Regional Development Australia
NORTHERN RIVERS NSW

Survey Analysis

» *Northern Rivers Regional Food Hub Survey*

2018 Online Survey

January 2019

Regional Development Australia Northern Rivers NSW

PO Box 146
Lismore, NSW 2480

In collaboration with:

Contents

Key Findings

- Food producers operating within the Northern Rivers region represent a broad range of enterprises, in terms of food product categories, employment and scales of operation.

- Small-scale food manufacturing enterprises are most common within the region, with the majority occupying less than 200m^2 of production area (60% of respondents) and having 0-5 employees (69% of respondents).

- The regional food manufacturing industry has high growth expectations for the forthcoming five year period. As such, there is strong demand from local food manufacturers for additional floor space to accommodate their expansion needs.

- Eighty percent (80%) of food producers indicated some expansion expectations, with 36% of respondents anticipating the need for premises in the range of 200-999m^2 and 27% of respondents anticipating demand for 1,000-1,999m^2, beyond 5 years.

- The staffing expectations of food manufacturing businesses surveyed suggest the number of businesses employing 6-50 employees may increase from 21% to 42% of businesses over the next 5 years.

- The main supply chain challenges faced by food manufacturers include the need to secure consistent supply of locally grown inputs/ingredients, improved transport distribution services (close to production facilities), a lack of local packaging manufacturers and the need for e-commerce/website support.

- The majority of food producers (52% of respondents) indicated an interest in having retail sales as part of their production facilities. Tastings and tours were also seen as desirable (48% of respondents).

- Many of the region's food businesses leverage regional branding as a part of their product marketing strategies with over 60% of businesses linking to 'local food culture' as a part of their brand.

- There is strong support for the establishment of food manufacturing precincts ("food hubs") throughout the region.

- On the basis of the survey, food hubs should seek to provide networking opportunities, small business incubators including casual hire kitchen facilities for food "start-ups", shared facilities/services such as cold storage, warehousing and transport, and vocational training facilities supported by food tourism opportunities.

- There is strong support for including a range of compatible food related industries and activities within food hubs, to support social, environmental and economic development (including tourism) objectives.

Background

During 2018, the Northern Rivers Councils of Ballina Shire, Byron Shire, Clarence Valley, Kyogle Shire, Lismore City, Richmond Valley and Tweed Shire sought to identify ways to support the local food industry, including the establishment of food manufacturing precincts ("food hubs"). Consequently, an online survey was launched in an effort to identify the characteristics, needs and views about the potential and growth prospects of the food manufacturing industry in the region.

The number of responses received was not high, in terms of the number of businesses active in the sector within the Northern Rivers region. Notwithstanding, the survey provides a snapshot of industry characteristics, needs and views particularly as they relate to the spatial needs and the establishment of food hubs within the region.

About the respondents

The survey was available via SurveyMonkey™ via a dedicated URL. The survey opened on 14 September 2018 and closed on 30 November 2018. Responses were collected anonymously, although respondents could provide their contact details to stay informed regarding the survey results and related projects.

123 surveys were completed.

Type of respondents

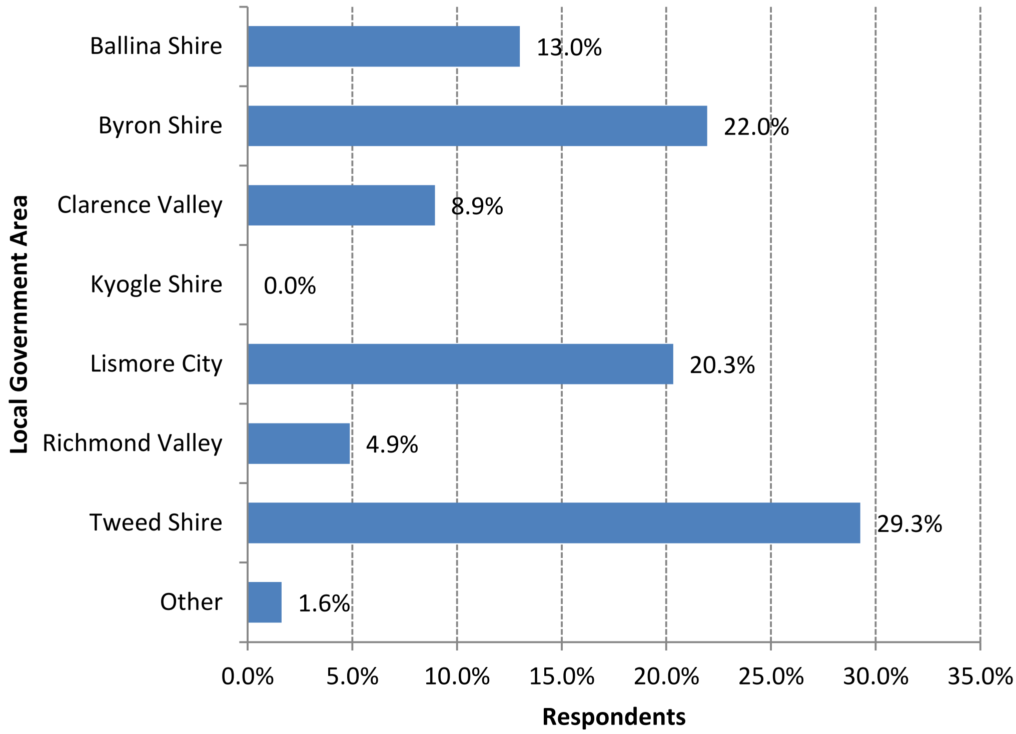
Type of respondent / enterprise	Respondents
Food product manufacturer	45
Contract manufacturer	1
Input supplier (grower, transport etc)	15
Food industry (consultant, services, support)	11
Commercial property developer/landlord/investor	1
Interested member of the community	22
Other (please specify)	28
Total	123

