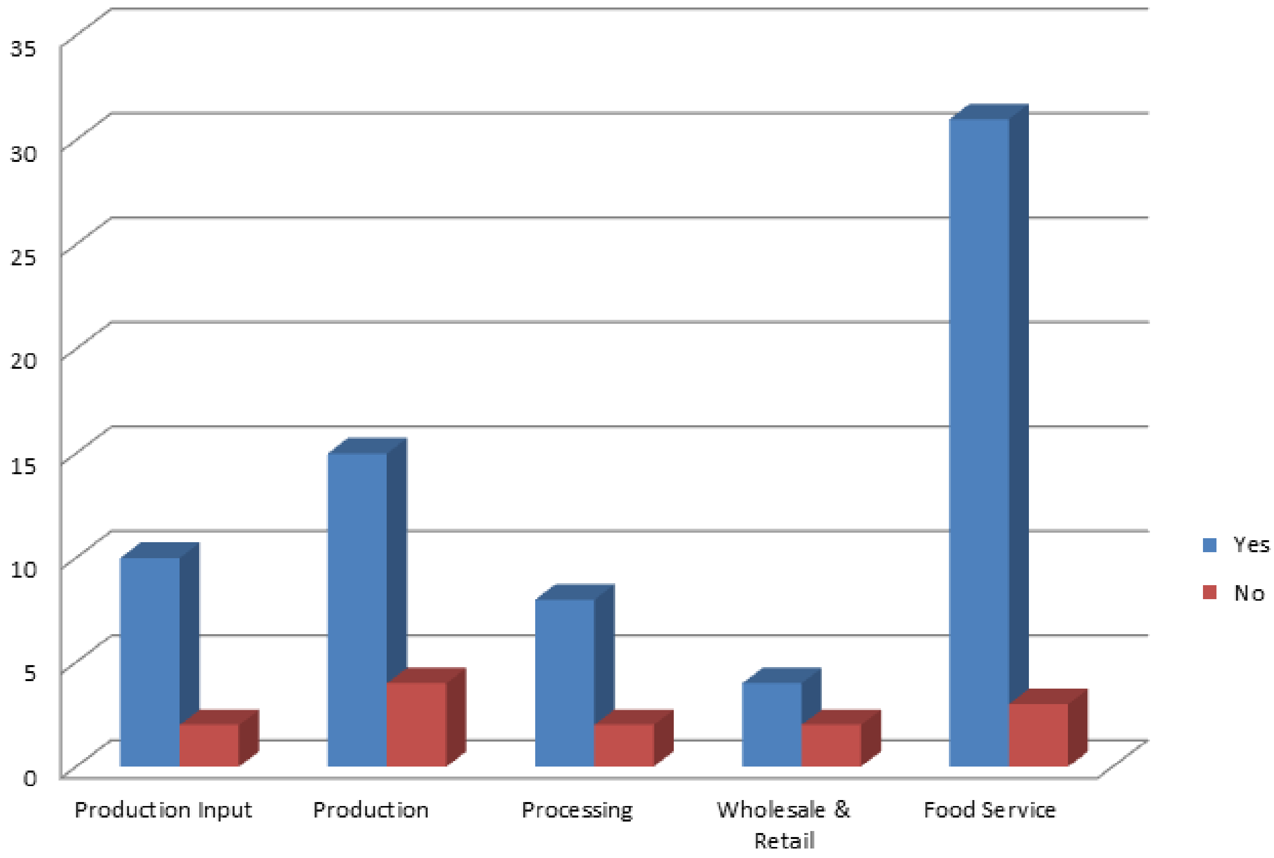
Q. DO YOU GENERALLY HAVE A PURCHASING COMMITMENT TO BUY LOCAL PRODUCE?



Processing businesses in the sample were the only sector with more than half of its sample having a purchasing commitment to buy local produce.

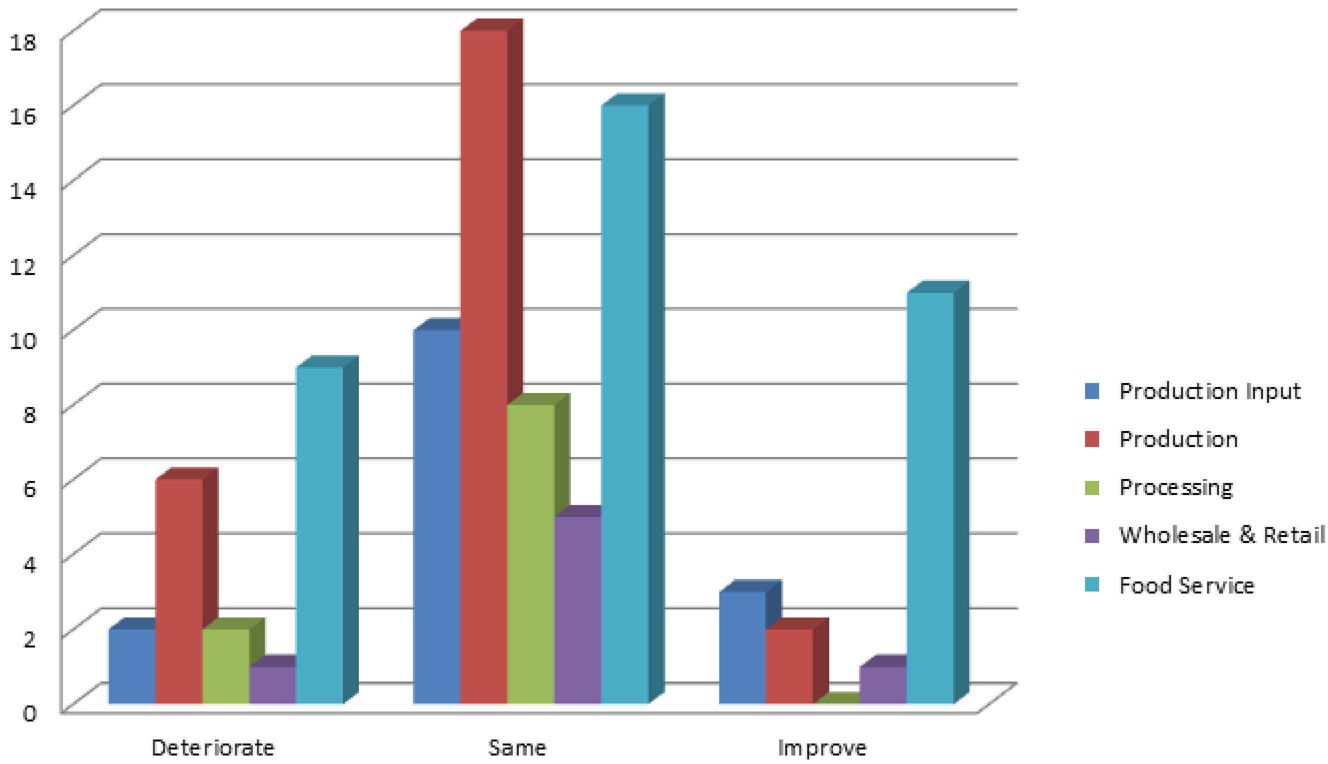
Two-thirds or more of the Production Input, Food Service, Production, and Wholesale & Retail businesses had no purchasing commitment to buy local produce.

Q. ARE YOU SATISFIED WITH LOCAL SUPPLIERS OF LOCAL PRODUCE?



Around three-quarters or more of the Food and Beverage sample surveyed were satisfied with local suppliers of local produce with Food Service sector scoring the highest satisfaction followed by Production Input, Processing and Production sectors.

Q. WHAT IS YOUR PERCEPTION ABOUT THE GENERAL HEALTH OF THE FOOD AND BEVERAGE INDUSTRY IN THE NEXT SIX MONTHS?

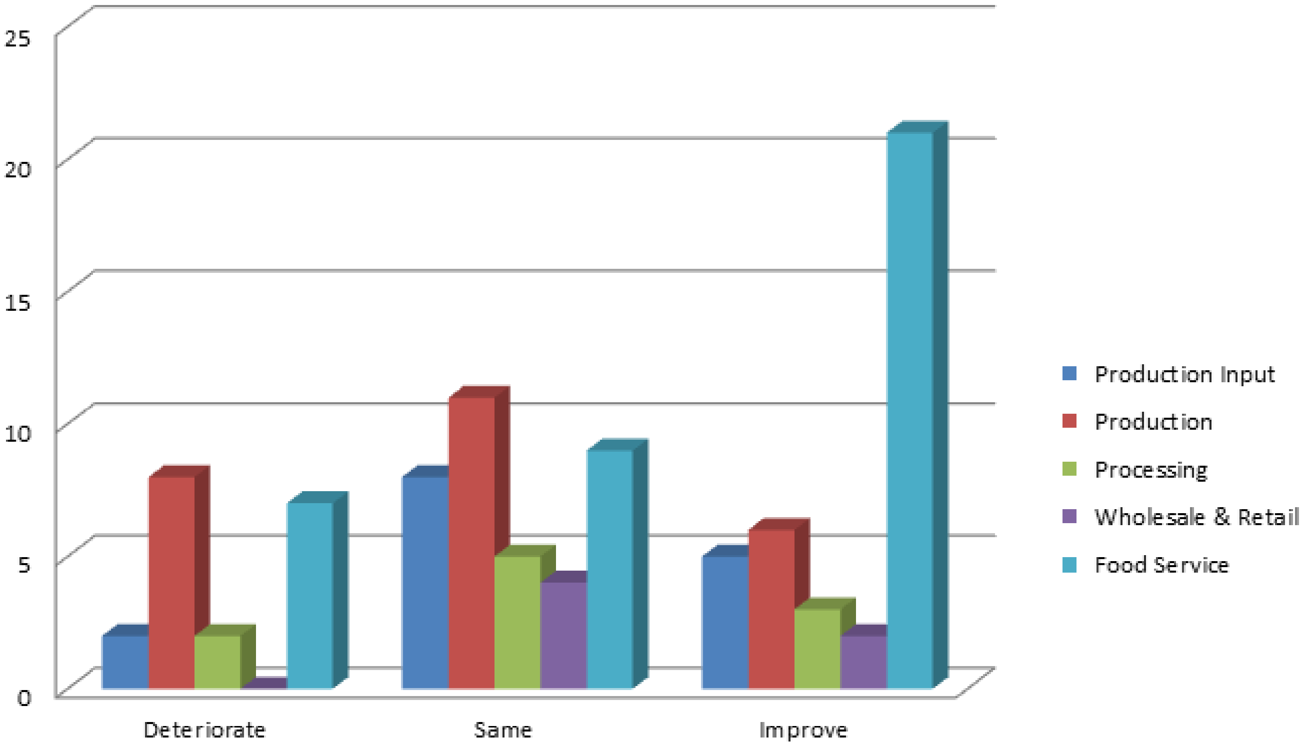


Two-thirds or more of the Processing, Production, and Wholesale & Retail surveyed businesses indicated no changes to the general health of the Food and Beverage industry in the next six months.

The Food Service sample had the highest number of businesses (around one-third) that perceived an improvement to the general health of the Food and Beverage industry in the next six months with 40% indicating the same general health.

Around one-quarter of the Food Service and Processing businesses pointed to deterioration in the general health of the food and beverage industry in the next six months.

Q. WHAT IS YOUR PERCEPTION ABOUT THE GENERAL HEALTH OF THE FOOD AND BEVERAGE INDUSTRY IN TWO YEARS FROM NOW?

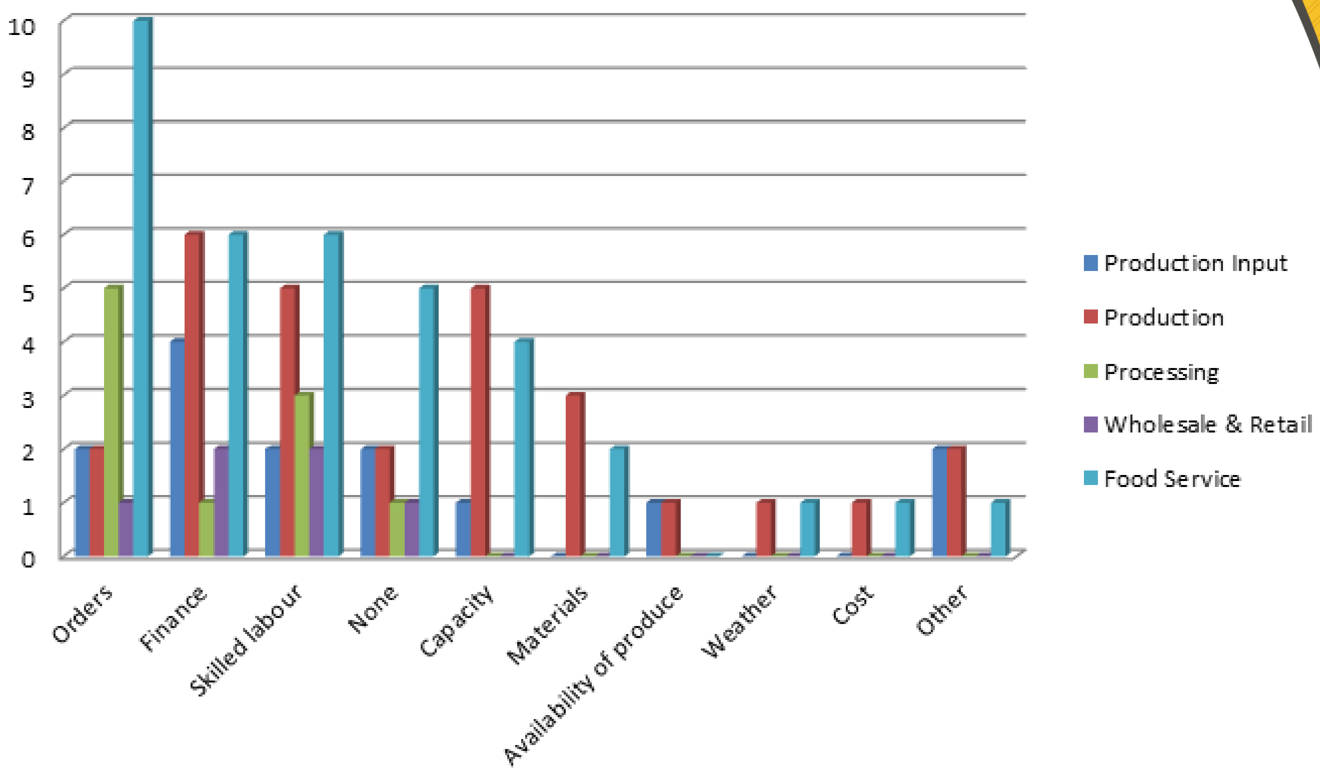


More than half of the Food Service and Production businesses in the sample surveyed perceived an overall improvement in the general health of the Food and Beverage industry in two years time.

Around half of the Production Input, Production, Processing and Wholesale & Retail businesses indicated same general health in two years time.

Approximately one-third of the Production and one-fifth of the Food Service businesses of the sample pointed to a deterioration in the general health of the food and beverage industry in two years time.

Q. WHAT SINGLE FACTOR IS MOST LIMITING YOUR ABILITY TO INCREASE PRODUCTION?



Food Service and Processing businesses in the sample indicated that customer Orders were the most single factor limiting ability to increase production followed by Skilled Labour.

Finance, Capacity, and Skilled Labour were the most single factors limiting ability to increase production of the Production and Production Input businesses in the sample.

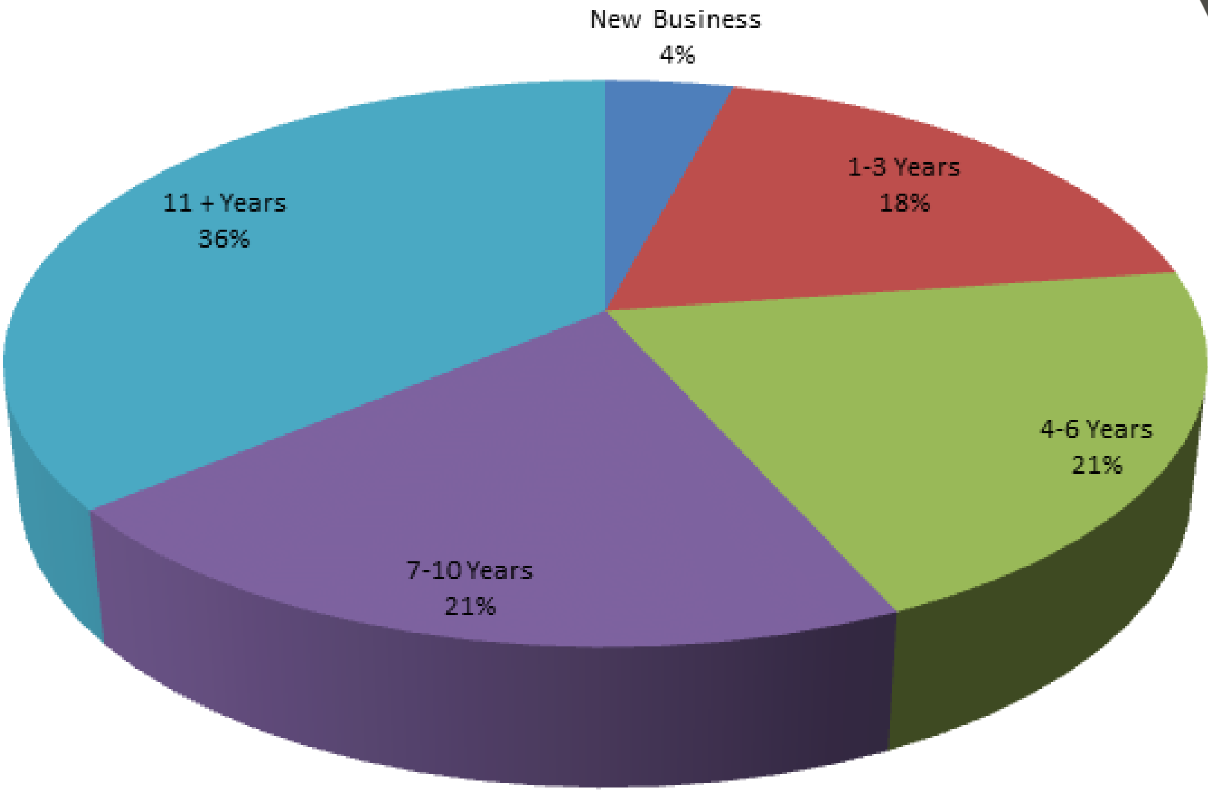
Wholesale & Retail businesses in the sample perceived Finance and Skilled Labour as the most single factors limiting ability to increase production.

SECTION THREE:
FOOD AND BEVERAGE SUPPLY CHAIN FINDINGS BY OPERATING ENTITIES

Food and Beverage Supply Chain business within the Moreton Bay Region were asked to identify how long they have been in operation (operating entities). Business operating entities were divided into the following categories: New business (operating less than 12 months); 1-3 years; 4-6 years; 7-10 years; and 11 or more years.

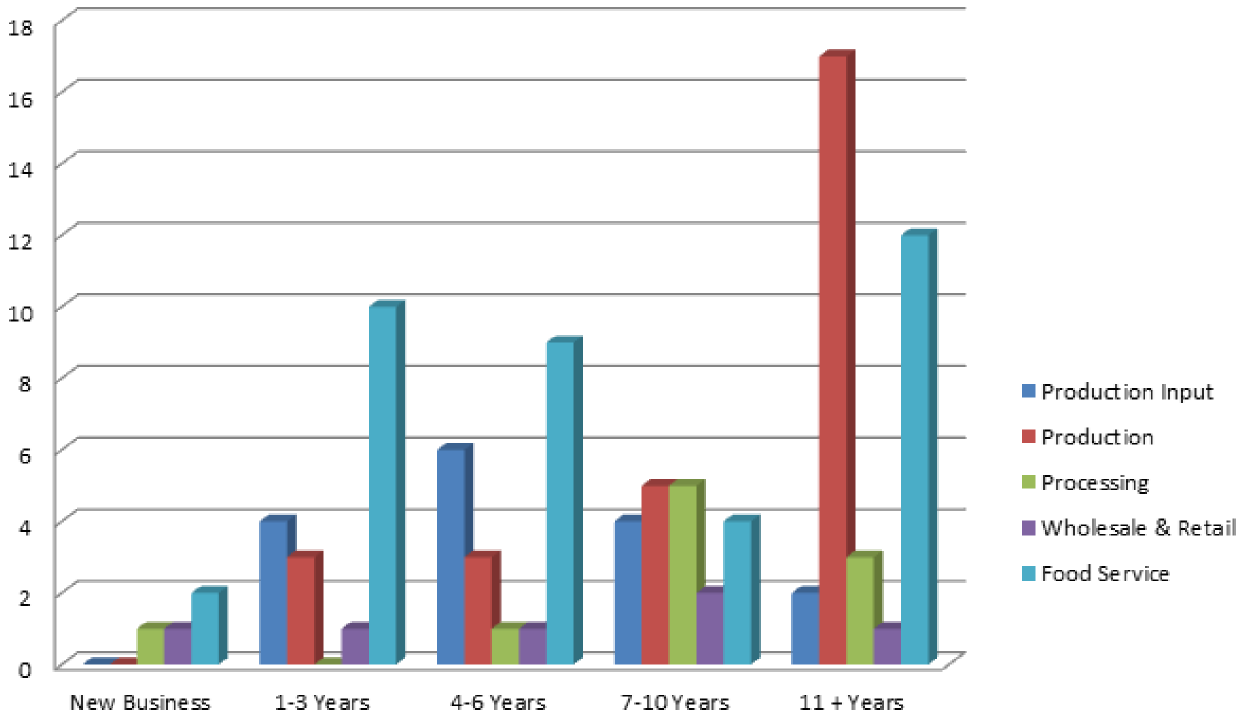
This Section of the report deals with the findings from the cross tabulation analysis using operating entities with the supply sources, level of operations, supply commitment, level of satisfaction with suppliers, level of confidence and production constraints. These findings will be explored in the coming pages.

