

Current overview of the Artisan Producers Capability in FNQ



FNQ

FOOD
INCUBATOR

CREATE | INNOVATE | ACCELERATE



FNQ is the third largest food bowl nationally and is home to a diverse range of artisan producers who have significant potential and scope to expand locally, interstate and internationally.

Our artisan producers are integral to our local economy and the community by delivering appetising products to buyers, fostering entrepreneurship and skills, boosting tourism and providing employment opportunities that support Far North Queensland families.

However, artisan food and beverage producers face unique challenges in accessing market opportunities, training and appropriate infrastructure.

The FNQ Food Incubator identifies four key priorities that can assist with the support of the artisanal food production sector in FNQ, to develop capability and capacity, access new markets and increase economic contribution:

- facilitating access to "share use" small-scale infrastructure to improve SME innovation and capability.
- enhance SME food expertise, skills and knowledge through the delivery of food processing courses.
- assist artisan producers to access export market opportunities or improve access to existing markets such as attracting food tourism to the region.
- building sector capabilities to reduce food waste through the development of value-added product for agri-business. .

Many SMEs lack the time and financial resources to keep abreast of new regulations, infrastructure, policies, support schemes, supply channels and market opportunities. This affects their appetite for research and development.

SMEs are also uncertain about who to contact for food science, R&D expertise and collaboration. These factors can stop SMEs from accessing government support, securing market share and boosting productivity.



It is critical that all levels of government work collaboratively with industry and education sectors to find ways to work with and assist SME's through their food production journey with:

- Appropriate access to financial resources, and funding to alleviate start up costs.
- With industry consultation, provide grant funding opportunities at the pivotal financial hurdles faced by artisan producers.
- Provide access to "shared-use" facilities to reduce unnecessary infrastructure costs.
- Encourage all SME's to up-skill with the completion of relevant training in food processing and handling.
- Support producers to create, innovate and accelerate
- Establish resources, training and infrastructure for a viable export pathway

Who are Queensland's artisan producers?

Queensland is home to over 1800 food and beverage production small businesses, including many artisan food and beverage producers. These artisan producers are developing delicious, unique and local products that are gaining popularity, not only locally, but across Australia and abroad thanks to Queensland's fantastic produce and the passion of small business owners. Using unique craftsmanship, traditional methods, and a philosophy of connection with history, place and environment, these small, independently owned businesses are creating one of a kind food and beverage products.

The percentage of these products that are Native Foods is minimal, however there are many communities that have wild harvest funding that could turn their crops into value added products and be able to sell them at a premium price in overseas markets where there is an increasing demand for bespoke native foods.

Making it easier for Indigenous Australians to produce & manufacture Native Foods

The artisanal sector in FNO comprises businesses of varying scales and at different phases of maturity. The diversity of the sector, its producers and their business aspirations is reflected by a range of highly individualised business models.

Product development in the food sector through research and development is a highly sophisticated, technically challenging and a costly exercise.

Aspiring entrepreneurs are also faced with a myriad of challenges including access to industry experts and knowledge, technology changes, access to markets, commercial factors, legal and regulatory requirements, consumer trends, ethical standards, infrastructure costs, and access, availability and cost to use manufacturing and processing facilities to develop new products.

The FNO Food Incubator has identified through engagement, research and consultation with stakeholders with various government agencies and the food and beverage manufacturing industry, the importance of government to collaborate with industry to support the region's food and beverage manufacturing industry to drive job creation and economic growth.



A booming native food industry on the doorstep of FNO

Australia's bush food industry is growing, with produce such as finger limes, lemon myrtle and wattle seed in demand. But Indigenous representation in the supply chain — from growers to farm managers and exporters — is less than 1 per cent of the industry's produce and dollar value is generated by Indigenous people.

What we want to do is train young Indigenous people who have a keen interest in bush regeneration or wild harvest that can then produce an artisan native food product with the profits to be injected back into the community for employment, cultural education and bush regeneration projects.

There are more than 6,500 types of native food in Australia, with only 13 that are FSANZ [Food Standards Australia New Zealand]-certified and developed for local and international markets.

Like any other food product, native bush food needs to be tested and certified to make it to supermarket shelves and export markets.

Securing funding and government support for research and testing has been identified as one of the biggest barriers to the industry.