Respondents that answered 'other' that gave further details included *'primary industries exhibition', 'industry advocate, knowledge holder, regional facilitator', 'regional waste group', 'farmers market', 'commercial line fisherman', 'low impact urban developer', 'caterer'*, as well as a number of farmers, café and restaurants and food retailers and wholesalers.

The results to this question indicate strong interest in the health and future of the food industry from a broad range of stakeholders within the region.

In which local government area are your main premises located?

The following table shows the location of survey of respondents by local government area.

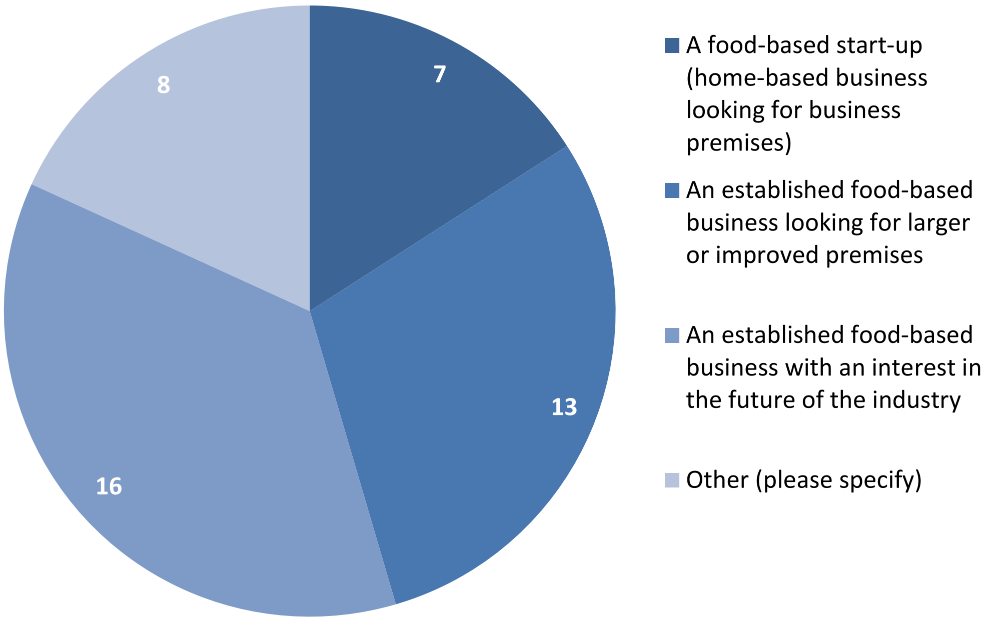


Tweed Shire had the highest number of respondents followed by Byron Shire, Lismore City LGA and Ballina Shire. While Richmond Valley did not have a high number of respondents, the LGA has some of the largest producers in the Region (in terms of output and number of employees). Respondents that answered ‘other’ to this question indicated their locations as ‘Malaysia and India’ and ‘Port Macquarie Hastings’.

Profile of food manufacturers

The following section of questions were available only to those that answered ‘food product manufacturer’ to the first survey question.

As a food product manufacturer, are you…



Type of business	Responses
A food-based start-up (home-based business looking for business premises)	7 (15.9%)
An established food-based business looking for larger or improved premises	13 (29.5%)
An established food-based business with an interest in the future of the industry	16 (36.4%)
Other (please specify)	8 (18.2%)
Total	44 (100%)

Responses given under “other” to the above question included the following:

- *“All of the above”*
- *“Home-based and happy to stay that way”*
- *“A small café supplier, not looking for premises”*
- *“Food-based start-up building commercial kitchen on own property”*
- *“Farmer with own farm”*

- *"Community gardener"*
- *"An established food-based business with an interest in future opportunities"*