SAMPLE BUSINESSES BY OPERATING ENTITIES



More than one-third of the sample have been operating 11 years or more whereas one-fifth of the sample have been operating between 7-10 years with an equal number operating between 4-6 years. Figures also show 18 businesses operating between 1-3 years and only 4 businesses in the sample are new businesses operating for less than 12 months.

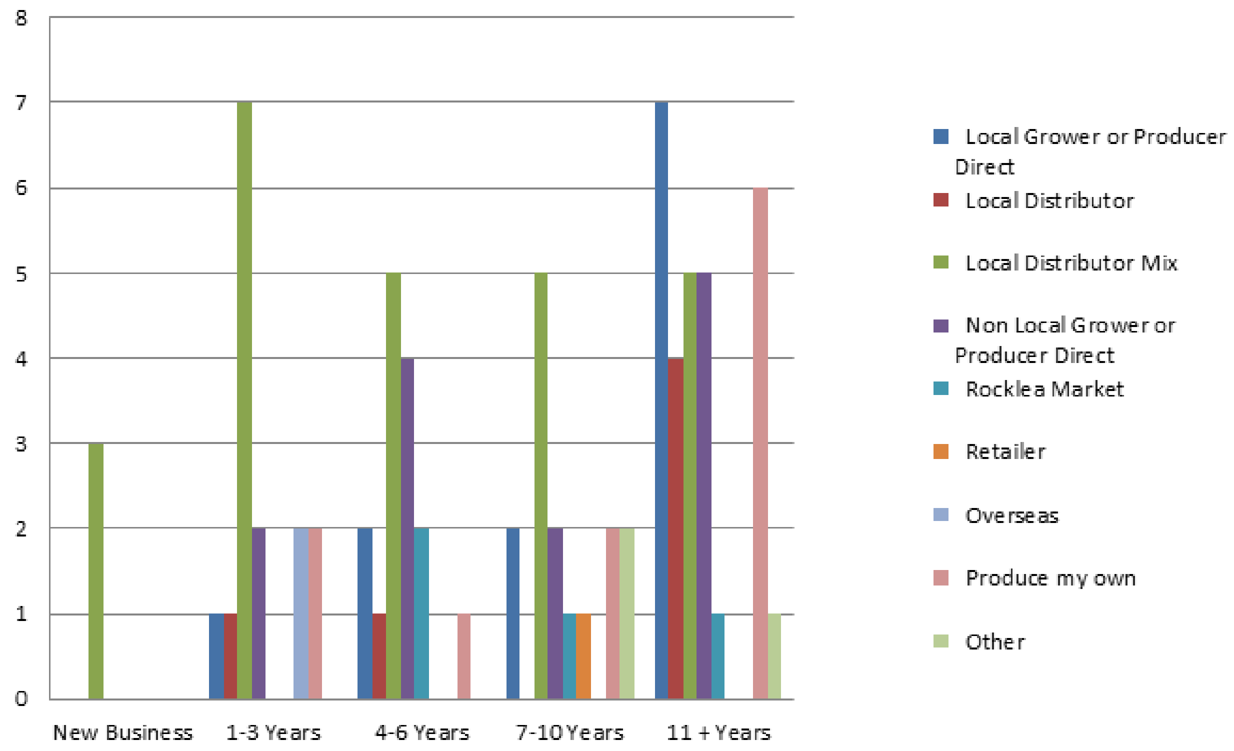
BUSINESS SECTOR BY OPERATING ENTITIES



The Production and Processing businesses in the sample have been operating for a longer period in comparison with other Food and Beverage businesses with 79% operating for seven years or more compared to around one-third of Food Service and Production Input businesses operating for same period (40% & 38% respectively).

Food Services represented the highest number of businesses in the sample that have been operating between 4-6 years and 1-3 years (45% & 56% respectively) followed by Production Input businesses (30% and 22% respectively). Figures also reveal that half of the New Businesses in the sample are Food Service businesses whereas two Wholesale & Retail businesses were operating between 7-10 years with the remaining four businesses being scattered across the operating range.

Q. THINKING ABOUT YOUR SUPPLIES AND/OR YOUR SUPPLIERS, WHAT PERCENTAGE OF YOUR SUPPLIES AND/OR SUPPLIERS COMES FROM THE FOLLOWING?

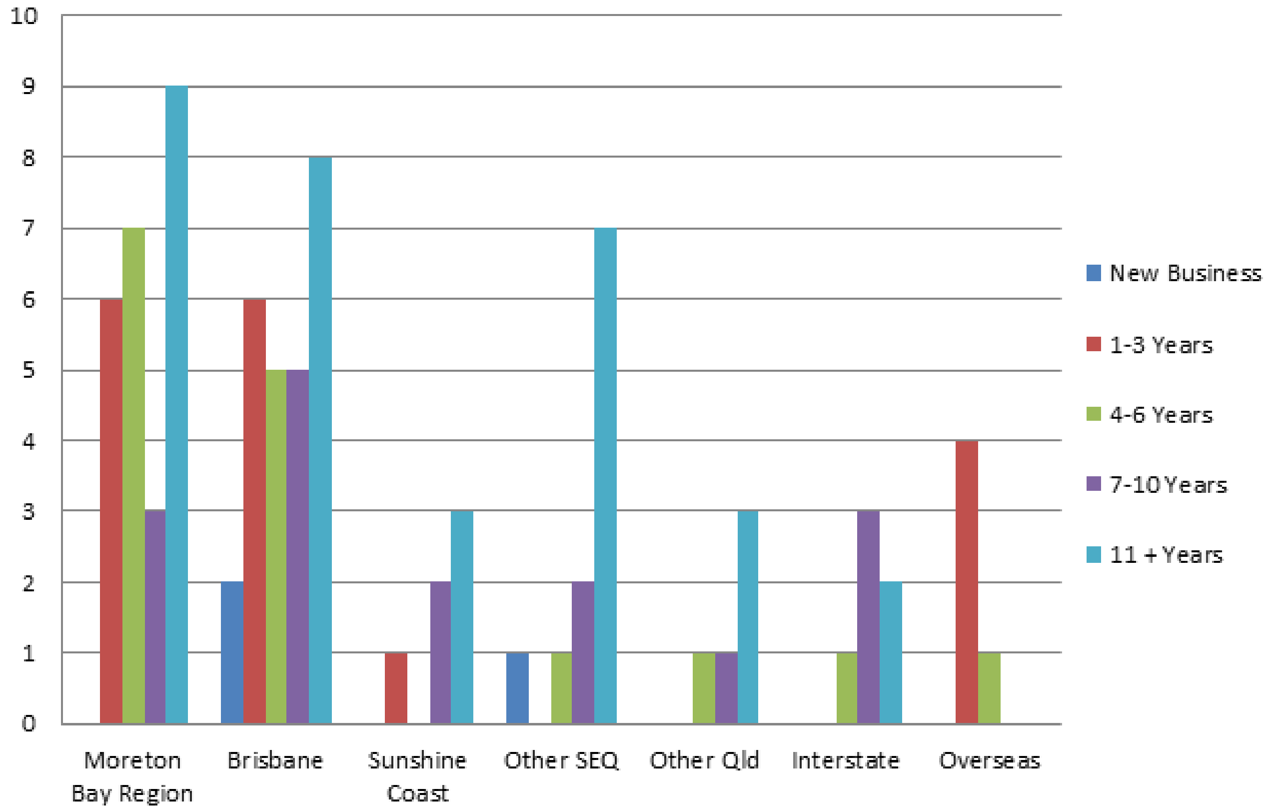


Local distributor sourcing a mix of local and non-local foods was the only source of supply for the New Businesses and those operating between 1-10 years in the Food and Beverage Supply Chain sample.

Businesses in the sample operating for 11 years or more indicated that local grower or producer direct was their most common source of supply followed by produce my own, local distributor sourcing a mix of local & non-local foods and non-local grower or producer direct.

Non-local grower or producer direct was the second most common source of supply for sample businesses operating between 4-6 years and 7-10 years.

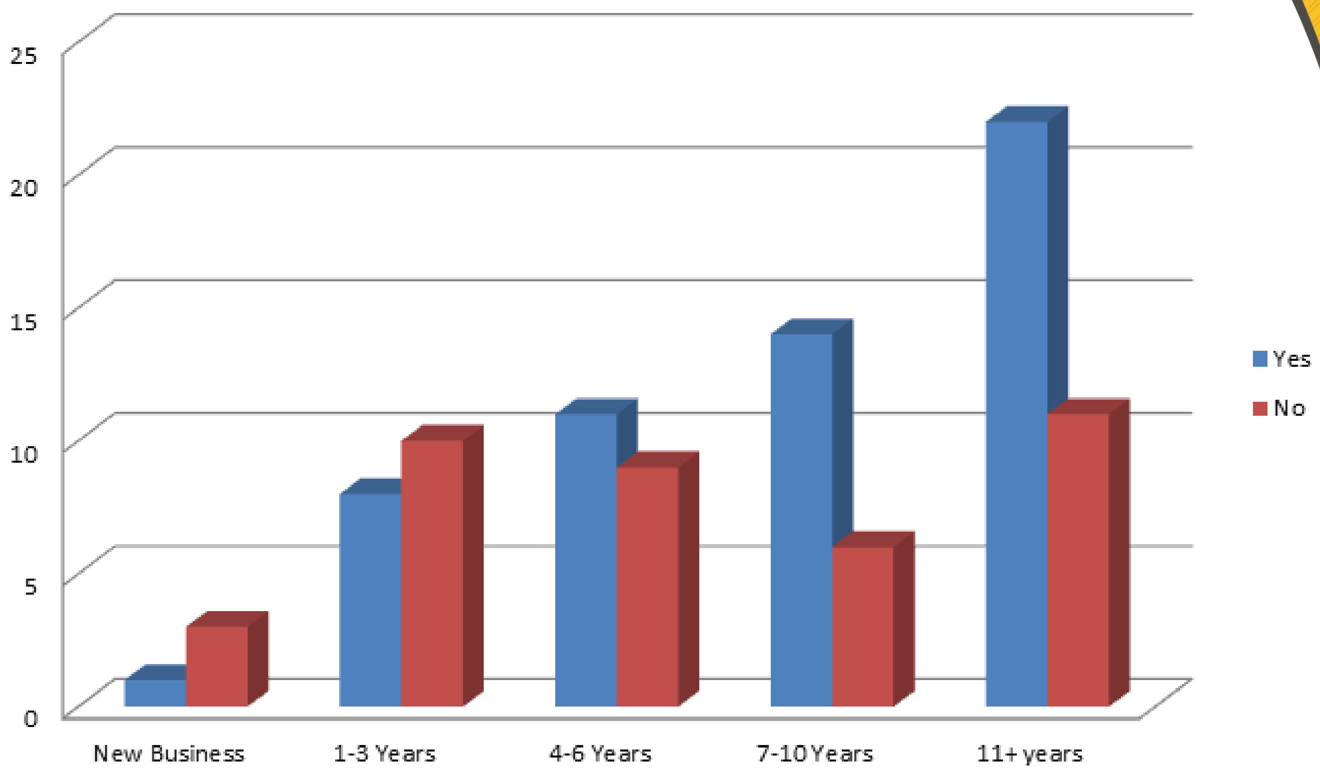
Q. THINKING ABOUT YOUR SUPPLIES AND/OR YOUR SUPPLIERS, WHAT PERCENTAGE OF YOUR SUPPLIES AND/ OR SUPPLIERS COMES FROM THE FOLLOWING BROADLY CLASSIFIED REGIONS?



Businesses operating for 11 years or more obtained most of their supplies from the Moreton Bay Region followed by Brisbane, other Sout Eeast Queensland, Sunshine Coast and other Qld.

New businesses in the sample had Brisbane as their most supply source followed by other SEQ. Those operating between 1-3 years had Moreton Bay Region and Brisbane as equal sources of their supply. These businesses in the sample also indicated, more than other businesses, overseas as a high source of their supplies. Food and Beverage Supply Chain businesses operating between 4-7 years acquired most of their supplies from Moreton Bay Region followed by Brisbane. Figures also reveal that businesses operating between 7-10 years attained most of their supplies from Brisbane followed by Moreton Bay Region and Interstate.

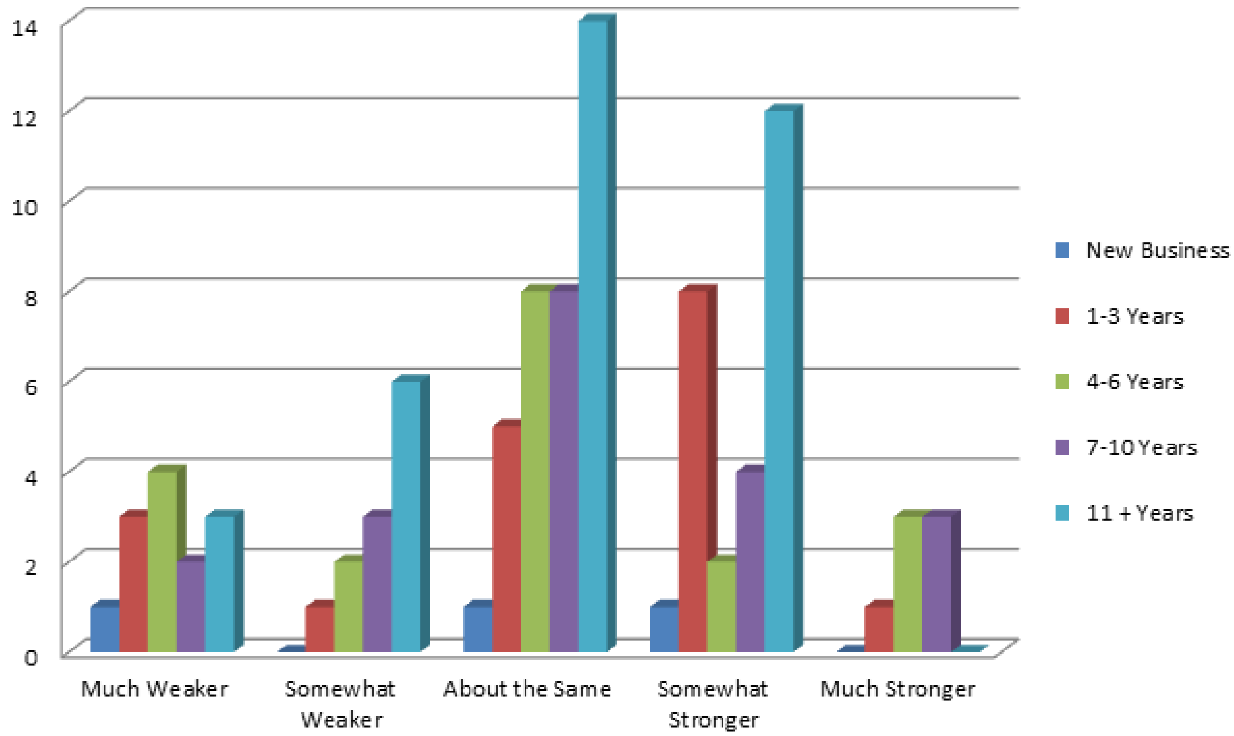
Q. ARE YOU SATISFIED WITH THE NUMBER OF CUSTOMERS/ CLIENTS OF YOUR BUSINESS?



The Newly established businesses and those operating for less than three years were not satisfied with the number of customers/clients of their business. As the number of operating years increase, so did their satisfaction with the number of customers/clients of their businesses.

Figures also reveal around two-thirds of those operating between 7-10 years were satisfied with the number of customers/client of their business compared to two-thirds of those operating for 11 years or more and just more than half of the businesses operating between 4-6 years.

Q. HOW HAS YOUR BUSINESS PERFORMED OVER THE LAST SIX MONTHS RELATIVE TO THE PREVIOUS SIX MONTHS?

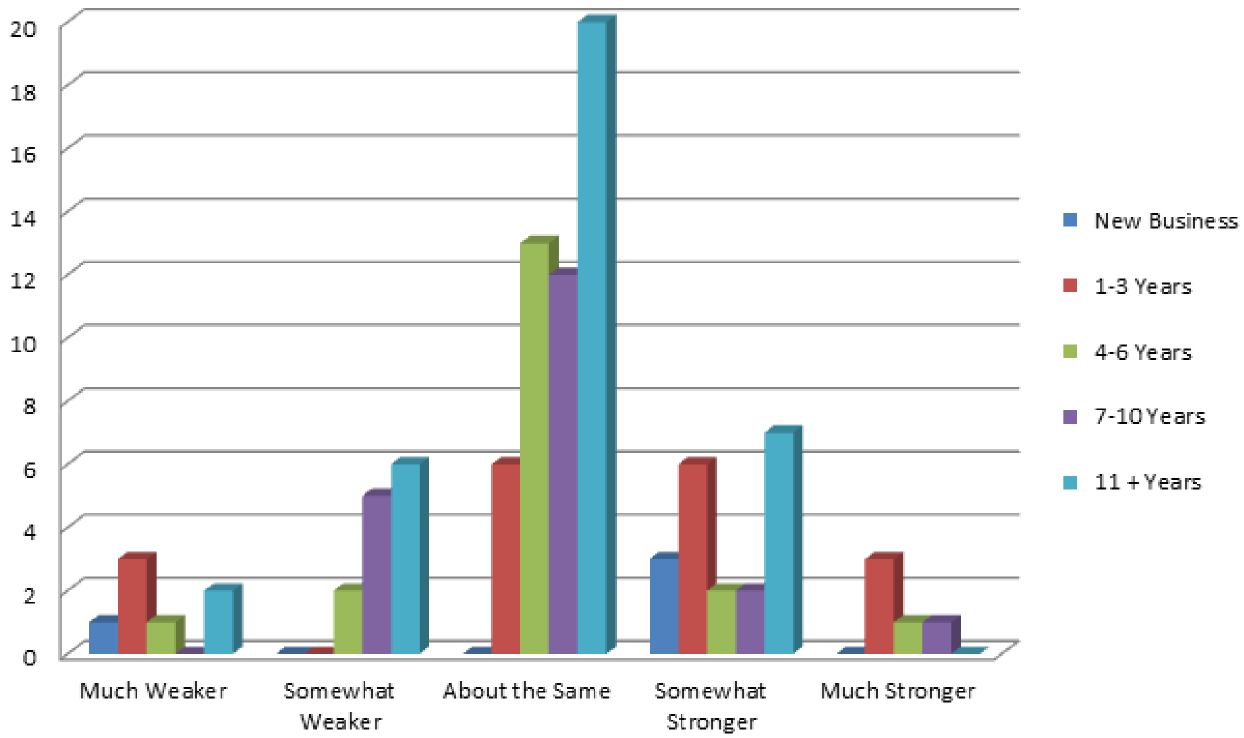


Around three-quarters of the Food and Beverage Supply Chain businesses operating for 11 years or more perceived their businesses as performing about the same or somewhat stronger over the last six months relative to the previous six months.

Three-quarters or more of the Businesses operating between 1-3 years and those operating between 7-10 years indicated that their businesses performed about the same or stronger (somewhat and much stronger) over the last six months relative to the previous six months compared to around two-thirds of those businesses operating between 4-6 years.

Around one-third of the newly operating businesses and those operating between 4-6 years identified their businesses performed somewhat or much weaker over the last six months relative to the previous six months compared to around one-fifth of the businesses operating between 1-3 years and 7 years or more.

Q. HOW DO YOU BELIEVE YOUR BUSINESS WILL PERFORM IN THE NEXT SIX MONTHS COMPARED WITH THE LAST SIX MONTHS?



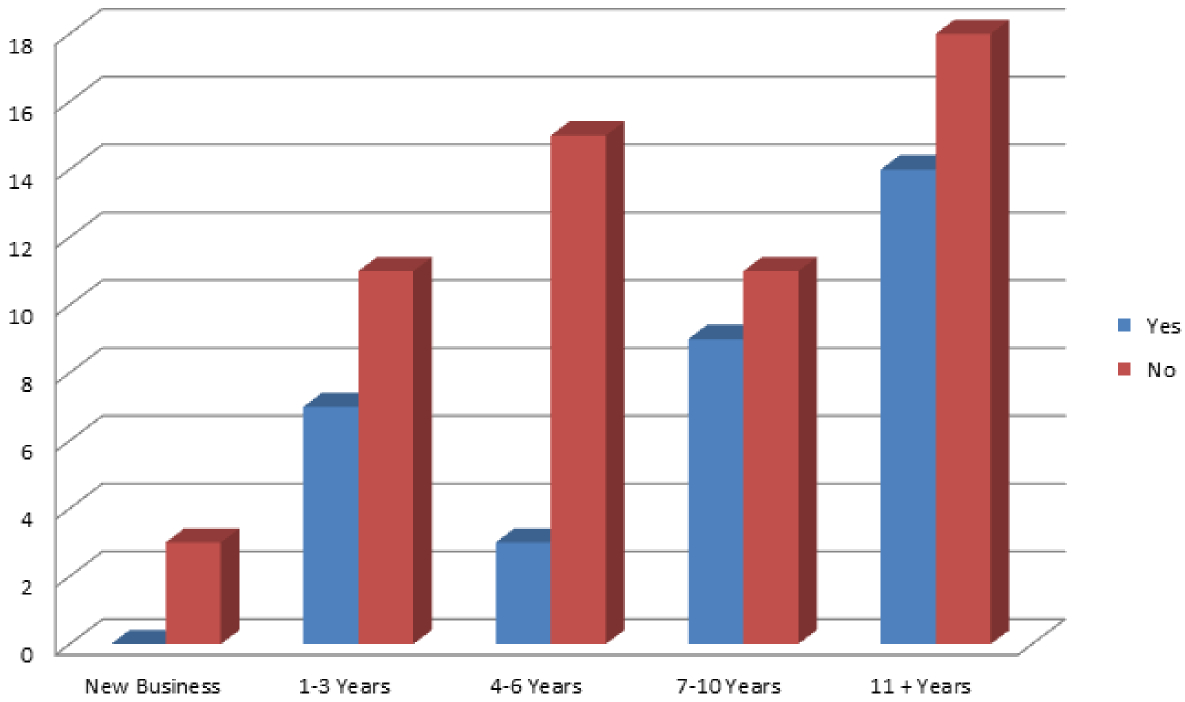
More than three-quarters of the sample businesses' operations for 11 years or more and those operating between 4-6 years believed that their business will perform about the same or somewhat stronger in the next six months compared with the last six months.