It is essential that a trademark and certification system be introduced so that purchasers can see the authenticity of the product, and fair economic return.





What are the opportunities?

Small-scale producers can create economies of scale and improved supply chain control through "share-use" facilities and industry knowledge.

A collaborative approach by the FNQ region to promote the story of our diverse artisan producers would raise the profile of the sector and create increased agritourism appeal for the region.

Develop the skills and agility of the food and beverage manufacturing workforce to ensure its ability to respond to rapid technological change by introducing accredited food processing courses; which will also assist in the development of innovative regional food products for local and international consumption and encourage commercial cookery students to advance their skills from the traditional hospitality areas.

Value-added production is an emerging food trend with the potential to help grow the local economy and support farmers.

FNQ's agricultural producers are exploring ways to value-add along the supply chain, with most producers in the artisanal sector engaged in some form of value-adding.

Some producers are seeking to transition from a traditional agriculture-based business, while others are starting from a business background and wish to produce high value artisanal low-risk food.

Value-adding provides opportunities for farm diversification and employment, and can broaden FNQ's food exports and enable the agriculture industry to improve their competitiveness and profitability.

With a reputation for clean, green products our region has the ability to capture emerging market opportunities in the global market and leverage trade opportunities to enhance capabilities through the supply chain with our diverse range of artisanal food products.



Research, development & food innovation

In collaboration with key stakeholders such as Department of State Development, Manufacturing and Infrastructure and Planning, Ignite FNQ, Chambers of Commerce, Deadly Innovations, Advance Cairns, Trade Investment Queensland, Austrade, FIAL, Far North Regional Councils, Advance Queensland, The Endeavour Foundation, TAFE Queensland, the FNQ Food Incubator can provide a Food Manufacturing Hub which encompasses mentoring and training programs allowing food producers and businesses to launch, grow and scale their business through a centrally located share use facility.

Collectively we support opportunities for food innovation and food product testing through the:

FNQ Food Incubator – that assists artisan producers in Far North Queensland to develop and create new recipes, processes and tastes, and convert ideas into commercial products.

The FNQ Food Incubator is the service provider for the **Department of State Development, Manufacturing, Infrastructure and Planning's** Cairns arm of the Advanced Manufacturing Hub. The Hub supports the growth of regional manufacturers and is a priority of the Queensland Government. This investment into the FNQ Food Incubator Hub in Cairns is to support and grow local manufacturers to become more productive, increase international competitiveness and access emerging and diversified growth opportunities.

Food Pilot Plant (Health and Food Sciences Precinct, Coopers Plains, Brisbane) – that offers food processing and agriculture business services including processing equipment, food researchers and diagnostic testing facilities.

Our collaborative agreement with **TAFE Queensland** will allow new startup and small to medium food businesses test, develop, process and allow access to product development and small batch production facilities through TAFE Queensland's commercial kitchens, once infrastructure has been commissioned for the kitchen facility.

In addition to the existing **Fang Group's** shared use manufacturing facility SME's have access to the **Endeavour Foundation Cairns facility** through an MOU with FNQ Food Incubator allowing artisan producers to utilise cost-effective and efficient food packaging, with the Endeavour Foundation's facility. Their team specialising in packing hard goods, granulated product, powders and liquids with HACCP and organic accreditation for leading Australian and international food companies and retailers. They offer:

- dry food blending & packaging
- shrink/bundle wrapping & bagging
- labelling, re-labelling & barcoding
- internal distribution network along the East Coast of Australia