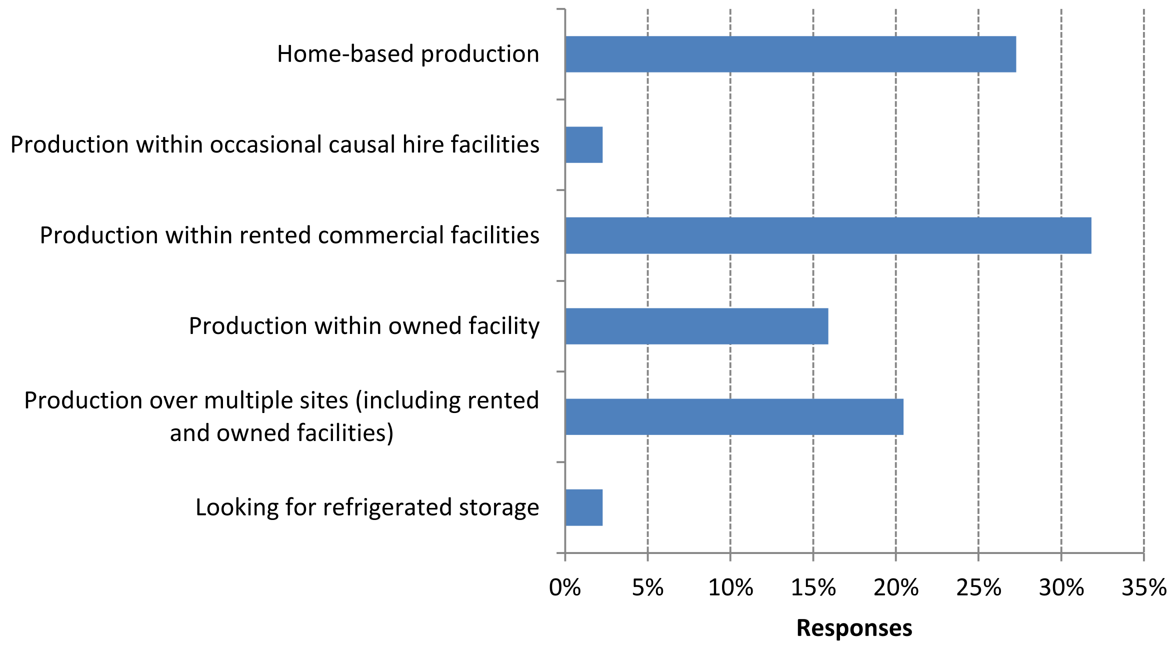
Food manufacturer respondents produce food product across a range of product categories, as shown in the following table. It is noted that it appears many respondents' products fit within several food product categories (respondents could select multiple categories).

What are your food product categories?

Type of business	Responses
Beverages - Non-alcoholic	10
Condiments, sauces and preserves	10
Gluten free food products	8
Baked goods (bread / pastries)	6
Bush foods	6
Fermented foods and beverages (including non-dairy cheese and yogurt)	6
Health foods & supplements	6
Other (please specify)	6
Catering trade	5
Dips	5
Meat products - packaged meats	5
Cakes and/or biscuits	4
Dairy products	4
Pickles and vinegar	4
Raw food products	4
Snack foods (incl. chips, crisps, crackers, corns snacks, nuts and seeds)	4
Beverages - Alcoholic	3
Breakfast foods	3
Confectionary	3
Ice cream and frozen deserts	3
Meat products - processed meats (incl. cured, smoked, deli meats, bone broth etc)	3
Oils, butters and fat spreads	3
Spreads, jams and honeys	3
Packaged fresh produce	2
Prepared / ready-made meals and foods	2
Vegetables - packaging	2
Baby food	1
Canned or tinned foods	1
Egg products	1
Soya foods	1
Pasta and noodles	1
Seafood products - packaging	1
Frozen foods	0
Seafood products - processed seafood products	0
Soups, soup mixes and bone broths	0

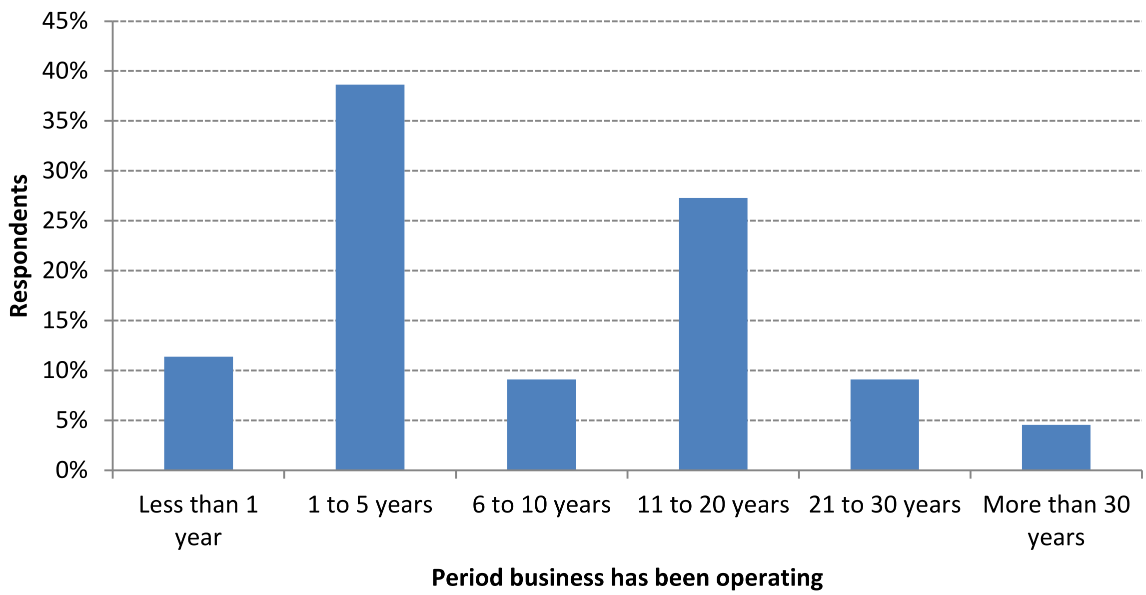
What best describes your existing production facilities?