Two-thirds or more of businesses operating between 1-3 years considered that their business will perform about the same or somewhat stronger in the next six months compared to around 17% who indicated much stronger or much weaker operations.

More than two-thirds of the Food and Beverage Supply Chain businesses in the sample operating between 7-10 years believed that their businesses will perform about the same or much stronger in the next six months compared to the previous six months. Figures also show that around one-third considered their businesses will perform somewhat or much weaker during the same period.

Three-quarters of the newly established businesses in the sample trusted that their business will perform somewhat stronger in the next six months compared to the previous six months.

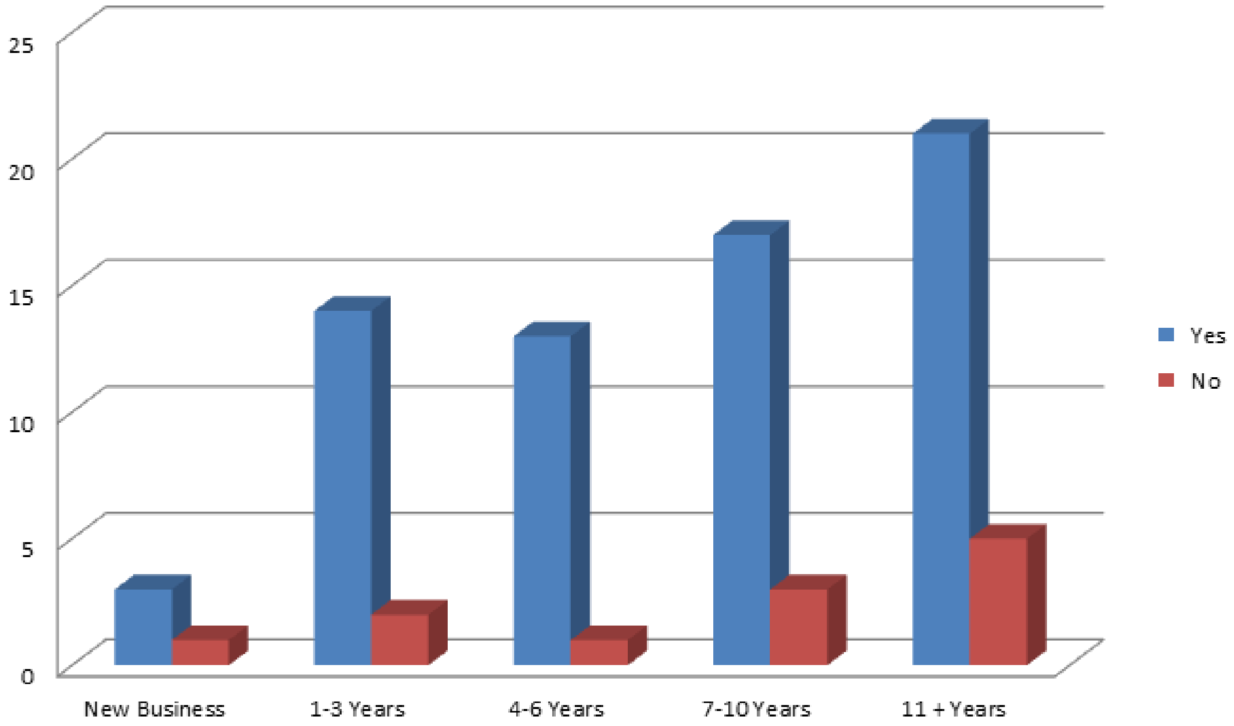
Q. DO YOU GENERALLY HAVE A PURCHASING COMMITMENT TO BUY LOCAL PRODUCE?



As the operating entities of businesses in the sample increase so does their commitment to buy local produce. Figures reveal none of the three newly established businesses in the sample had a purchasing commitment to buy local produce whereas just below half of the sample operating for 7 years or more had a purchasing commitment.

More than one-third of businesses operating between 1-3 years had a purchasing commitment to buy local produce whereas only one-fifth of the sample operating between 4-6 years had the same.

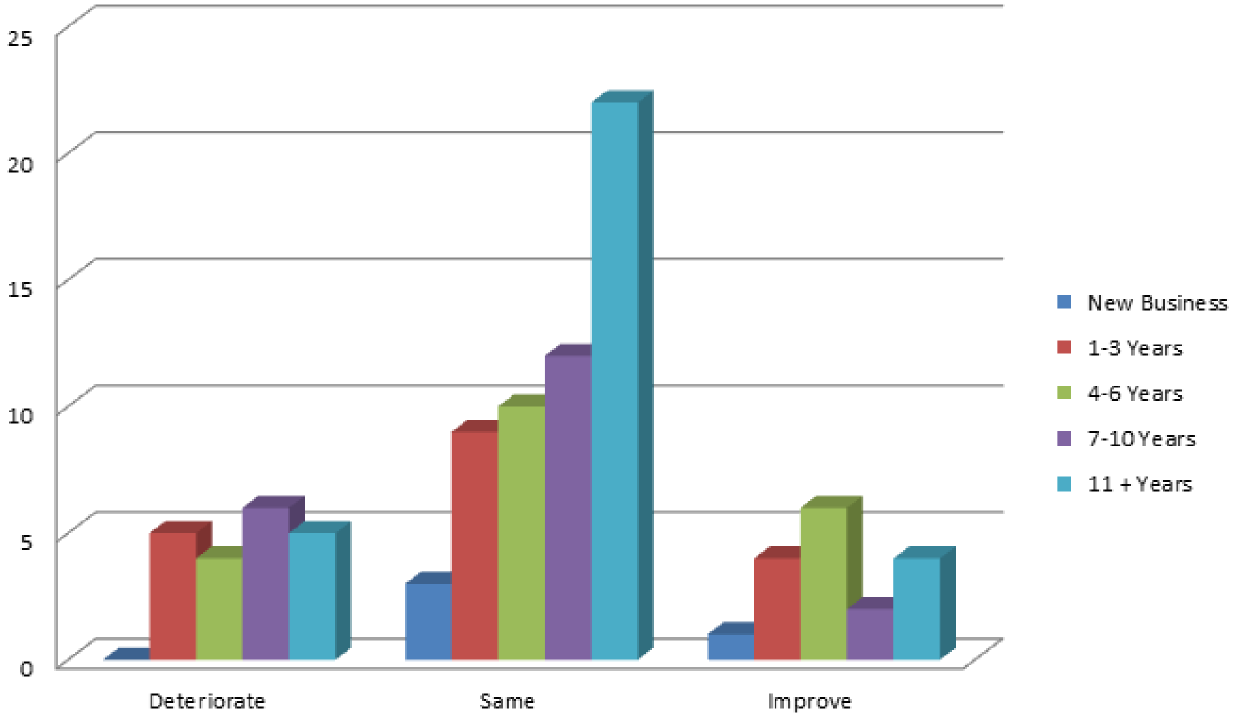
Q. ARE YOU SATISFIED WITH LOCAL SUPPLIERS OF LOCAL PRODUCE?



Food and Beverage businesses in the sample are satisfied with local suppliers of local produce regardless of their operating entities. The number of businesses satisfied increases with their operating entities.

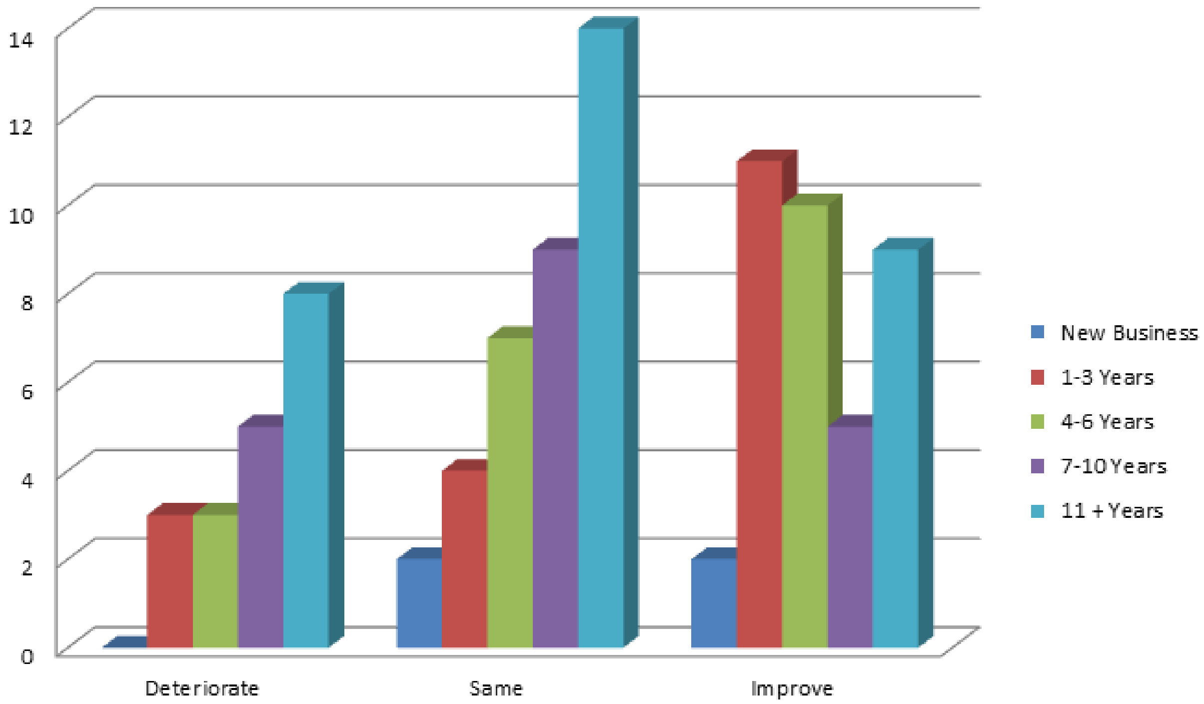
Figures also show sample businesses operating between 4-6 years and 1-3 years were ninety percent satisfied compared to eighty percent for businesses operating for 7 years or more and only seventy percent for the newly established businesses.

Q. WHAT IS YOUR PERCEPTION ABOUT THE GENERAL HEALTH OF THE FOOD AND BEVERAGE INDUSTRY IN THE NEXT SIX MONTHS?



There is a high confidence that the general health of the Food and Beverage industry in the Moreton Bay Region will remain the same or improve in the next six months regardless of the operation entities of the sample surveyed.
Figures reveal two-thirds of businesses in the sample operating for 11 years or more perceived the industry will perform the same in the next six months compared to sixty percent of businesses operating between 7-10 years and half of those operating between 1-6 years.
One-third of the sample businesses operating between 7-10 years and 1-3 years predicted deterioration in the general health of the industry in the next six months compared to one-fifth of businesses operating between 7-10 years.
One-third of the sample businesses operating between 4-6 years perceived improvement in the general health of the Food and Beverage industry compared to one-fifth of businesses operating between 1-3 years.

Q. WHAT IS YOUR PERCEPTION ABOUT THE GENERAL HEALTH OF THE FOOD AND BEVERAGE INDUSTRY IN TWO YEARS FROM NOW?

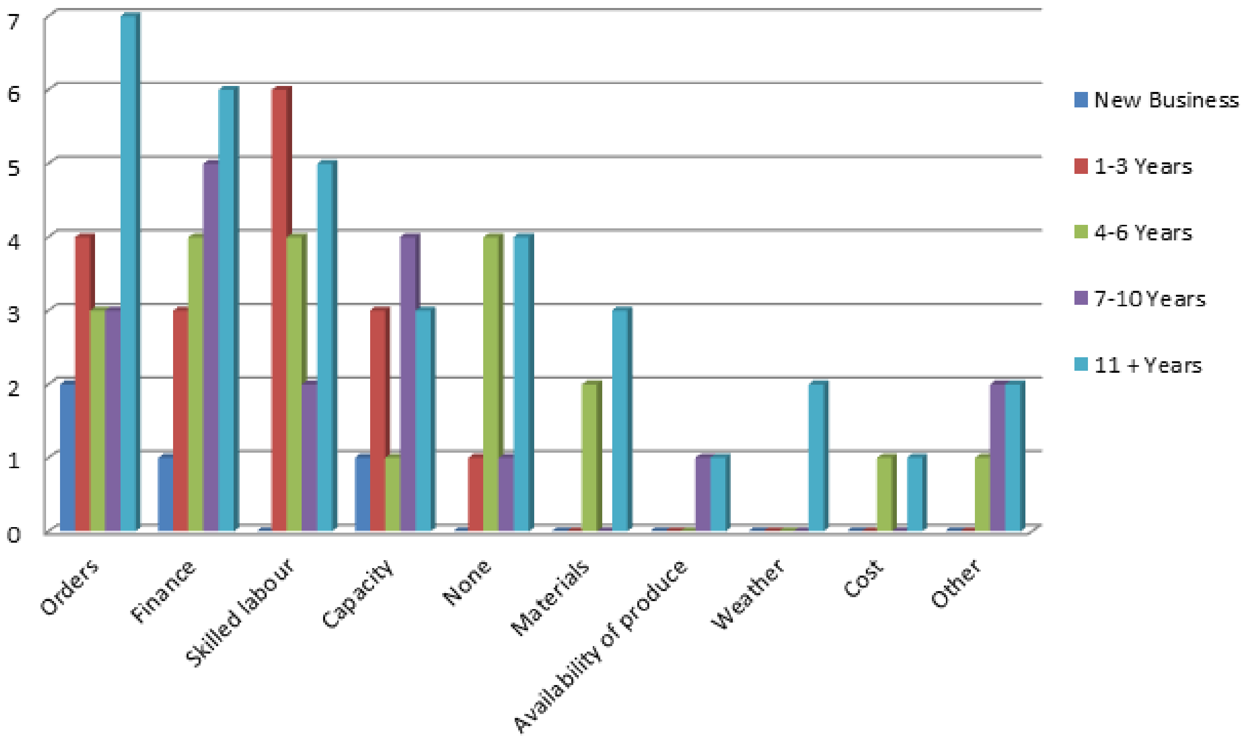


The Food and Beverage Supply Chain survey respondents are highly confident about the long term health of the industry regardless of their operating entities. Figures reveal three-quarters of the sample or more, regardless of their operating entities, perceived the general health of the industry will be the same or improve in two years time.

The newly established businesses were more confidence than the rest of the Food and Beverage businesses in the sample followed by those operating between 4-6 years and 1-3 years.

Around one-quarter of businesses in the sample operating for 7 years or more perceived that the general health of the Food and Beverage industry will deteriorate in two years time.

Q. WHAT SINGLE FACTOR IS MOST LIMITING YOUR ABILITY TO INCREASE PRODUCTION?



Customer Orders were signalled by businesses operating for 11 years or more as the most single factor limiting their ability to increase production followed by Finance and Skilled labour.

Finance was perceived by a high number of businesses operating between 7-10 years as the most single factor limiting their ability to increase production followed by Capacity and Orders. Finance and Skilled Labour were equally identified as the most single factor limiting the capacity of businesses operating for 4-6 years.

Businesses operating between 1-3 years signalled Skilled Labour as the most single factor limiting their ability to increase production followed by Customer Orders and Finance.

The Newly established business in the sample perceived Customer Orders as the most single factor limiting their ability to increase production followed by Finance and Capacity.

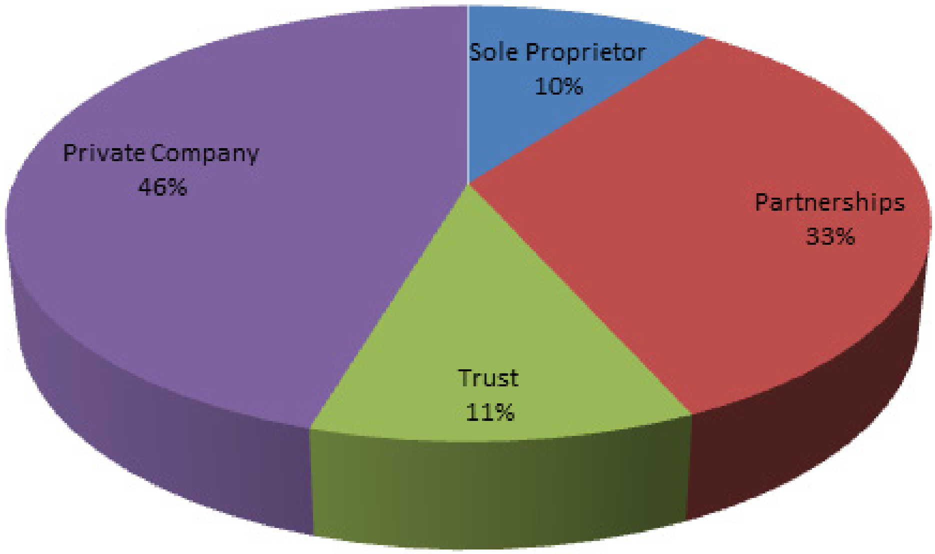
SECTION FOUR:

FOOD AND BEVERAGE SUPPLY CHAIN FINDINGS BY LEGAL STATUS

Food and Beverage Supply Chain business sample surveyed were asked to identify their legal status using the following categories: Sole Proprietor; Partnerships; Trust; and Private Company.

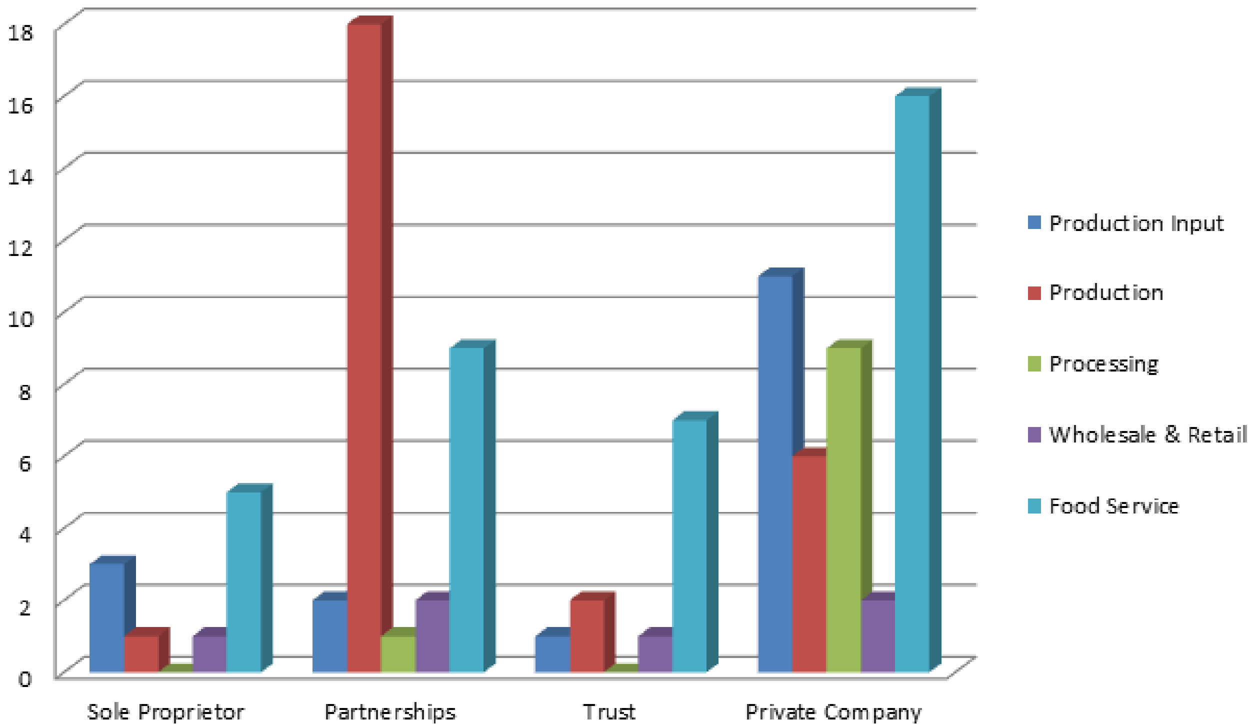
This Section of the report deals with the findings from the cross tabulation analysis using legal status with the supply sources, level of operations, supply commitment, level of satisfaction with suppliers, level of confidence and production constraints. The following pages will explore these findings.

SAMPLE BUSINESSES BY LEGAL STATUS



Around half of the businesses (46%) in the sample were established as Private Company compared to one-third (33%) as Partnerships. There were eleven (11%) businesses established as Trust and the remaining ten (10%) in the sample were established as Sole Trader.