The following chart shows the type of existing production facilities of respondents involved in food product manufacturing.



For how long has your business been operating?

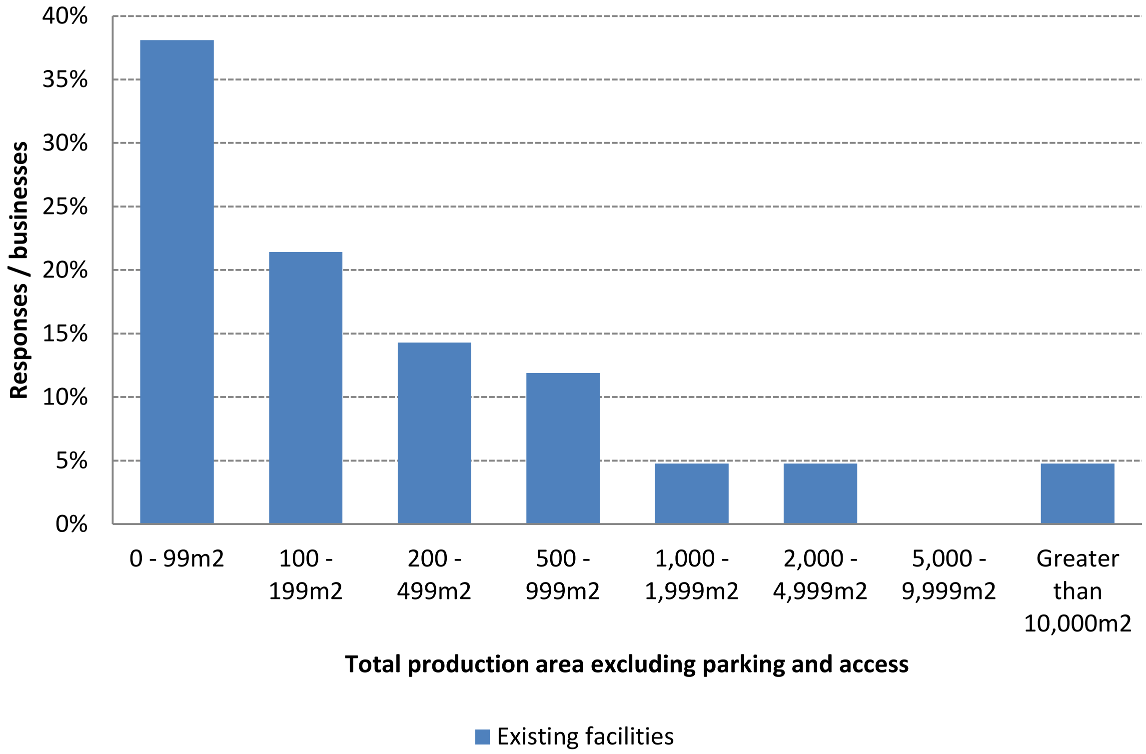
The following chart shows the period over which food product manufacturing respondents have been operating their business.



The mean period for which food manufacturing respondents have been operating is approximately 6 years indicating a predominance of relatively ‘young’ businesses in the sector. Forty one percent (41%) of businesses surveyed had been operating for more than 10 years.

How much space does your current production activities occupy (total production area excluding parking, access etc)?

The following chart shows the amount of space food manufacturing respondents indicated their production facilities currently occupy (excluding parking and access).