BUSINESS SECTOR BY LEGAL STATUS

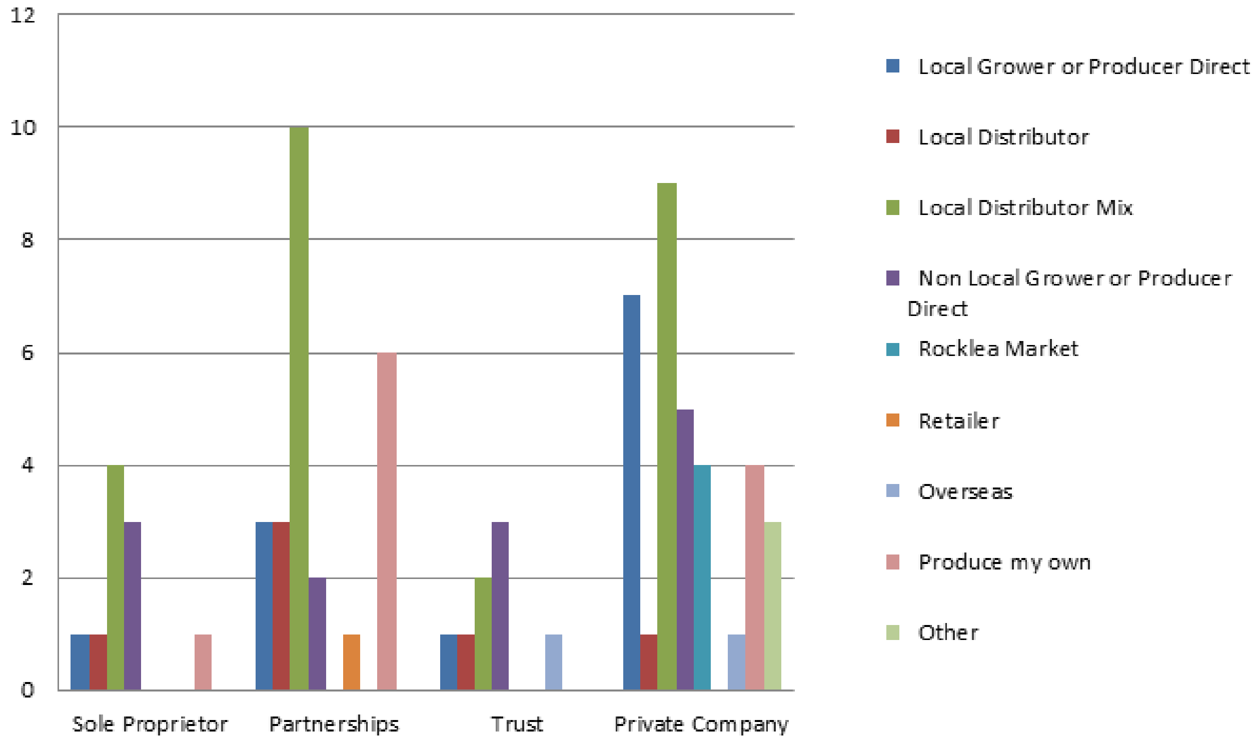


More than one-third of the Private Companies in the sample were dealing within the Food Service sector compared to one-fourth being engaged in Production Input and one-fifth were involved in Production.

Figures reveal more than half of the Partnerships businesses were involved in Production compared to around one-fifth being engaged in Food Service businesses.

The vast majority of the Trust businesses and half of the Sole Proprietors in the sample were associated with Food Service.

Q. THINKING ABOUT YOUR SUPPLIES AND/OR YOUR SUPPLIERS, WHAT PERCENTAGE OF YOUR SUPPLIES AND/OR SUPPLIERS COMES FROM THE FOLLOWING?

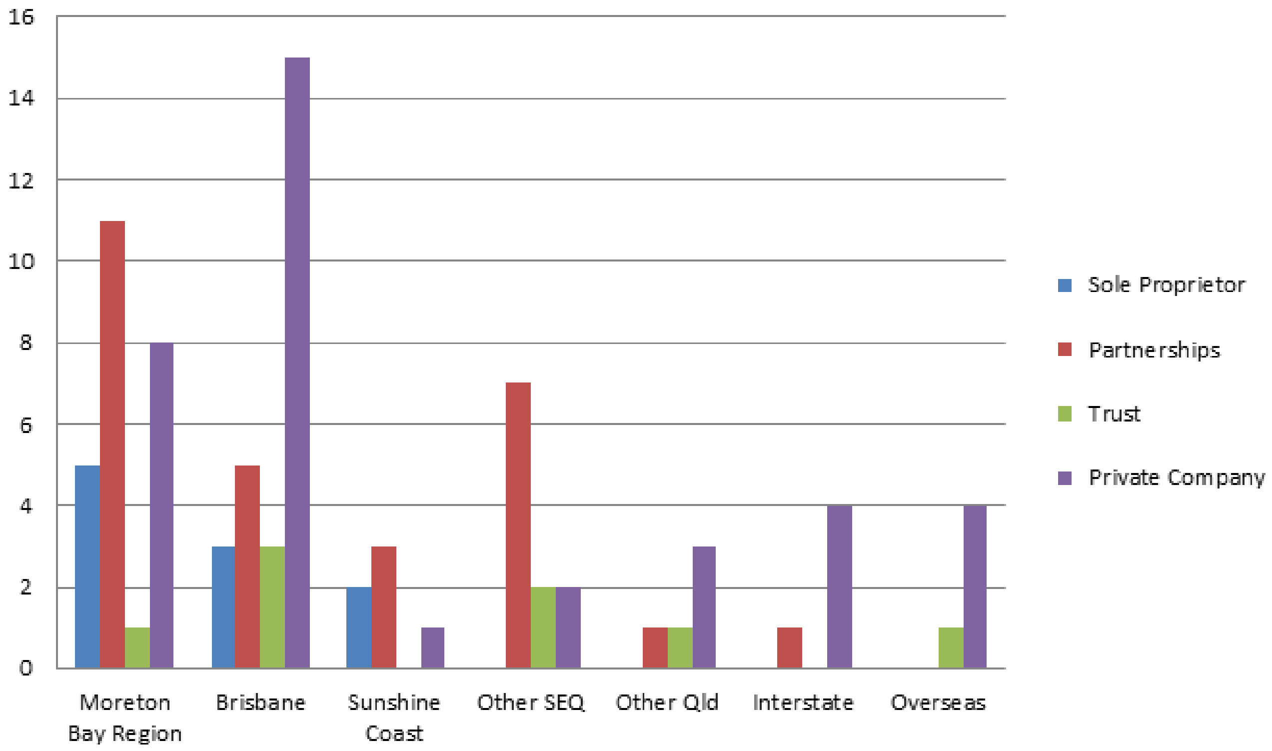


Food and Beverage Supply Chain within MBRC that were established as Private Company used local distributor sourcing a mix of local and non-local foods as their highest supply source followed by local grower or producer direct and non-local grower or producer direct.

Businesses in the sample established as Partnerships indicated that local distributor sourcing a mix of local and non-local foods as their highest supply source followed by produce their own.

Sole Proprietor business in the sample used local distributor sourcing a mix of local and non-local foods as their highest supply source whereas businesses established as Trust used non-local grower or producer direct as their main source of supplies.

Q.THINKING ABOUT YOUR SUPPLIES AND/OR YOUR SUPPLIERS, WHAT PERCENTAGE OF YOUR SUPPLIES AND/OR SUPPLIERS COMES FROM THE FOLLOWING BROADLY CLASSIFIED REGIONS?

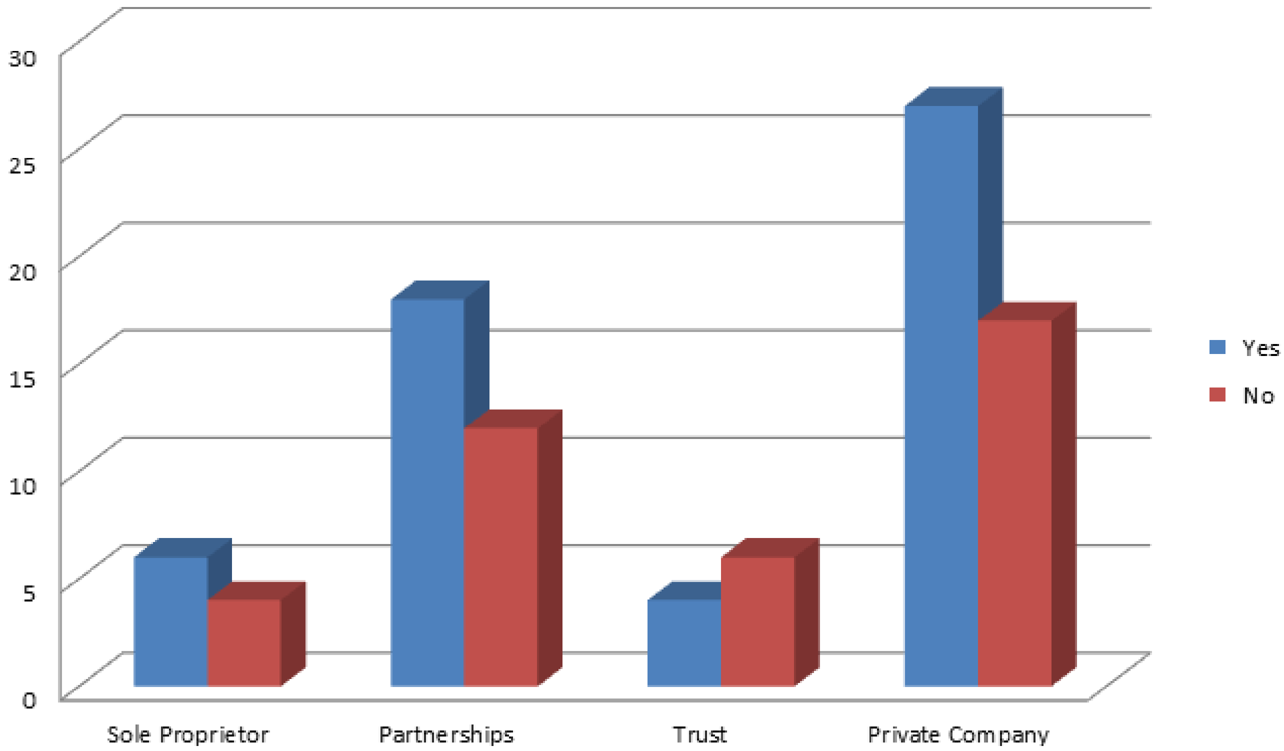


More than one-third of the Private Companies in the sample used Brisbane as their highest source for their supplies compared to one-fifth indicating Moreton Bay Region, and around ten percent had interstate and overseas as their main source of supplies.

More than one-third of the Partnerships indicated that the Moreton Bay Region as their highest source of supplies compared to one-fourth specifying other SEQ and one-fifth Brisbane.

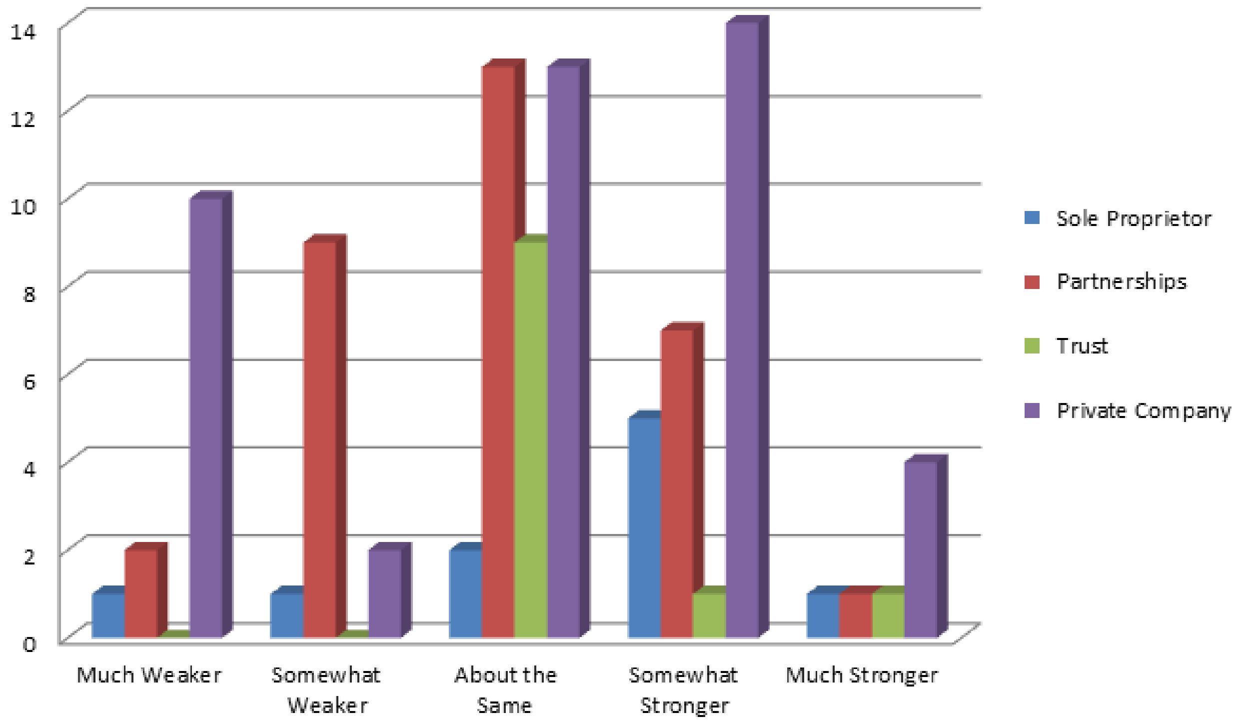
Figures also show half of the Sole Proprietor in the sample specified Moreton Bay Region as their main source of supplies whereas around one-third of Trust in the sample indicated Brisbane.

Q. ARE YOU SATISFIED WITH THE NUMBER OF CUSTOMERS/ CLIENTS OF YOUR BUSINESS?



Around two-thirds of the Private Companies, Partnerships and Sole Proprietors in the sample indicated satisfaction with the number of their customers/clients whereas two-thirds of the Trust businesses surveyed were unsatisfied.

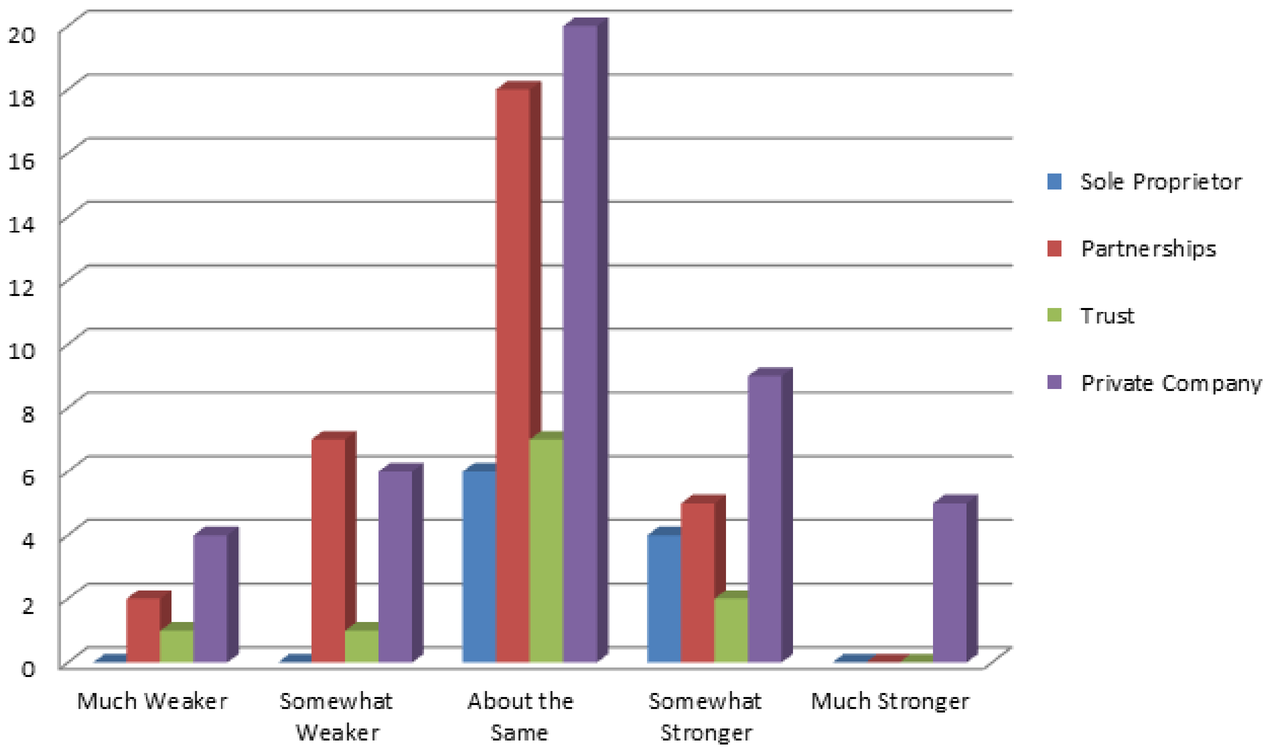
Q. HOW HAS YOUR BUSINESS PERFORMED OVER THE LAST SIX MONTHS RELATIVE TO THE PREVIOUS SIX MONTHS?



Around two-thirds of the Private Companies and Partnerships in the sample indicated that their business performed about the same or better over the last six months relative to the previous six months compared to around one-third who signified somewhat weaker or less.

Ninety percent of the Trust businesses and around eighty percent of the Sole Proprietor in the Food and Beverage industry within the Moreton Bay Region, perceived their businesses performed about the same or better over the last six months relative to the previous six months.

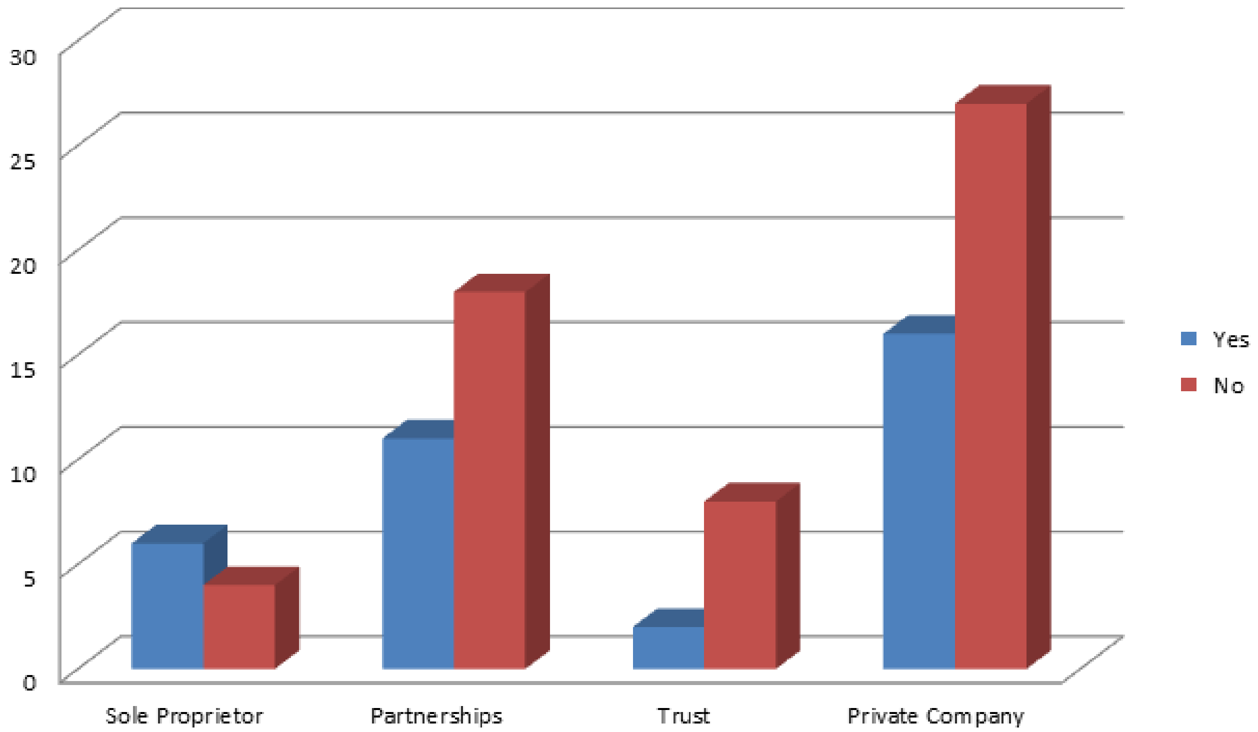
Q. HOW DO YOU BELIEVE YOUR BUSINESS WILL PERFORM IN THE NEXT SIX MONTHS COMPARED WITH THE LAST SIX MONTHS?



Two-thirds or more of the Private Companies, Partnerships, Trust and all the Sole Proprietor businesses in the sample believed that their business will perform about the same or somewhat stronger in the next six months compared with the last six months.

Figures also show around one-fifth of the Private Companies and Partnerships in the sample indicated that their business will perform somewhat weaker to much weaker in the next six months compared to the last six months.

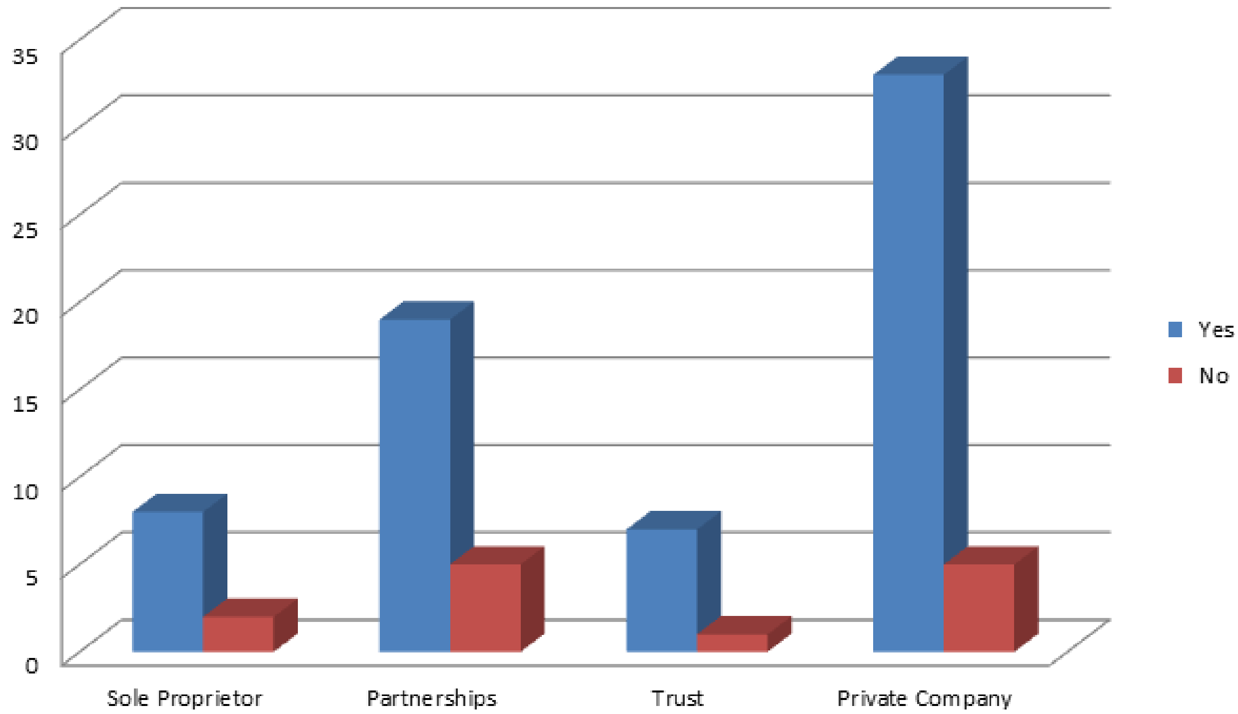
Q. DO YOU GENERALLY HAVE A PURCHASING COMMITMENT TO BUY LOCAL PRODUCE?



Sole Proprietors responded more positively compared to the rest of the sample and signified that their business had a purchasing commitment to buy local produce.

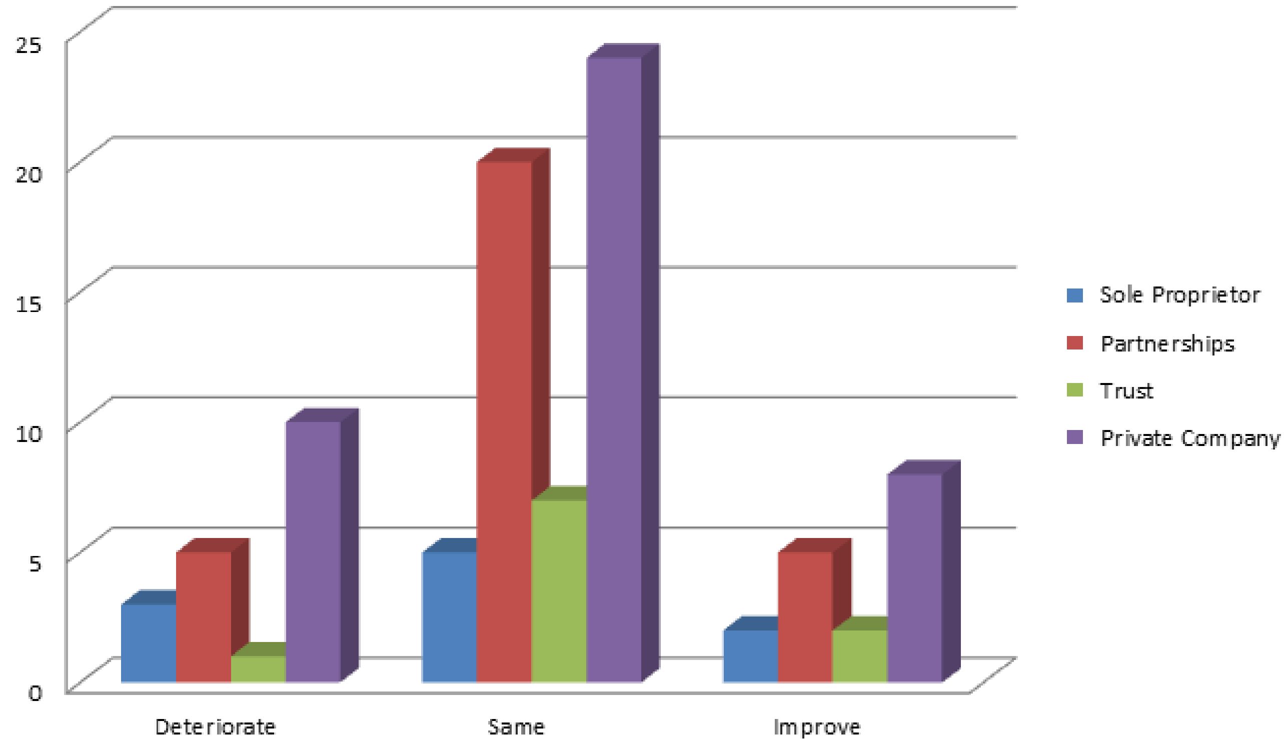
Figures show around two-thirds of the Private Companies, Partnerships and Trust businesses in the sample generally did not have a purchasing commitment to buy local produce whereas sixty percent of the Sole Proprietors responded positively.

Q. ARE YOU SATISFIED WITH LOCAL SUPPLIERS OF LOCAL PRODUCE?



The vast majority of businesses in the sample regardless of their legal status were satisfied with local suppliers of local produce. Figures show more than two-thirds of the Private Companies, Partnerships, Sole Proprietors and all the Trust businesses indicated satisfaction with local suppliers of local produce.

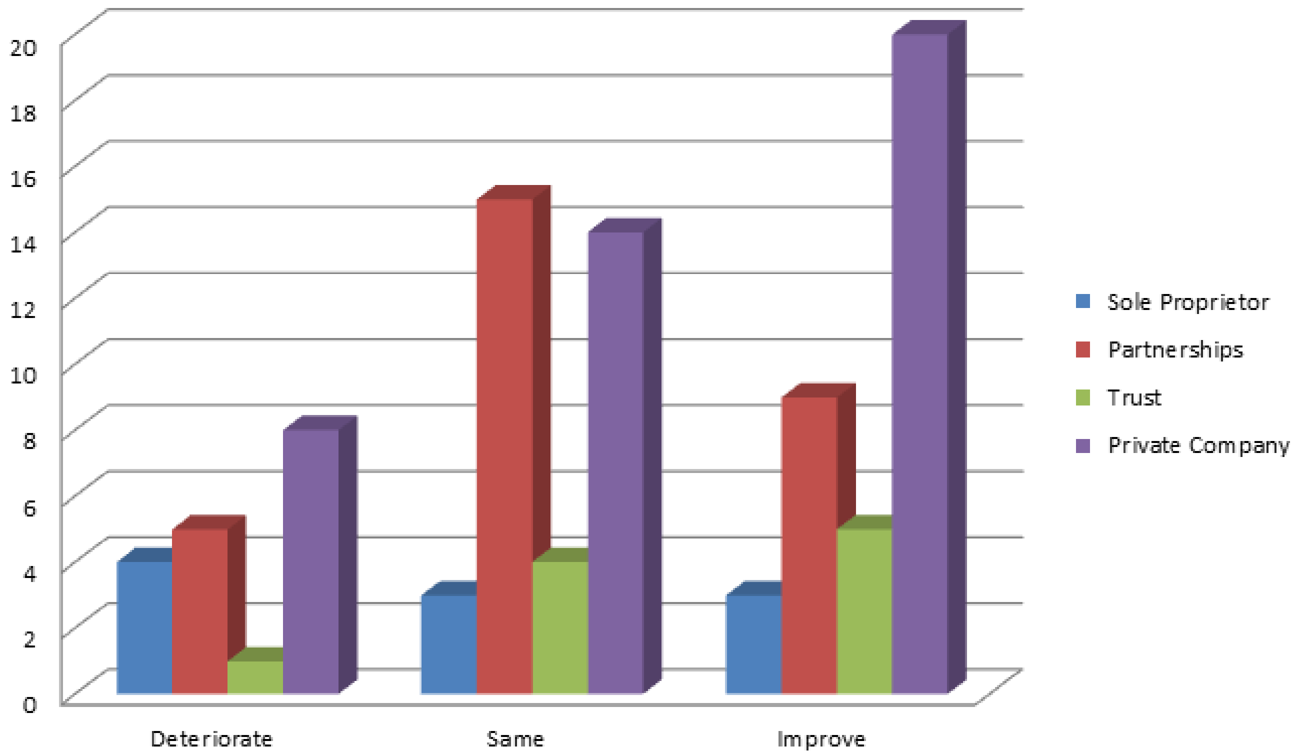
Q. WHAT IS YOUR PERCEPTION ABOUT THE GENERAL HEALTH OF THE FOOD AND BEVERAGE INDUSTRY IN THE NEXT SIX MONTHS?



More than half of the sample regardless of their legal status perceived no changes to the general health of the Food and beverage industry within the Moreton Bay Region in the next six months.

Figures also reveal one-fourth of the Private Companies, one-third of the Sole Traders and less than one-fifth of the Partnership businesses in the sample indicated deterioration in the general health of the industry with a similar percent signifying improvement in the next six months.

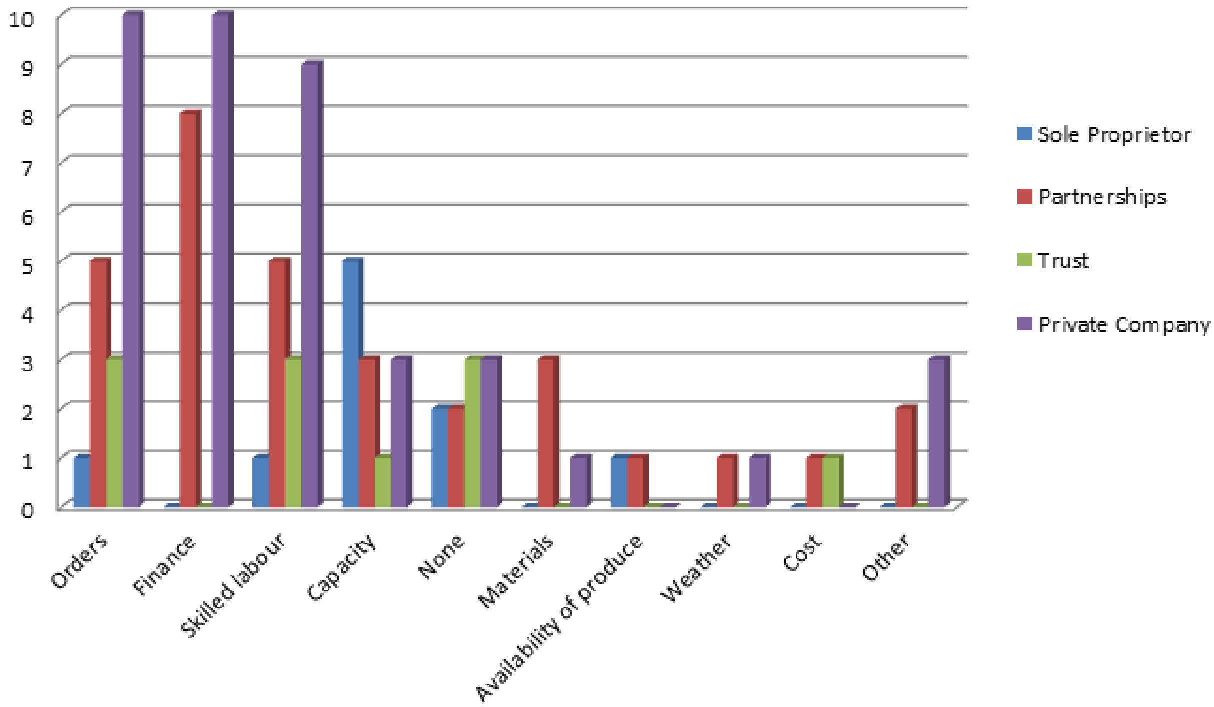
Q. WHAT IS YOUR PERCEPTION ABOUT THE GENERAL HEALTH OF THE FOOD AND BEVERAGE INDUSTRY IN TWO YEARS FROM NOW?



Private Companies and Trust businesses in the sample had higher levels of confidence in the future health of the Food and Beverage industry within the Moreton Bay Region compared to the Partnerships and Sole Traders. Figures show half of the Private Companies and Trust businesses and around one-third of Partnerships and Sole Proprietors indicated improvement in the general health of the industry in two years time.

Half of the Partnerships, and around one-third of the Private Companies, Trust and Sole Proprietors perceived no changes to the general health of the industry in two years time compared to around one-fifth of Private Companies and Partnerships businesses who perceived deterioration in the general health of the Food and Beverage industry.

Q. WHAT SINGLE FACTOR IS MOST LIMITING YOUR ABILITY TO INCREASE PRODUCTION?



Customer Orders, Finance and Skilled labour were the most sighted factors limiting the ability to increase production for the Private Companies in the Food and Beverage sample within the Moreton Bay Region.

Partnership businesses in the sample indicated Finance, Orders and Skilled Labour as the most significant factors limiting their capacity to increase production.

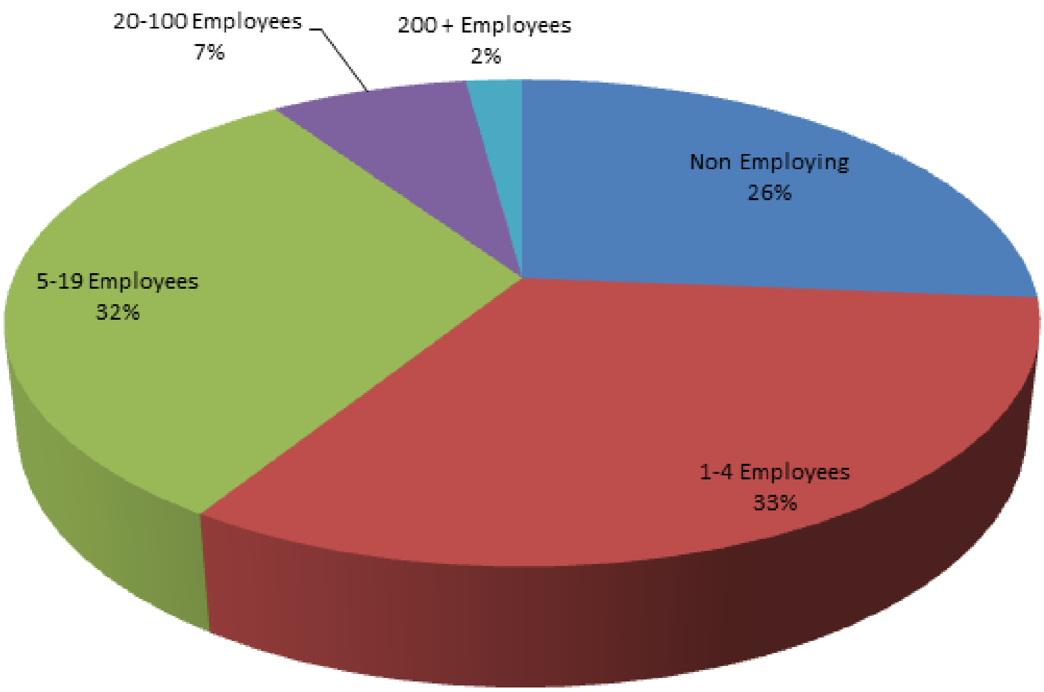
Figures also indicate Capacity as the most important single factor limiting the ability of Sole Proprietor in the sample to increase their production whereas Orders and Skilled Labour were sighted as the most significant factors for the Trust businesses in the sample.

SECTION FIVE:
FOOD AND BEVERAGE SUPPLY CHAIN FINDINGS BY EPLOYMENT SIZE

Food and Beverage Supply Chain businesses within the Moreton Bay Region were asked to report on their employment size using the following categories: Non-employing; 1-4 employees; 5-19 employees; 20-100 employees and 200 or more employees.

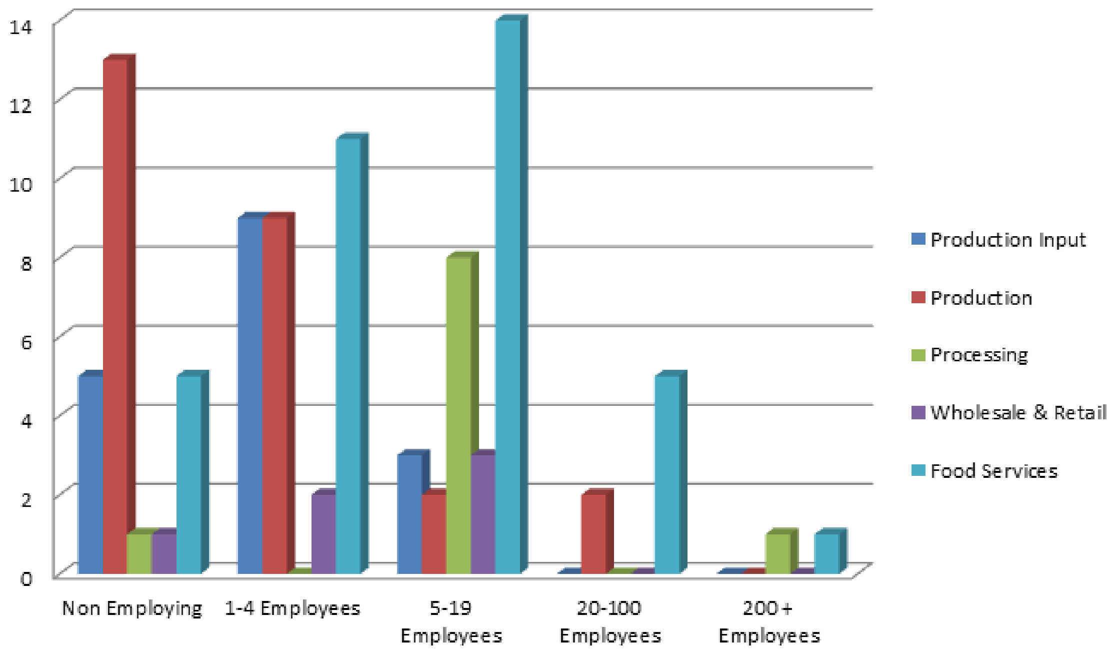
This Section of the report deals with the findings of the project using various employment categories of the surveyed businesses. Findings from the cross tabulation analysis using employment categories with the supply sources, level of operations, supply commitment, level of satisfaction with suppliers, level of confidence and production constraints will be explored in the coming pages.

SAMPLE BUSINESSES BY EMPLOYMENT SIZE



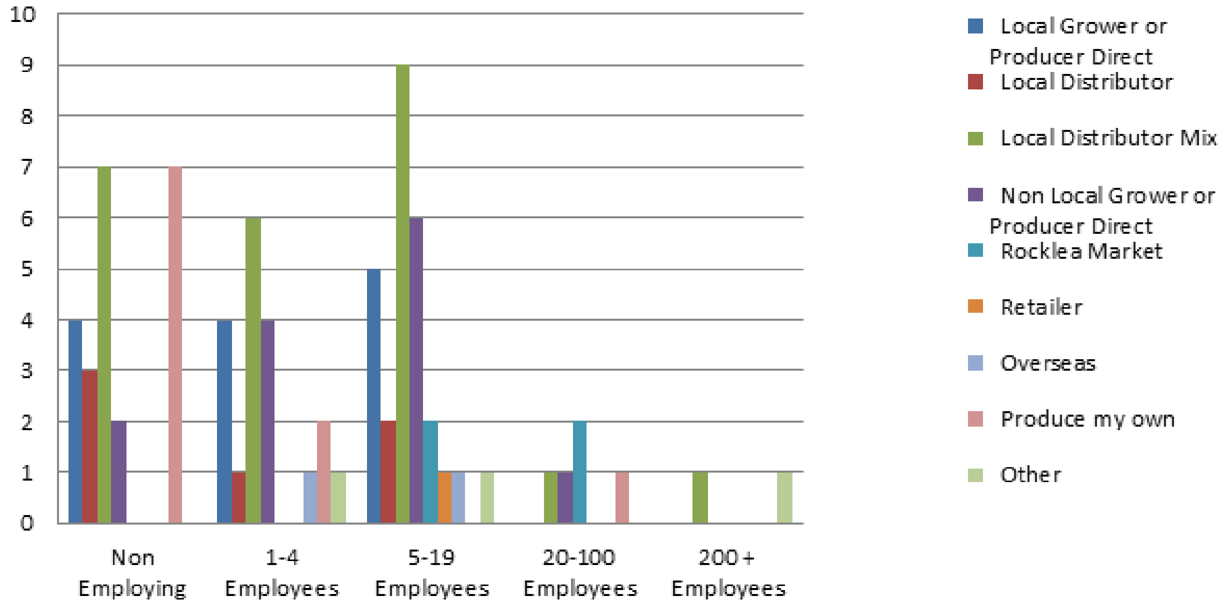
More than ninety percent of the Food and Beverage businesses surveyed were small businesses with more than half employing 1-19 employees compared to around one-quarter being Sole Traders. Figures also show seven businesses employing between 20-100 employees and two large businesses employing 200 employees or more.

BUSINESS SECTOR BY EMPLOYMENT SIZE



More than three-quarters of the Production and Production Input businesses in the sample were micro businesses employing four or less employees. Figures also reveal more than three-quarters of the Food Service businesses in the sample employed less than 19 employees. However, Food Service businesses in the sample accounted for just below three-quarters of the businesses employing between 20-100 employees and half of those employing 200 or more employees whereas Processing was the other large business in the sample employing 200 or more employees.

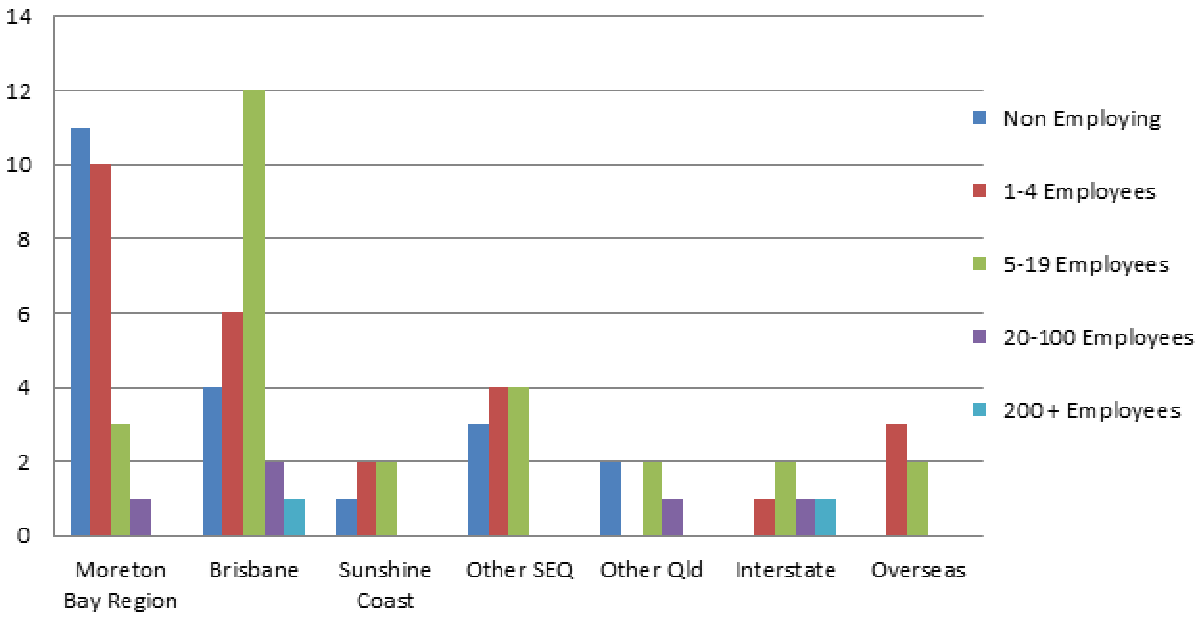
Q. THINKING ABOUT YOUR SUPPLIES AND/OR YOUR SUPPLIERS, WHAT PERCENTAGE OF YOUR SUPPLIES AND/OR SUPPLIERS COMES FROM THE FOLLOWING?