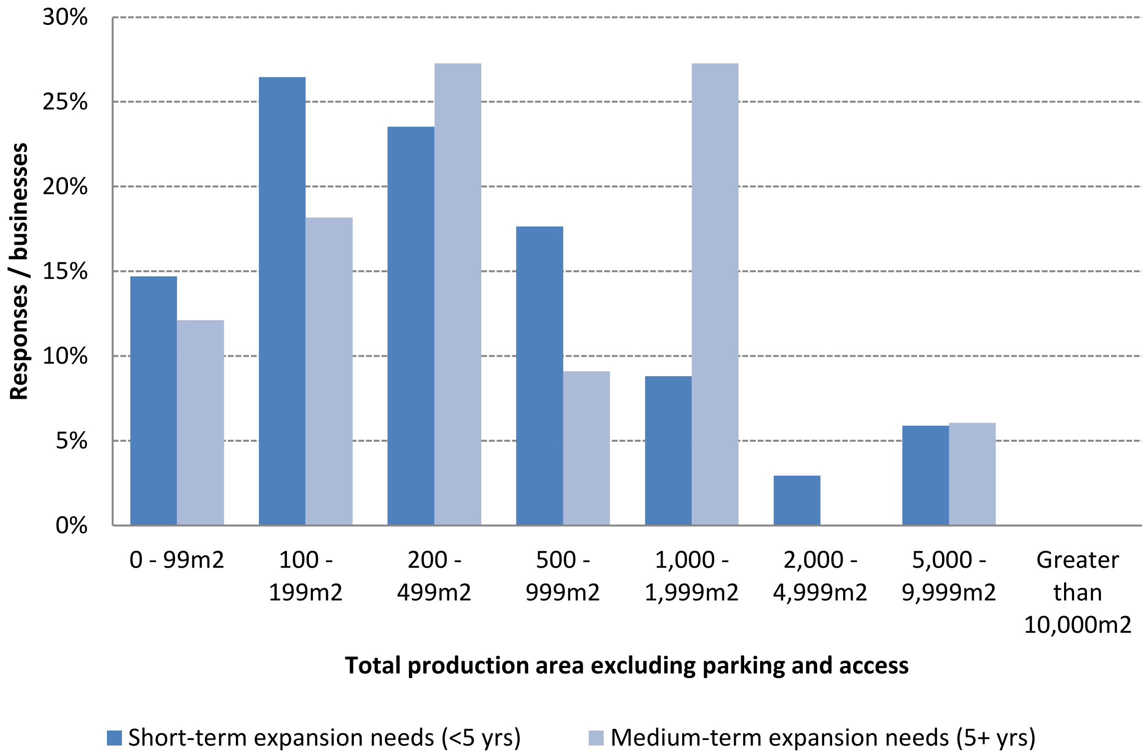


The majority (60%) of food manufacturing respondents indicated their existing facilities occupy less than 200m^2 of total production area. Notwithstanding, a range of businesses sizes were included in the survey including two businesses with facilities occupying more than 10,000m^2.

If you are looking for new facilities/site, how much space are your looking for initially (total production area excluding parking, access etc)?

What do you estimate are your medium term expansion needs (beyond 5 years)(total production area excluding parking and access etc)?

In terms of short-term (<5 years) and medium-term expansion needs, respondents indicated the anticipated needs as outline in the following chart.

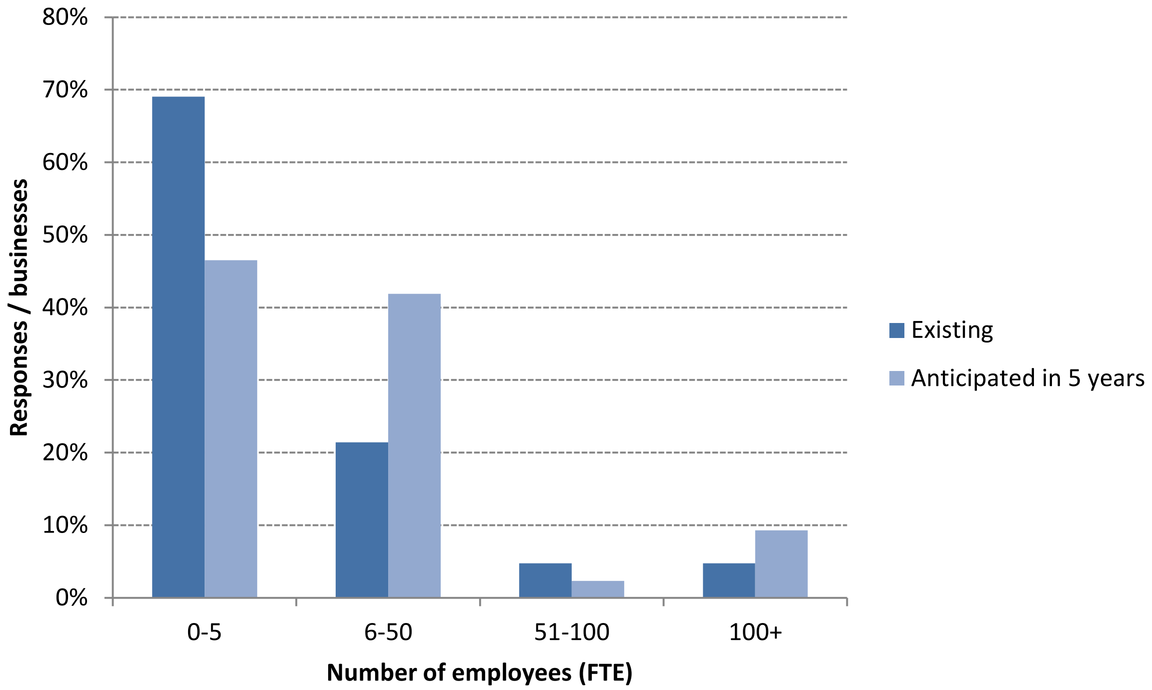


The chart above shows that the food product manufacturing survey respondents anticipate significant growth and require, therefore, capacity to expand their premises. Eighty percent (80%) of food producer respondents indicated some expansion expectations, with demand for premises in the range of 1,000-1,999m^2 comprising 27% of respondents expected floor space needs beyond 5 years.

How many people does your business currently employ (full time equivalent positions) including owner/managers?

How many persons does your business expect (or hope) to employ (full time equivalent positions) in 5 years time including owner/managers?

The following chart shows the number of (full time equivalent) employees within the food product manufacturing business surveyed. The chart also shows the number of employees the businesses anticipate they will require in five years.