Local distributor sourcing a mix of local and non-local foods was the main supplier used by the vast majority the Food and Beverage businesses surveyed regardless of their employment size. Figures reveal local distributor was the highest sighted supplier used by Sole Traders and businesses employing 1-4 and 5-19 employees. Rocklea Markets was the main source used by businesses employing 20-100 employees.

Equal numbers of Sole Traders (non-employing businesses) in the sample indicated that local distributor sourcing a mix of local and non-local foods and produce their own supplies, as their major supply source.
Businesses employing 1-4 employees and 5-19 employees also indicated that non-local grower or producer direct was their second major source of supplies followed by local grower or producer direct.

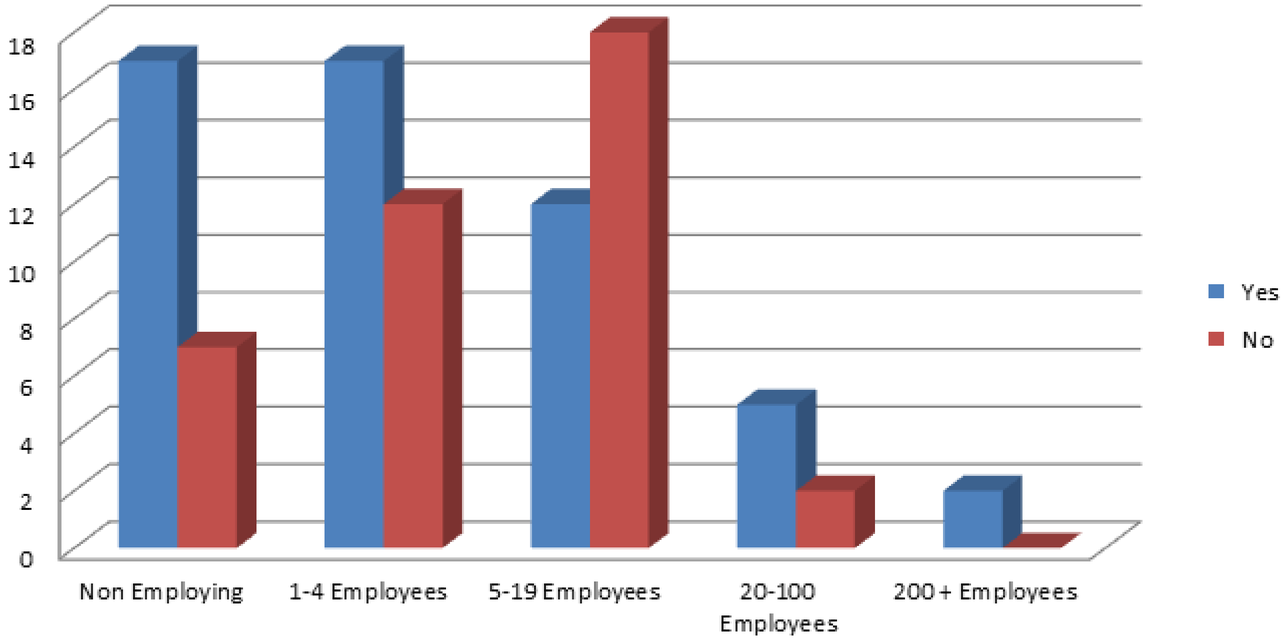
Q. THINKING ABOUT YOUR SUPPLIES AND/OR YOUR SUPPLIERS, WHAT PERCENTAGE OF YOUR SUPPLIES AND/OR SUPPLIERS COMES FROM THE FOLLOWING BROADLY CLASSIFIED REGIONS?



Around half of the Sole Traders and more than one-third of businesses employing 1-4 employees indicated that Moreton Bay Region is the main source of their supplies followed by Brisbane. Around forty percent of businesses employing 5-19 and 20-100 employees stated that Brisbane was their main source of supplies.

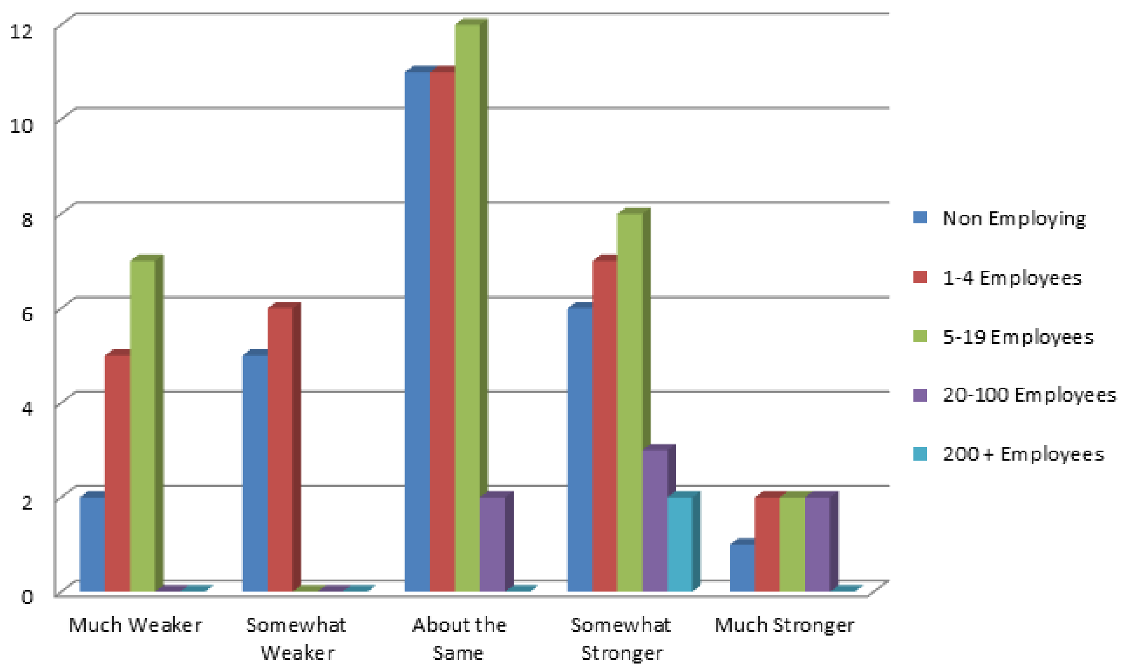
Larger businesses in the sample (employing 200 or more employees) stated using Brisbane and Interstate as the main source for their supplies.

Q. ARE YOU SATISFIED WITH THE NUMBER OF CUSTOMERS/ CLIENTS OF YOUR BUSINESS?



Two-thirds or more of the Sole Taders, businesses employing 1-4, 20-100 employees and all the businesses in the sample employing 200 or more employees indicated that they were satisfied with the number of their customers/clients. Figures also show around two-thirds of businesses employing 5-19 employees were dissatisfied with the number of their customers/clients.

Q. HOW HAS YOUR BUSINESS PERFORMED OVER THE LAST SIX MONTHS RELATIVE TO THE PREVIOUS SIX MONTHS?

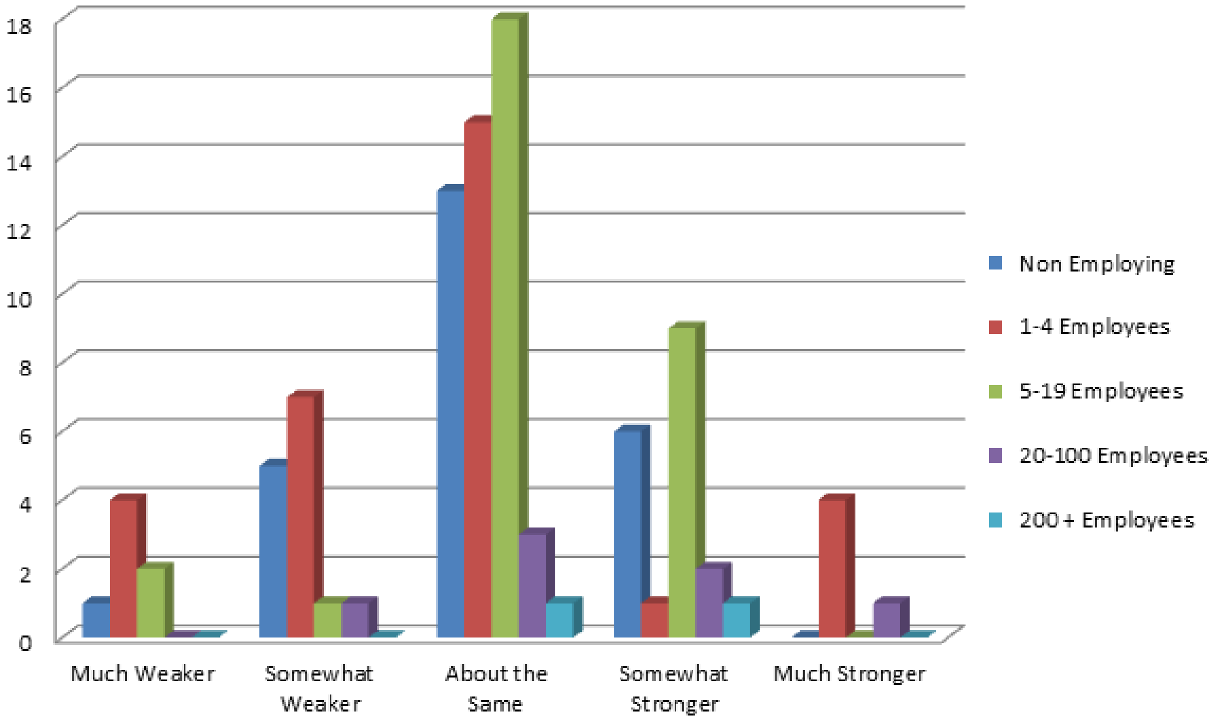


More than one-third of the Sole Traders and those employing 1-4 employees indicated that their business performed about the same over the last six months relative to the previous six months. However, figures also show that around one-fourth of these businesses stated somewhat stronger performance compared to one-fifth who sighted somewhat weaker performance over the same period.

More than one-third of businesses employing 5-19 employees perceived their business performed about the same over the last six months relative to the previous six months whereas one-fourth of these businesses stated somewhat stronger and one-fifth much weaker during same period.

Larger businesses in the sample employing 200 or more employees and more than one-third of those employing 20-100 employees indicated somewhat stronger performance over the last six months compared to the previous six months. More than one-fourth of businesses employing 20-100 employees stating much stronger performance over the same period.

Q. HOW DO YOU BELIEVE YOUR BUSINESS WILL PERFORM IN THE NEXT SIX MONTHS COMPARED WITH THE LAST SIX MONTHS?

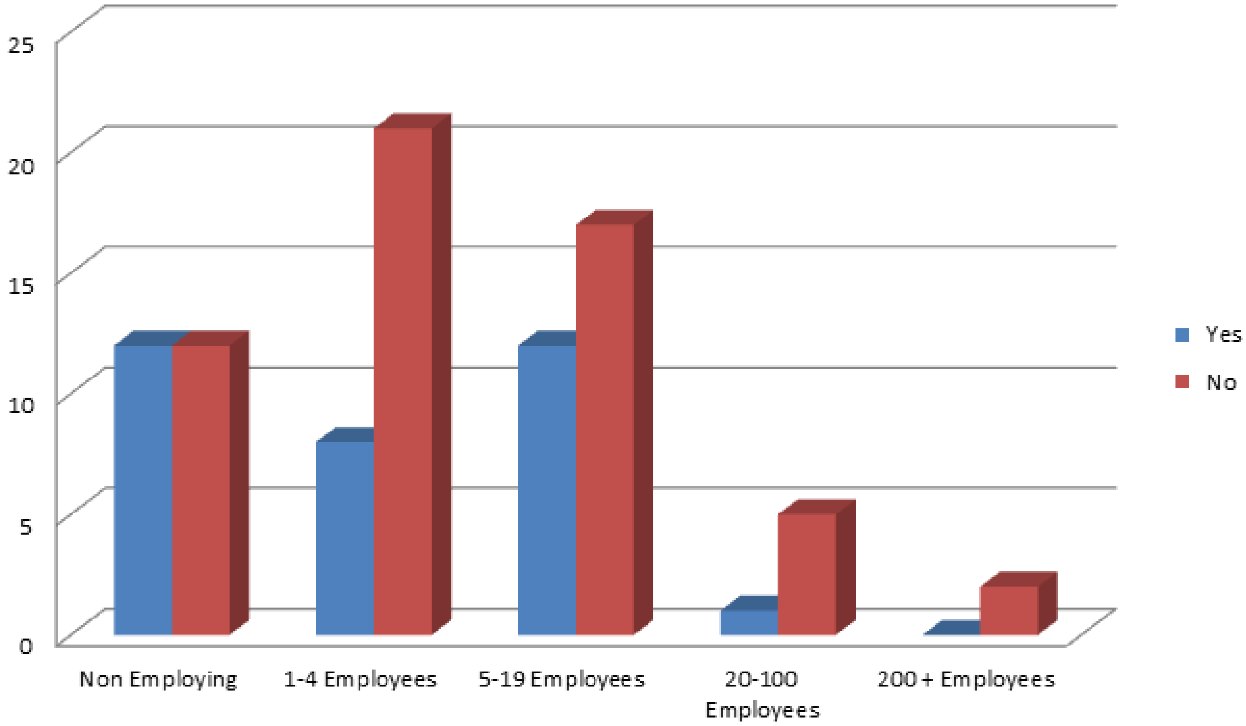


Around half of the Food and Beverage Supply Chain Sole Trader businesses and those employing 1-4 employees believed their businesses will perform about the same in the next six months compared to the last six months compared to around one-fifth stating somewhat weaker and same percentage sighted somewhat stronger over the same period.

More than two-thirds of the surveyed businesses employing 5-19 and 20-100 employees stated that their businesses will perform about the same or somewhat stronger in the next six months compared to the last six months.

Large businesses in the sample employing 200 or more employees believed that their businesses will perform about the same or somewhat stronger in the next six months compared to the last six months.

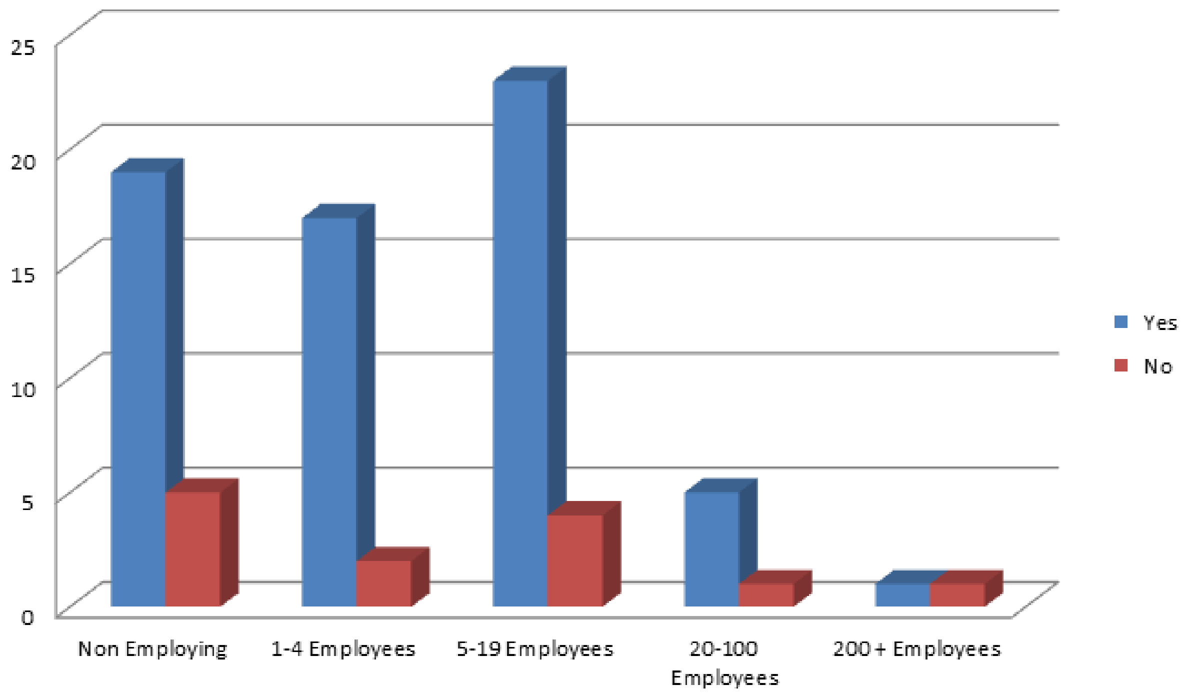
Q. DO YOU GENERALLY HAVE A PURCHASING COMMITMENT TO BUY LOCAL PRODUCE?



More than half of the businesses employing 5-19 employees, and three-quarters of those employing 1-4 and 20-100 employees and all the large businesses (employing 200 employees or more) had no purchasing commitment to buy local produce.

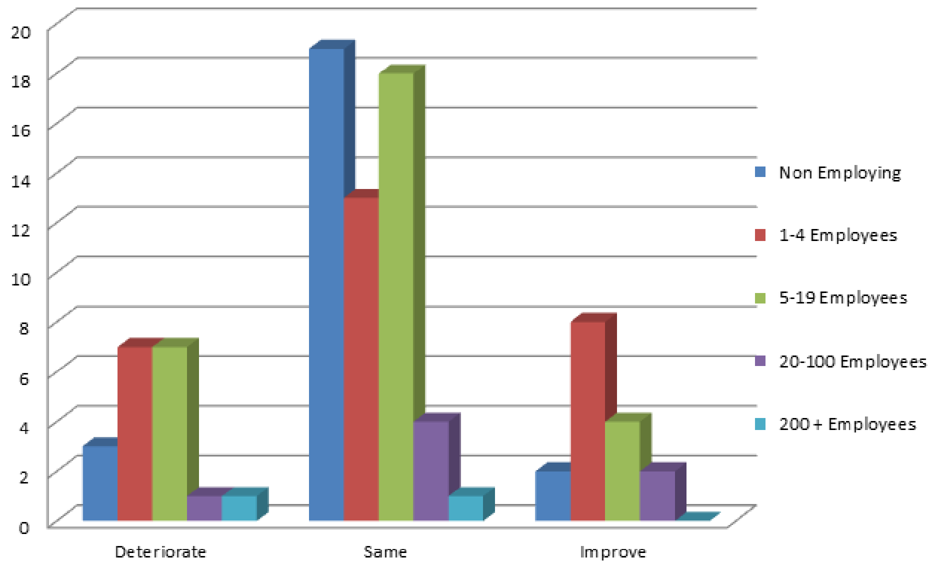
Half of the Sole Trader businesses did have a purchasing commitment to buy local produce compared to more than one-third of those employing 5-19 employees and one-fifth of those employing 1-4 employees.

Q. ARE YOU SATISFIED WITH LOCAL SUPPLIERS OF LOCAL PRODUCE?



The vast majority of businesses regardless of their employment size are satisfied with local suppliers of local produce. Figures reveal more than three-quarters of the Sole Trader, those employing 1-4, 5-19 and 20-100 are satisfied with local suppliers of local produce compared to half of the large businesses employing 200 or more employees.

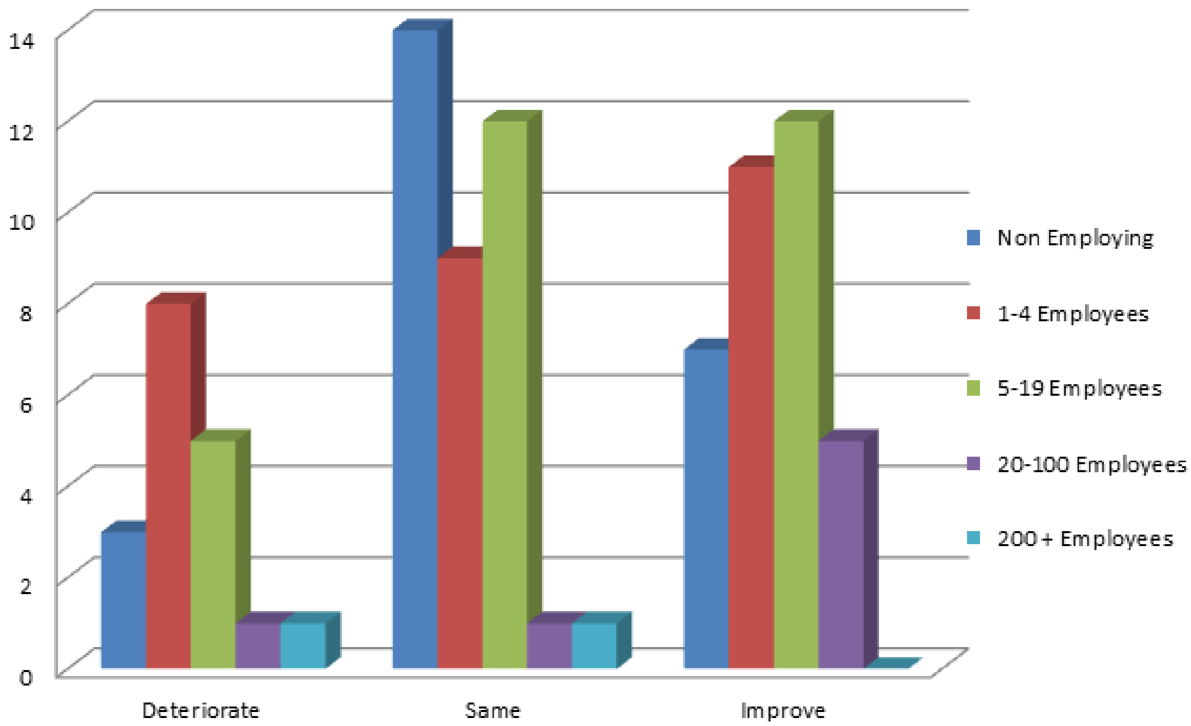
Q. WHAT IS YOUR PERCEPTION ABOUT THE GENERAL HEALTH OF THE FOOD AND BEVERAGE INDUSTRY IN THE NEXT SIX MONTHS?