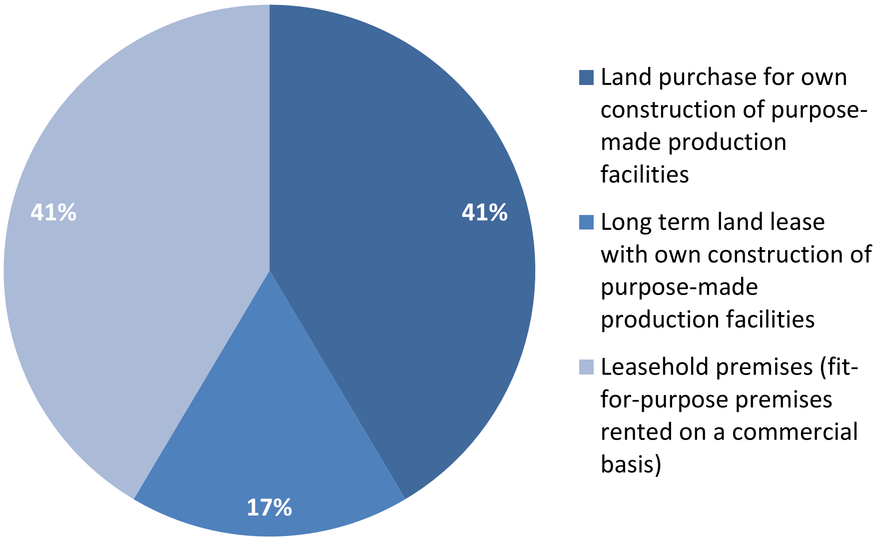
The following table provides several key employment metrics for the businesses surveyed.

Employees (FTE – full time equivalents) 44 responses/businesses surveyed	Existing	Anticipated in 5 years	Anticipated change in next 5 years
Total persons employed (FTE)	1,427	1,984	557
Average number of employees (FTE)	33	46	+13
Median number of persons employed (FTE)	4	6	-

It is noted that although there were only 44 businesses/respondents to this question, the businesses combined expect to employ an additional 557 employees over the next five years with an average increase of 13 employees per business. It is noted, however that smaller businesses predominate the industry, with a small number of larger employers.

What form of land tenure best suits your business operations?

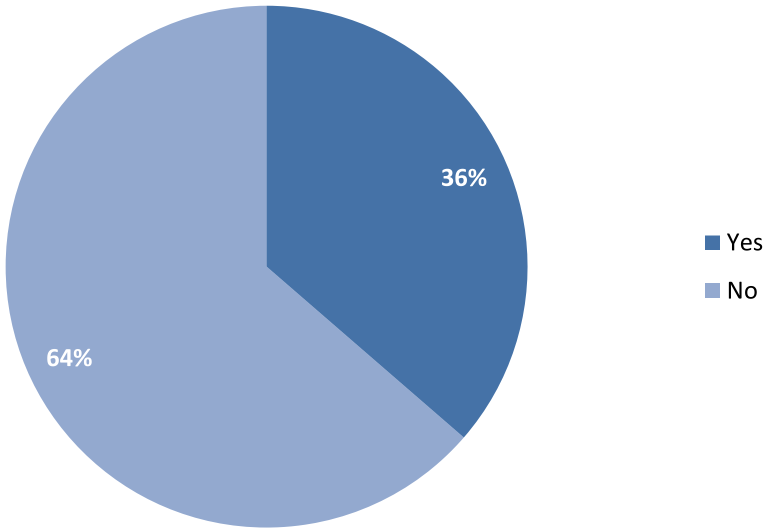
The following chart shows the preferred tenure arrangements of food manufacturing businesses surveyed.



The above chart indicates a range of tenure arrangements suit local food manufacturers, with a clear preference for maintaining control over the construction of their premises on land either owned or leased by the business.

Do you have need for refrigerated storage, separate from your production facilities?

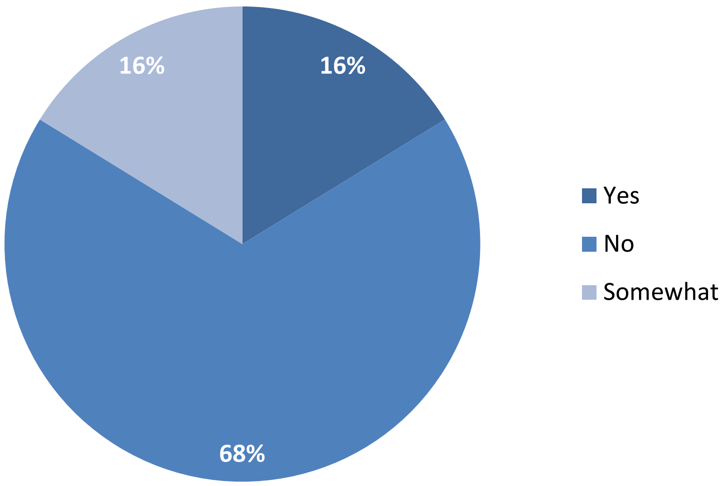
The following chart indicates that the majority of businesses surveyed either do not require refrigerated storage or prefer to have this incorporated into their own production facilities.