Half or more of the businesses employing 1-4 and 20-100 employees and two-thirds of the businesses employing 5-19 employees and more than two-thirds of Sole Trader businesses perceived the general health of the Food and Beverage industry in the next six months will be same as the current six months.

Figures also show one-fourth of businesses employing 1-4 employees and one-fourth of those employing 5-19 perceived that the general health of the industry will deteriorate in the next six months compared to only fourteen percent perceived the general health will improve over the same period.

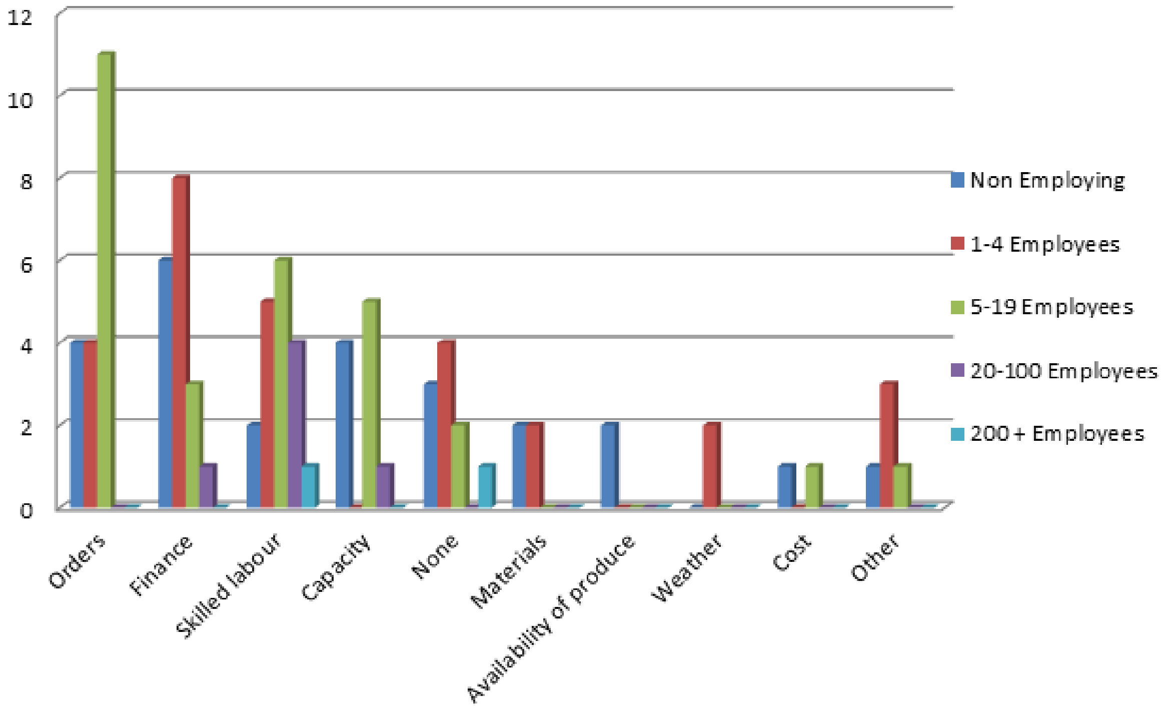
Q. WHAT IS YOUR PERCEPTION ABOUT THE GENERAL HEALTH OF THE FOOD AND BEVERAGE INDUSTRY IN TWO YEARS FROM NOW?



More than half of the Sole Trader and one-third of those employing 1-4 employees perceived the general health of the Food and Beverage industry within the Moreton Bay Region will not change in two years time. Around one-third of businesses employing 1-4 employees expected an improvement in the general health of the industry compared to one-fourth stating deterioration in two years.

Half of businesses employing 5-19 employees and around two-thirds of those employing 20-100 employees perceived an improvement in the general health of the industry in two years time.

Q.WHAT SINGLE FACTOR IS MOST LIMITING YOUR ABILITY TO INCREASE PRODUCTION?



Customer Orders were sighted as the most single factor limiting the ability to increase production for businesses employing 5-19 employees followed by Skilled Labour and Capacity.

Finance was indicated as the most single factor limiting the ability to increase production for businesses employing 1-4 employees and Sole Trader, followed by Skilled Labour and Customer Orders.

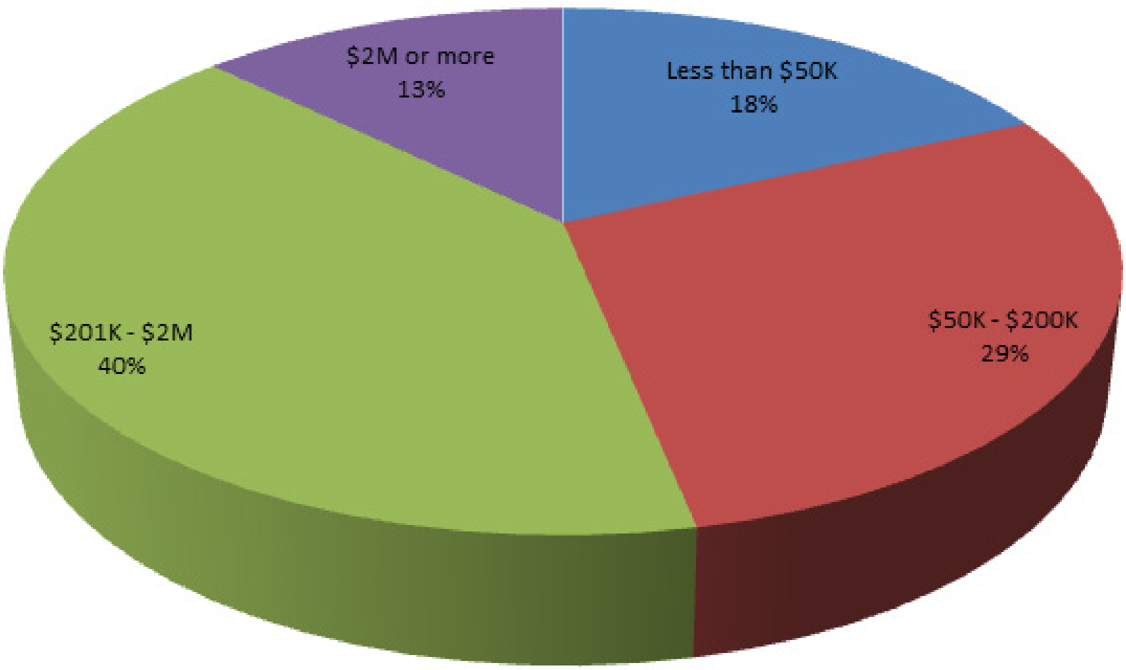
Sample businesses employing 20-100 employees sighted Skilled Labour as the most important factor limiting their ability to increase production.

SECTION SIX:
FOOD AND BEVERAGE SUPPLY CHAIN FINDINGS BY ANNUAL TURNOVER

Food and Beverage Supply Chain businesses with the Moreton Bay Region were asked to state their annual turnover using the following categories: less than $50K; $50 to $200K; $201K to $2M; and $2M or more.

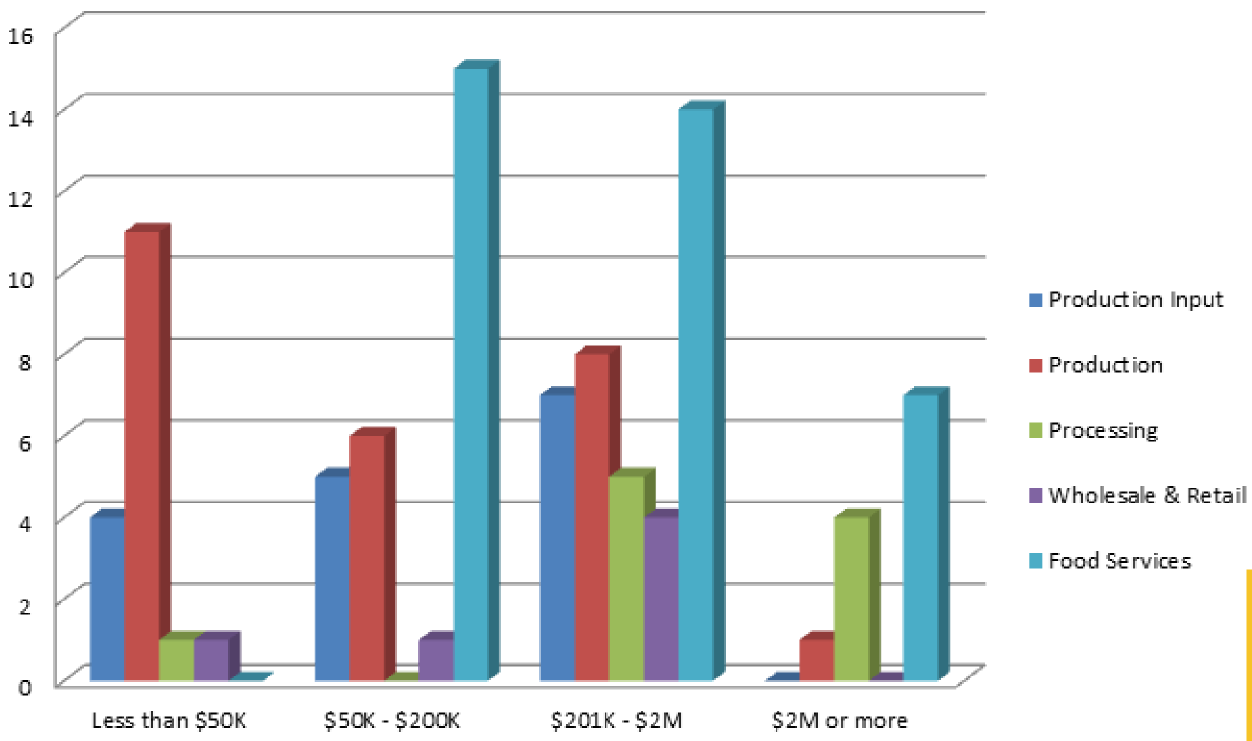
This Section of the report deals with the findings of the project using annual turnover categories. Findings from the cross tabulation analysis using annual turnover with the supply sources, level of operations, supply commitment, level of satisfaction with suppliers, level of confidence and production constraints will be explored in the coming pages.

SAMPLE BUSINESSES BY ANNUAL TURNOVER



More than one-third of the sample had a turnover between $201K-$2M compared to around one-quarter having between $50K–200K whereas around one-fifth of the sample had a very small turnover (less than $50K). The sample surveyed also comprised of a small number of companies (13%) with $2M or more turnover.

BUSINESS SECTOR BY ANNUAL TURNOVER

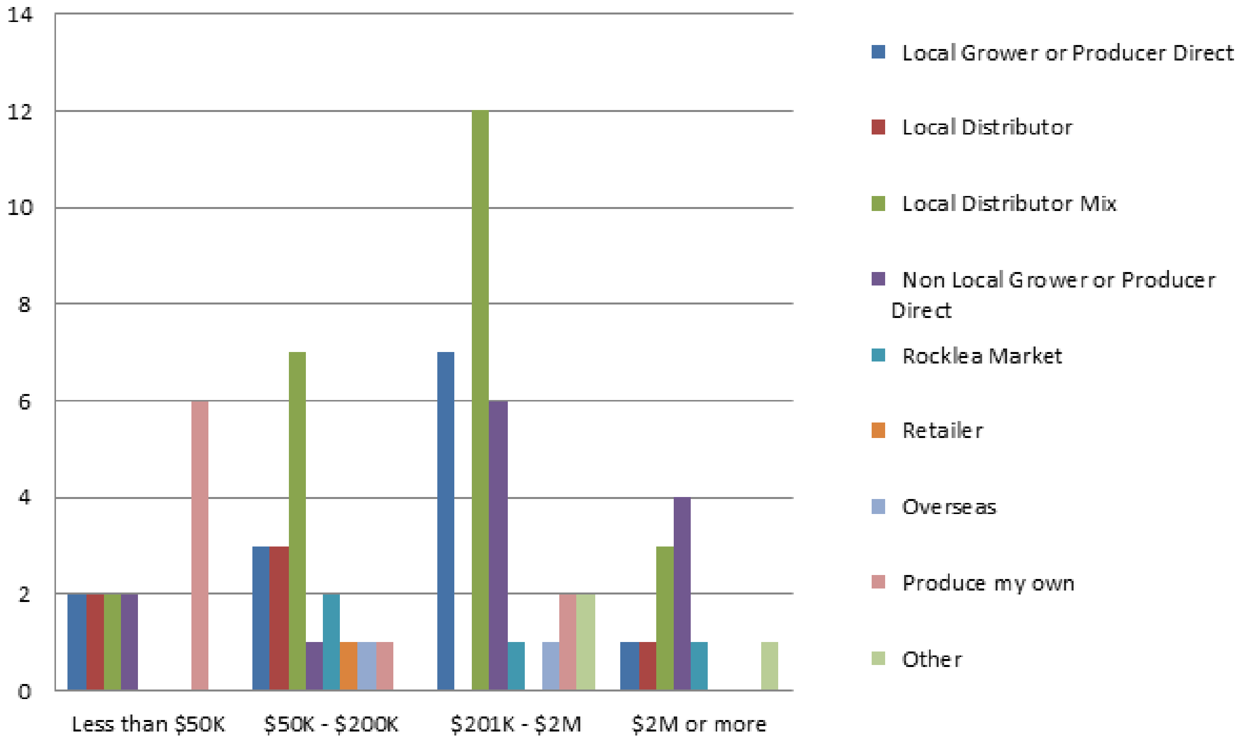


Around two-thirds of the sample businesses that had less than $50K turnover were involved in Production compared to around one-quarter engaged in Production Input. Food Service businesses accounted for more than half of the businesses with $2M or more compared with one-third which were Processing businesses.

Figures also show Food Service accounted for more than half of the sample businesses with a turnover between $50K-$200K compared with around one-fifth engaged in Production and Production Input.

Food Service in the sample also represented more than one-third of businesses with a turnover of $201K-$2M compared with around one-fifth related to Production and Production Input. More than two-thirds of Wholesale & Retail businesses and half of the Processing businesses in the sample had a turnover between $201K-$2M.

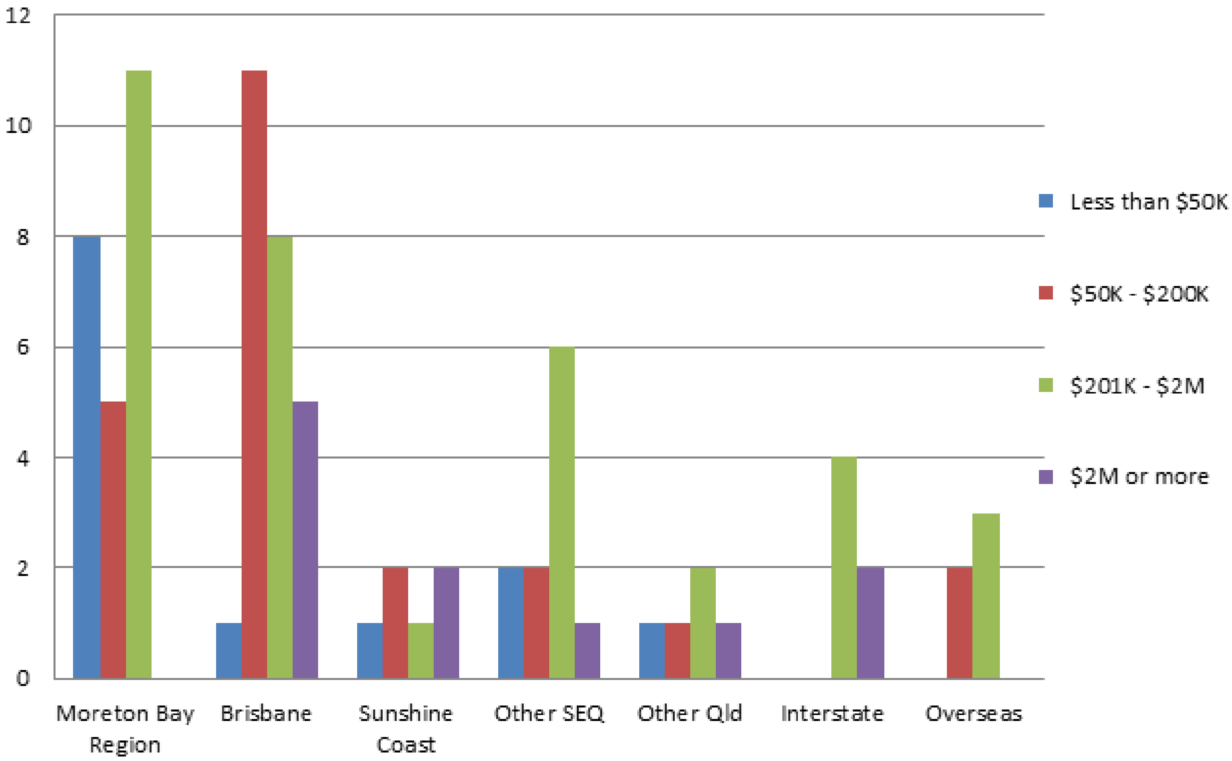
Q. THINKING ABOUT YOUR SUPPLIES AND/OR YOUR SUPPLIERS, WHAT PERCENTAGE OF YOUR SUPPLIES AND/OR SUPPLIERS COMES FROM THE FOLLOWING?



Local distributor sourcing a mix of local & non-local foods was the most used source of supplies by sample businesses with annual turnover between $201K–$2M and $50-$200K whereas produce my own was the main source for businesses with less than $50K annual turnover and non-local grower or producer direct was the most source for large businesses in the sample with $2M or more annual turnover.

Local grower or producer direct was most used by businesses with annual turnover between $201K-$2M followed by businesses with $50K-$200K annual turnover and non-local grower or producer direct was most used by businesses with $201K-$2M followed by the sample businesses with $2M or more annual turnover.

Q. THINKING ABOUT YOUR SUPPLIES AND/OR YOUR SUPPLIERS, WHAT PERCENTAGE OF YOUR SUPPLIES AND/OR SUPPLIERS COMES FROM THE FOLLOWING BROADLY CLASSIFIED REGIONS?

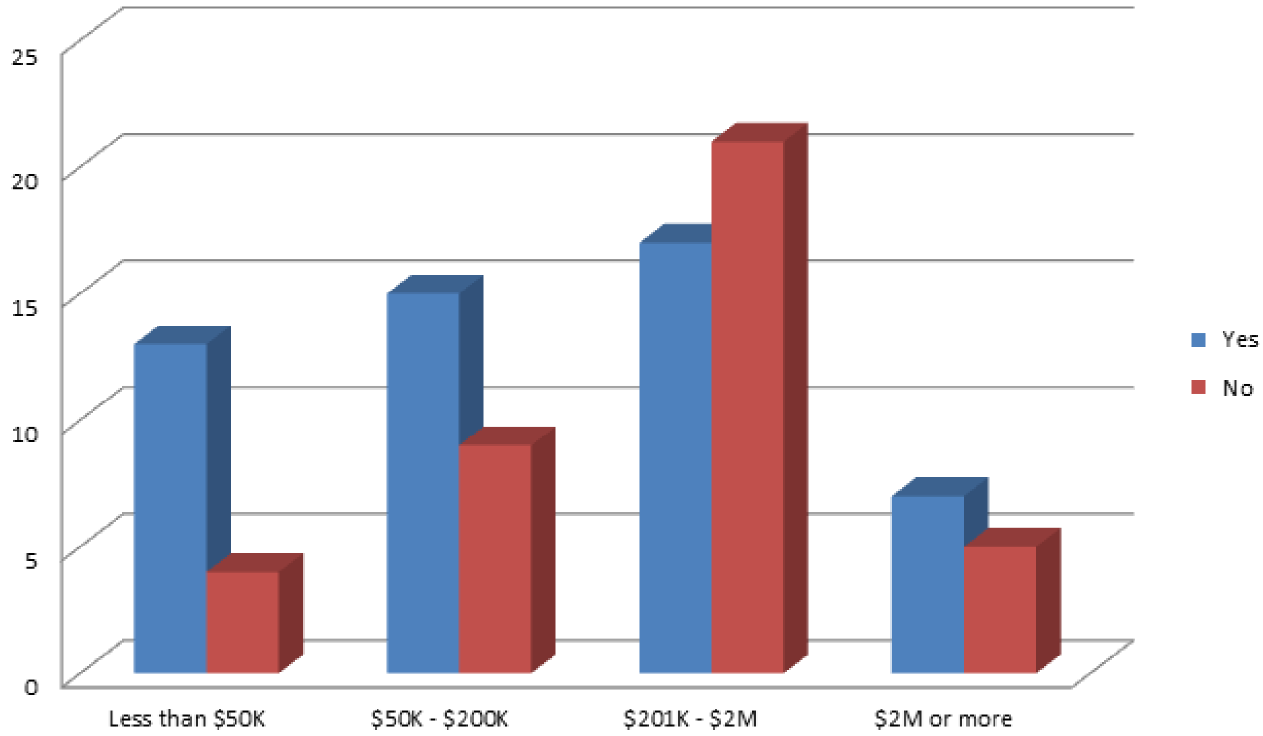


Around two-thirds of businesses in the sample with annual turnover of less than $50K, around one-third of businesses with annual turnover between $201K-$2M and one-fourth of businesses with $50K-$200K used Moreton Bay Region as their main source of supplies.

Figures also show around half of businesses with annual turnover between $50K-$200K, those with $2M or more and around one-fifth of the sample with annual turnover between $201K-$2M used Brisbane as their main source of supplies.

Other South East Queensland was used by around seventeen percent of businesses with annual turnover between $201K-$2M as their main source of supplies.

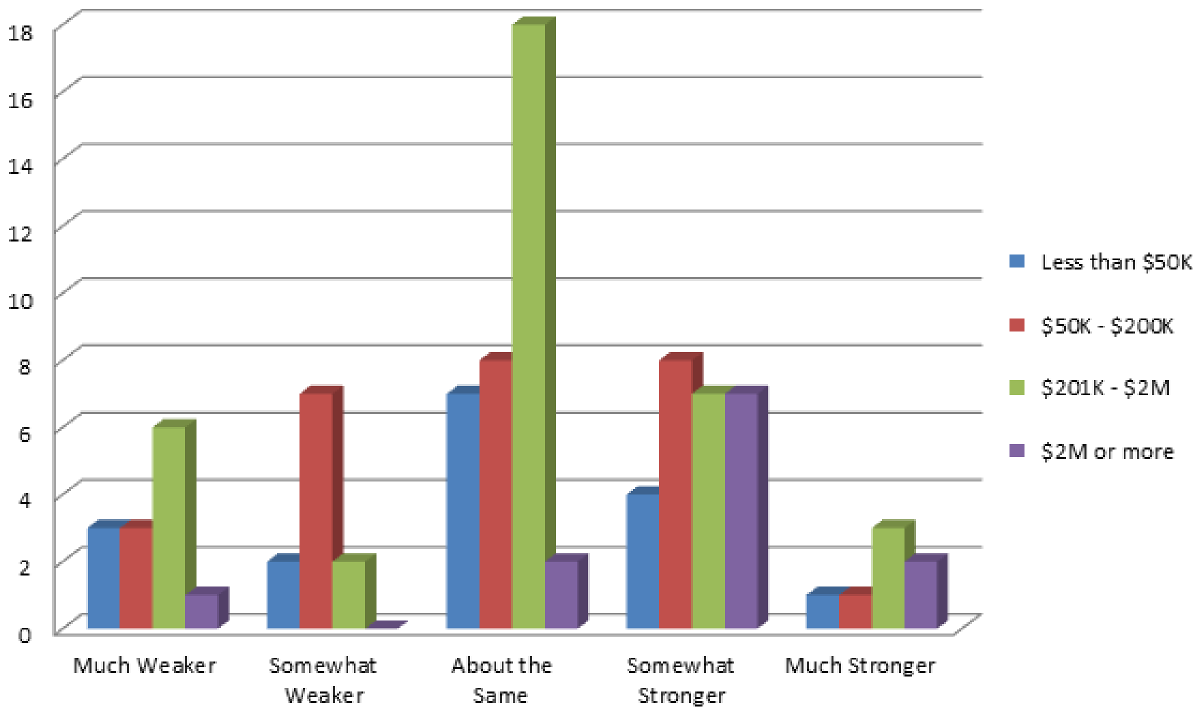
Q. ARE YOU SATISFIED WITH THE NUMBER OF CUSTOMERS/ CLIENTS OF YOUR BUSINESS?



More than three-quarters of the businesses surveyed with less than $50K annual turnover and around two-thirds of those businesses with $50K-$200K and more than half of the businesses with more than $2M in the sample were satisfied with the number of customers/clients of their businesses.

Figures also show that more than half of the businesses surveyed with a turnover between $200K-$2M were dissatisfied with the number of customers/clients of their business.

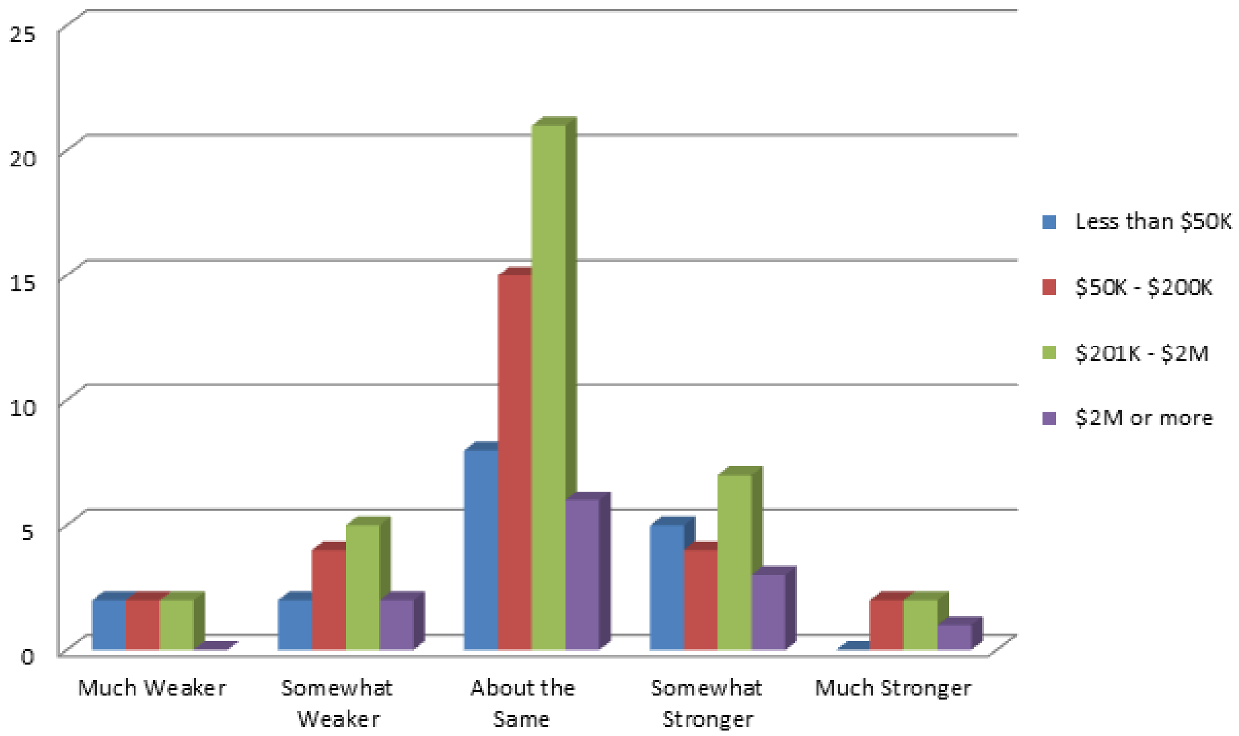
Q. HOW HAS YOUR BUSINESS PERFORMED OVER THE LAST SIX MONTHS RELATIVE TO THE PREVIOUS SIX MONTHS?



Half of the businesses with annual turnover between $201K-$2M and around one-third or more of businesses with annual turnover of less than $50K and $50K-$200K indicated no changes in the performance of their businesses over the last six months compared with the previous six months.

Figures also show more than half of the sample businesses with turnover of $2M or more, one-third of businesses with $50K-$200K turnover, one-fifth of businesses with less than $50K turnover and one-fourth of businesses $201K-$2M perceived their businesses performing somewhat stronger in 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?



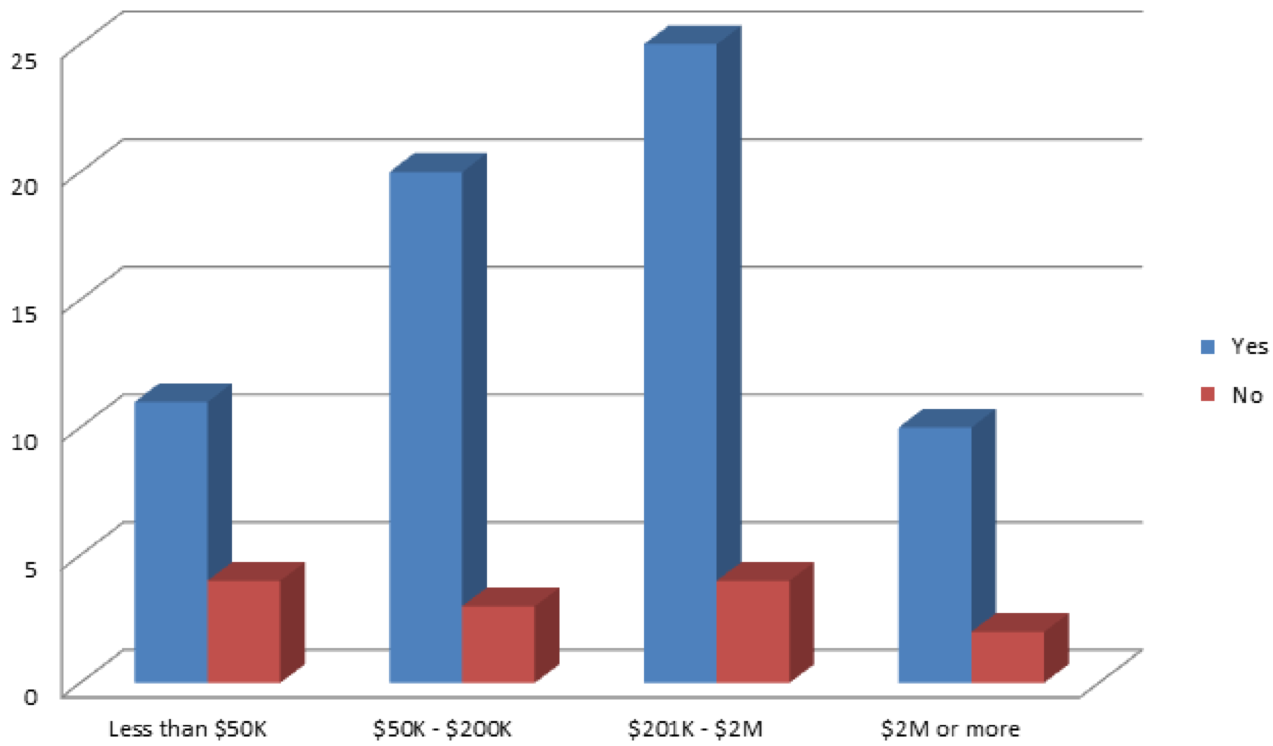
Around half of the businesses surveyed or more, regardless of their annual turnover, believed they will perform about the same in the next six months compared to the last six months. Figures also show around one-fifth of businesses with annual turnover less than $2M perceived their businesses will perform somewhat to much weaker in the next six months relative to the last six months.

Businesses with less than $50K turnover (29%) and those with $2M or more (25%) in the sample believed that they will perform somewhat stronger in the next six months compared with the previous six months. Whereas only 19% of businesses with annual turnover of $201K-$2M and 15% of businesses with annual turnover between $50K-$200K sighted somewhat stronger performance.

Q. DO YOU GENERALLY HAVE A PURCHASING COMMITMENT TO BUY LOCAL PRODUCE?

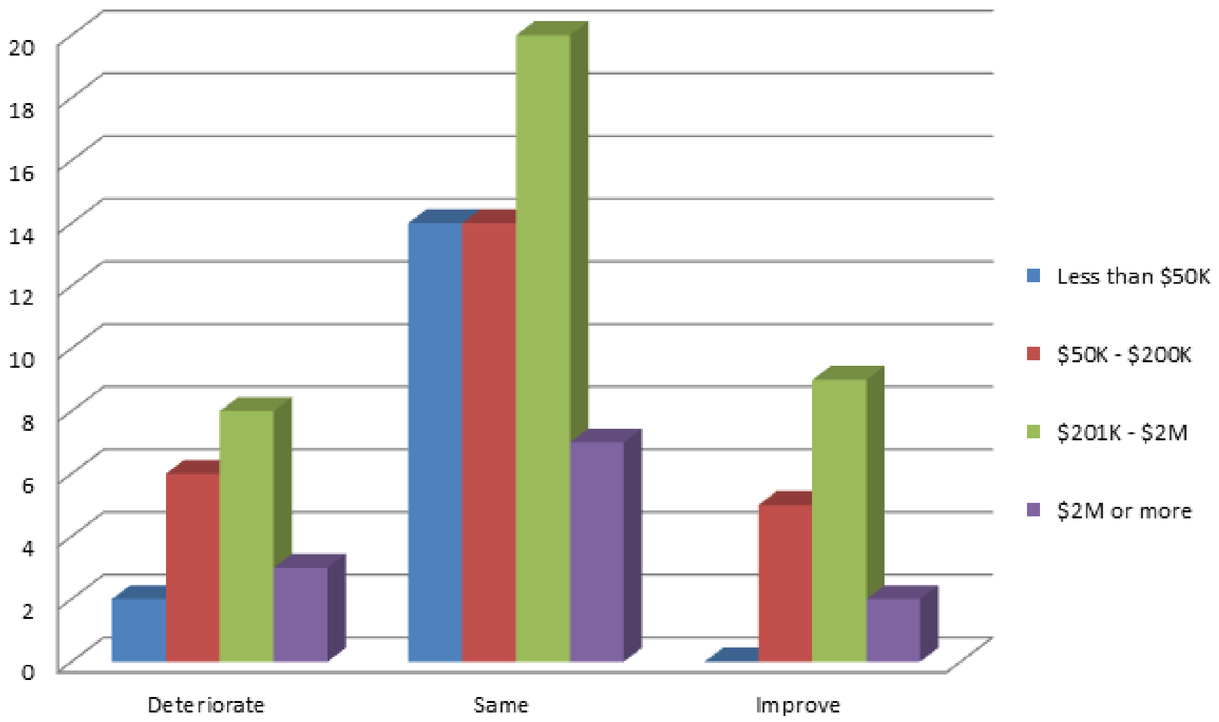
More than two-thirds of businesses with annual turnover of $50K or more did not have a purchasing commitment to buy local produce whereas around two-thirds of businesses with less than $50K annual turnover generally had a purchasing commitment.

Q. ARE YOU SATISFIED WITH LOCAL SUPPLIERS OF LOCAL PRODUCE?



The vast majority of the Food and Beverage Supply Chain businesses surveyed in the Moreton Bay Region are satisfied with local suppliers of local produce regardless of their annual turnover. Figures show more than ninety percent of businesses with annual turnover between $50K-$200K were satisfied compared to around seventy-five percent of businesses with less than $50K annual turnover.

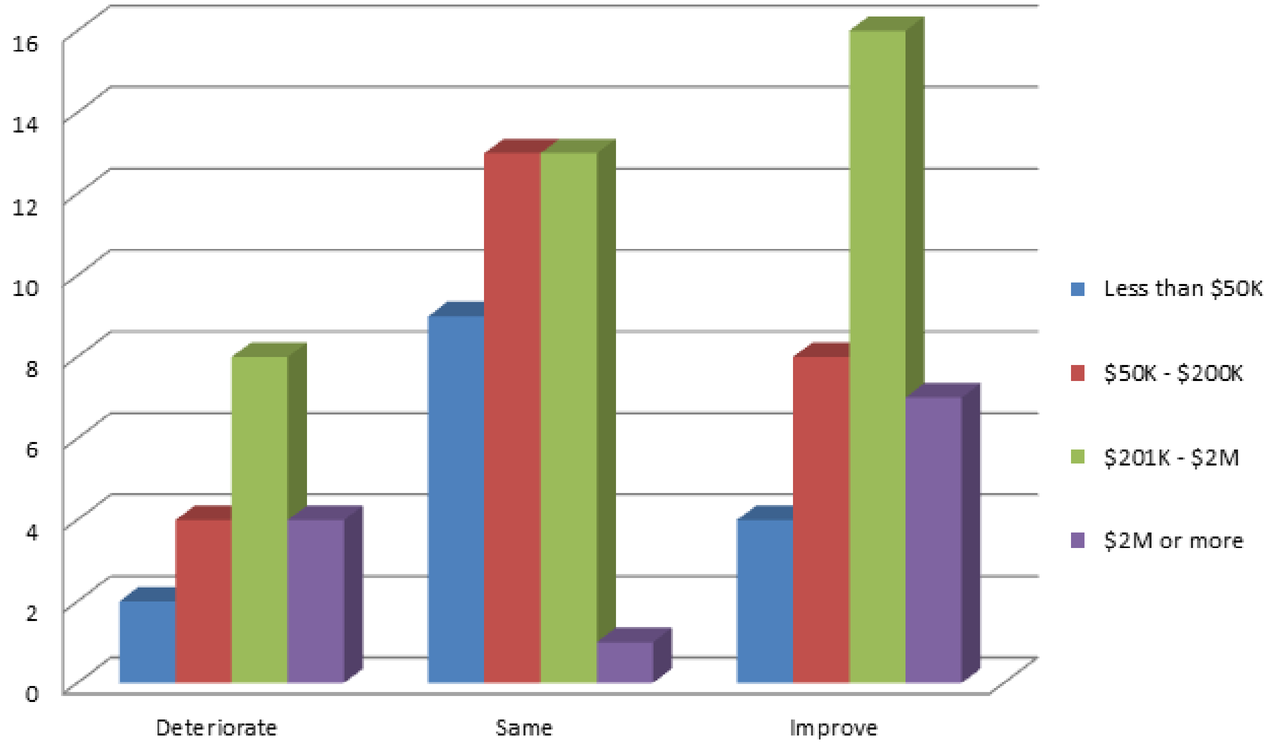
Q. WHAT IS YOUR PERCEPTION ABOUT THE GENERAL HEALTH OF THE FOOD AND BEVERAGE INDUSTRY IN THE NEXT SIX MONTHS?



Three-quarters or more of the sample businesses surveyed were confident about the general health of the Food and Beverage industry within the Moreton Bay Region regardless of their annual turnover. These businesses stated that the industry performance will stay the same or improve in the next six months.

Figures also reveal around one-fourth to one-fifth of sample surveyed with annual turnover of $50k or more had no confidence about the general health of the industry and perceived deterioration in the next six months.

Q. WHAT IS YOUR PERCEPTION ABOUT THE GENERAL HEALTH OF THE FOOD AND BEVERAGE INDUSTRY IN TWO YEARS FROM NOW?

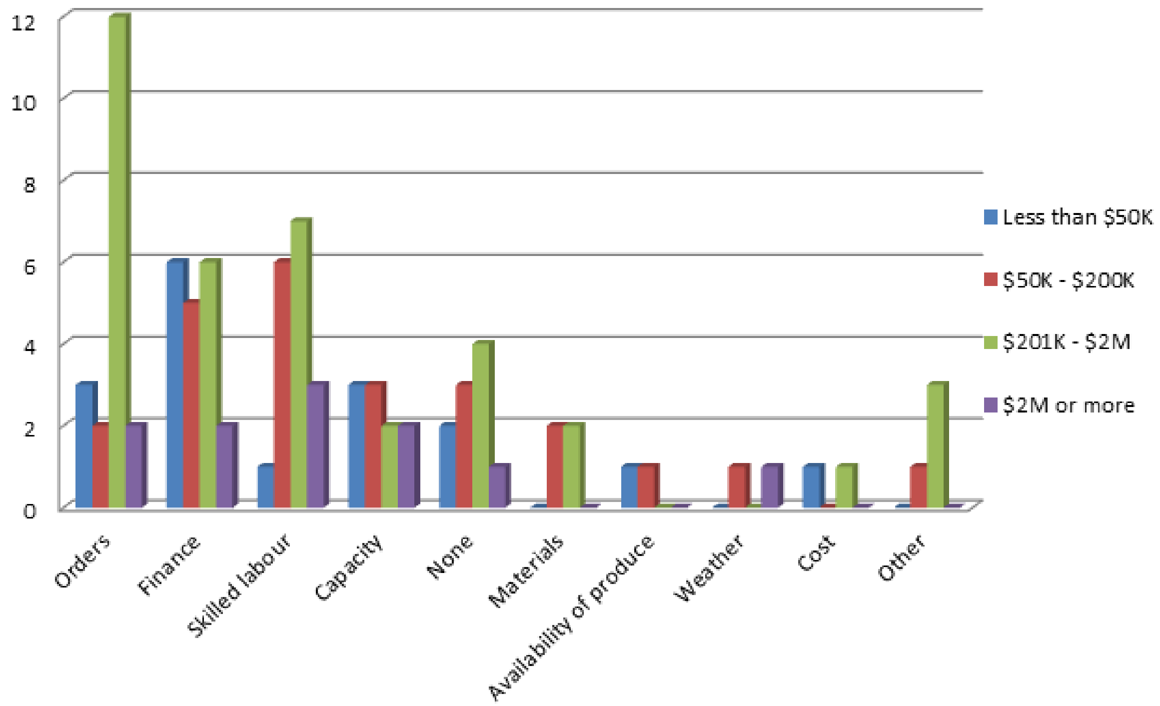


Around three-quarters of sample businesses regardless of their annual turnover were confident about the future of the Food and Beverage Supply Chain within the Moreton Bay Region. These businesses stated that the industry performance will stay the same or improve in two years time.

Surveyed businesses with larger annual turnover ($201K or more) were more confident about the future of the industry compared with the businesses with annual turnover of $200K or less.

Figures therefore reveal that one-third of businesses with $2M or more turnover and one-fifth of those with $201K-$2M annual turnover had less confidence in the future of the Food and Beverage industry and perceived deterioration in the next two years.

Q. WHAT SINGLE FACTOR IS MOST LIMITING YOUR ABILITY TO INCREASE PRODUCTION?



Finance was the most single factor limiting the ability to increase production for businesses with less than $50K annual turnover followed by Capacity and Customer Orders, whereas Skilled Labour and Finance were stated as the most limiting factors for businesses with annual turnover between $50K-$200K.

Customer Orders were stated as the most single factor limiting the ability to increase production by businesses with annual turnover between $201-$2M followed by Skilled Labour and Finance.

Figures also reveal Skilled Labour was also stated by businesses in the sample with $2M or more annual turnover as the single most important factor limiting their ability to increase production followed by Customer Orders, Finance, and Capacity.

CONCLUSIONS

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.