Notwithstanding, the response indicates demand for separated cold storage facilities, with 36% of respondents indicating this would be beneficial to some degree.

To what extent could your office / administration related needs be accommodated in a dedicated office complex/co-working space separate from your production facility?

The following chart indicates that whilst the majority of business prefer to have their administrative functions incorporated within their own production facilities, approximately 32% of businesses surveyed indicated a shared facilities could have some benefit.



Do you have any supply chain relationships or gaps that are important to the success of your business?

Responses given to the above question included the following:

- Availability of locally grown inputs/ingredients (crop shortages and continuity of supply are issues)
- Road transport close to production facility
- E-commerce / website support
- Growth in the food service industry
- Access to farmers markets
- There is a need for a local packaging manufacturer as these currently have to come (with high transport cost) from Melbourne or Sydney.
- Opportunities for courier alternatives to enable reuse of food product waste that can be used as compost/soil additive elsewhere.
- Need for improved transport distribution services / wholesaler to facilitate small volume high frequency deliveries locally. Could be in the form of a specialised local food distributor or food hub.

The most common supply chain issue raised by respondents related to challenges associated with securing a consistent supply of local inputs (agricultural primary produce).

Do you anticipate incorporating any of the following food related tourist activities into your production premises?

The following chart shows the intentions of food product manufacturers regarding the desirability of incorporating tourism related activities in their production premises.

The vast majority of respondents (86%) indicated a desire to undertake at least one of the above tourist related activities in association with their food production process. Over 50% of respondents express intention to include retail sales with their production facilities.

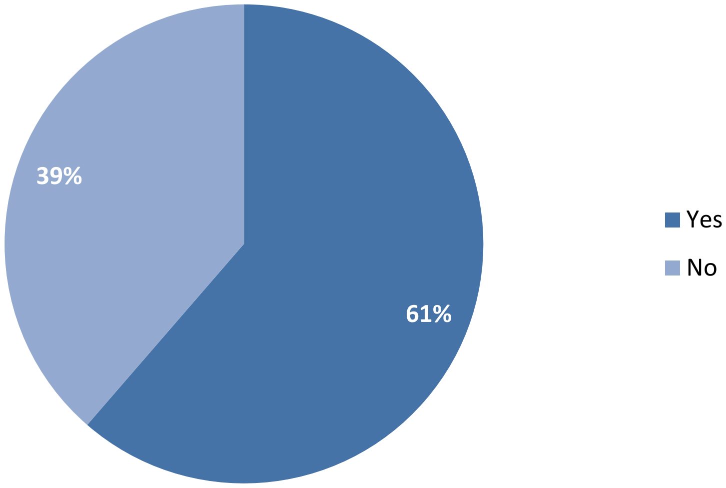
Does your business leverage any of the following?

The following chart shows the degree to which food manufacturers leverage key regional marketing identifiers.

It is noted that 93% (or 41 out of 44 food producer respondents) indicated they used at least one of the above product/marketing identifiers. The responses to this question

Does your production line leverage our region's offering of primary produce?

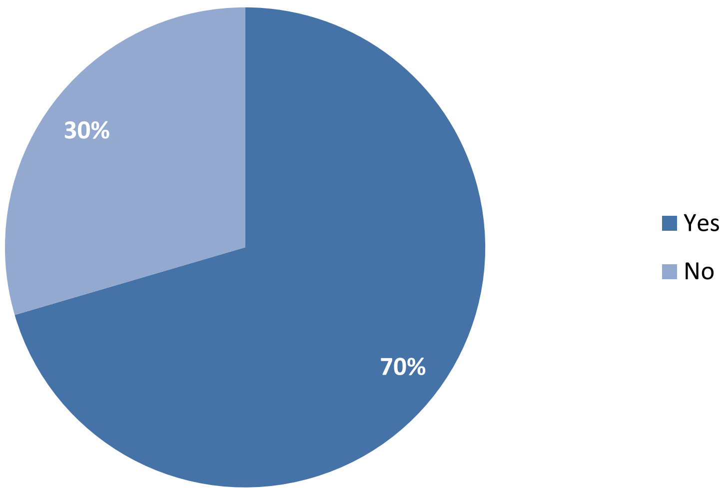
The following chart shows the utilisation of the region's primary produce by food manufacturers surveyed.



The majority of food producers utilised local primary product in their manufacturing process.

Would your business benefit from stronger links with local food producers / growers / product?

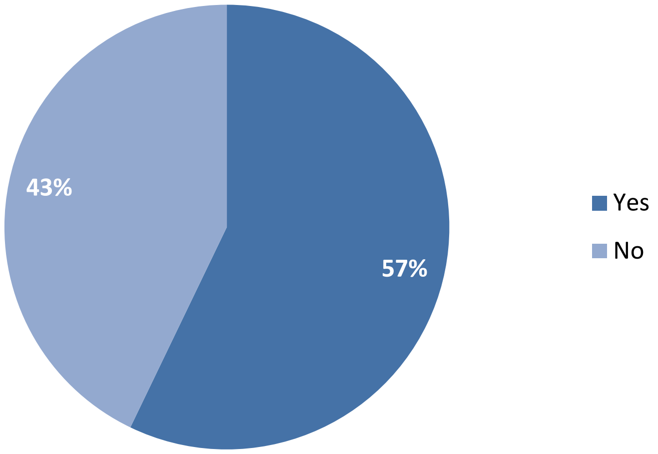
The following chart indicates that 70% of food manufactures would welcome stronger relationships with local food growers and other food manufacturers.



Food hubs

Would you see any benefits in having your business located within a food manufacturing precinct (food hub)?

As shown in following chart, the majority of respondents to the survey (total responses = 70) indicated they would see a benefit in locating their business within a food manufacturing precinct (food hub).



It is noted that the response to this question was open to non-food manufacturing respondents.

What benefits do you see arising from working alongside other food-based companies?

The following responses were given in response to this question (summarised):

- Benefit from economies of scale, by cooperating on supply chains, equipment, marketing, staff training, environmental management, energy production and freight and logistics.
- Better access to local produce, leaning what's in season, discovering new or hidden local producers.
- Support higher sales through higher exposure.
- Knowing what others are doing so avoid repetition.
- Networking, collaboration and referral opportunities.
- Opportunities for developing contract manufacturing relationships.
- Sharing ideas/knowledge/technology.
- United voice in dealing with government.

The following quote sums up the majority of the responses to this question:

“We are in a similar relationship with likeminded businesses already, we find it allows us to network, discuss business strategies and suppliers and inspire each other”

The majority of the comments reflected positive opportunities as outlined above, however, one response questioned the benefits of colocation out of competitive concerns. However of the 39 responses to this question, 35 responses were positive, 3 responses could be described as neutral and one response was negative to concept of food hubs.

What other related industries (additional to food production) do you consider desirable in a food manufacturing precinct?

The following table shows the responses (total responses = 72) to the desirability of including a range of specific industries/activities in a food hub alongside food manufacturing businesses.

Food Hub Component	Not at all desirable	Not very desirable	Neutral	Somewhat desirable	Highly desirable
Food laboratory	5%	3%	17%	45%	30%
Business incubator (“start-up” support)	2%	3%	23%	37%	35%
Vocational training facility	0%	5%	23%	38%	34%
Office complex / co-working space	3%	13%	22%	36%	27%
Cold-storage	1%	1%	18%	24%	55%
Freezer-storage	6%	0%	20%	21%	53%
Warehousing	0%	2%	21%	26%	52%
Transport	0%	1%	14%	19%	65%
Food-based tourism and entertainment	4%	1%	15%	32%	47%

The responses to this question indicate strong support for co-locating a range of food related industries and activities within food manufacturing precincts. In particular, the provision of cold and freezer storage, warehousing and transport were seen as important. The inclusion of other uses, such as “start-up” incubators, food labs, office space, vocational training facilities and food-based tourism activities also received strong support from food producers.

Are there other land uses or activities you think should be included in a food hub?

Responses to this question (total responses = 49) included the following (summarised):

- Commercial kitchen for hire by the hour/day for use by start-ups
- Shared infrastructure for waste management & clean energy generation
- Public spaces with artwork, community gardens/urban agriculture
- Community education
- Organic farmers’ markets and food cooperatives.
- Retail shopfronts, cafes and resturants
- Natural health and wellbeing industries
- Agriculture technology/research
- Packaging, marketing and IT.
- Showcase regional brand, demonstration site.The responses to this question indicate support for co-locating a range of food-related industries within food hubs.

Do you have any further comments you would like to make regarding the establishment of a food manufacturing precinct / food hub?

The following examples summarise the key messages given in response to the above question (total responses = 45):

- *“Needs to be able to facilitate low cost infrastructure to ensure small-scale business and startups can be supported”*
- *“Strategic location is probably important so that it's attractive to groups you want to bring together and fit for purpose”*
- *“A hub should fit with the planning intent of the area it is proposed and possibly link with other hubs”*
- *“It is a great idea! We need to show the rest of Australia (and overseas buyers) all the great products that are made in our region”*
- *“Should be combined with training and skills development for young farmers”*
- *“Should demonstrate best practice in terms of ecological sustainability”*
- *“Should comprise food education / literacy element to enable people to eat more sustainably and healthily”*
- *“Well over due across the Northern Rivers”*

- *“Make it a tourist destination”*
- *“Bring it on!!”*

Do you have any comments regarding the food product manufacturing industry at a regional level?

The following examples summarise the key messages given in response to the above question (total responses = 42):

- *“There is a large amount of already established businesses in the region that just need direction or places to collaborate. If we can provide that platform there would be a winning combination”*
- *“I would hope that each of the local governments have a plan in place to support the implementation of at least one precinct. It is long over-due and has the potential to not only promote the development of food businesses, but potentially save money for all involved. Also, having a coordinated approach between all local governments is key so there is consistency between jurisdictions”*
- *“We need to encourage local food manufacturing across our region. We are a real food bowl and should be a true growth area for business, from the ground up”*
- *“Currently no room for growth or expansion which restricts business growth success and/or causes businesses to relocate out of the region”*
- *“Lack of adequate premises is stifling growth and opportunity. Very little available in the 150-250m^2 space available”*
- *“So much potential to value add to our agriculture/horticulture sector”*