CASE STUDY

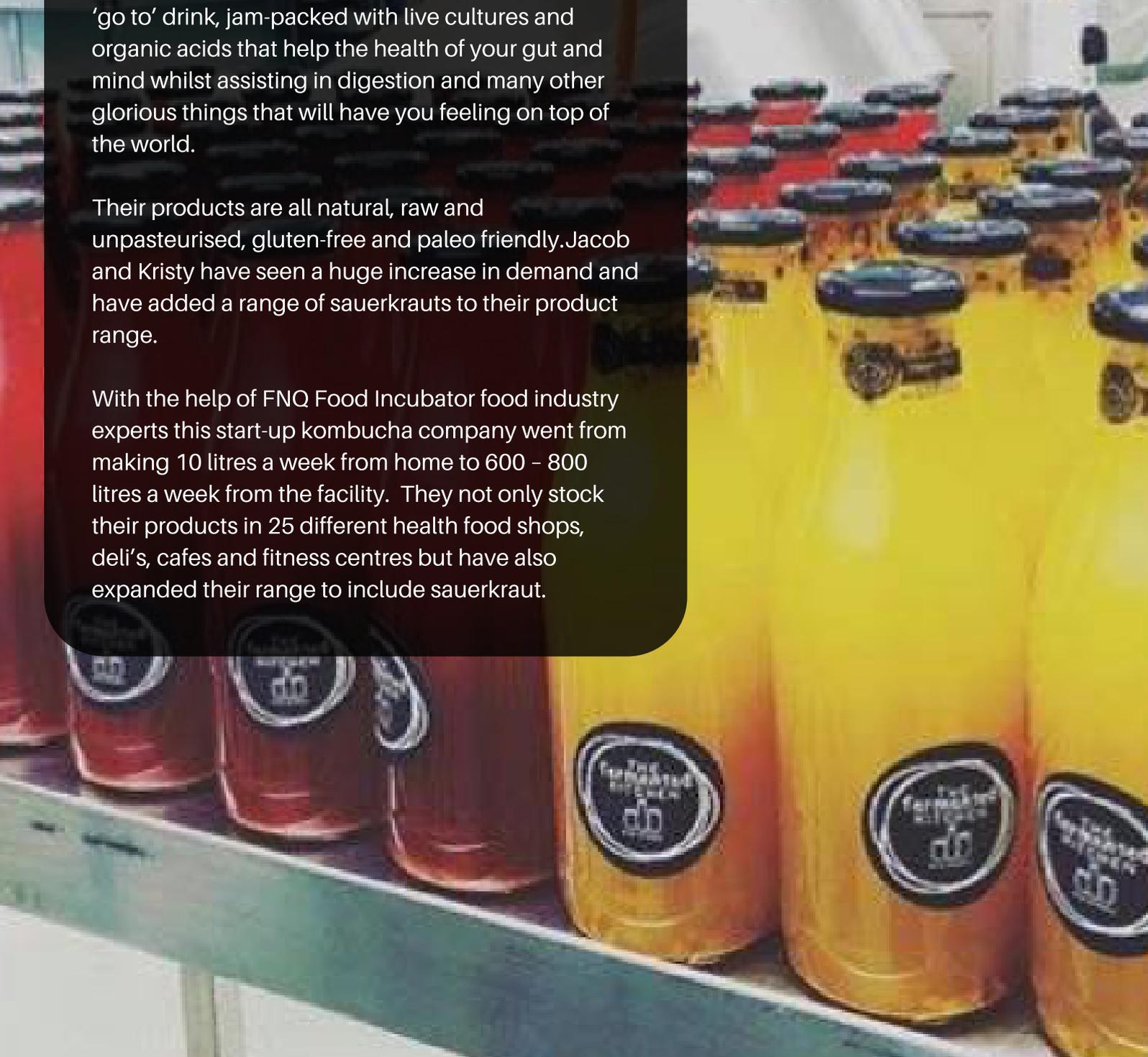
The Fermented Kitchen

The Fermented Kitchen was founded by couple; Jacob and Kristy who are striving to educate people on the importance of eating good food, balancing your gut health and improving your overall well-being.

They offer a range of tasty, mouth-watering fermented foods and drinks, all hand made and bottled right in Cairns, Far North Queensland. Their kombucha is the perfect thirst quencher and healthy 'go to' drink, jam-packed with live cultures and organic acids that help the health of your gut and mind whilst assisting in digestion and many other glorious things that will have you feeling on top of the world.

Their products are all natural, raw and unpasteurised, gluten-free and paleo friendly. Jacob and Kristy have seen a huge increase in demand and have added a range of sauerkrauts to their product range.

With the help of FNQ Food Incubator food industry experts this start-up kombucha company went from making 10 litres a week from home to 600 - 800 litres a week from the facility. They not only stock their products in 25 different health food shops, deli's, cafes and fitness centres but have also expanded their range to include sauerkraut.



Build sector capabilities by facilitating access to equipment, tailored business skills, and specialised skills and training for artisan producers.

Research and development in the food sector is sophisticated and highly technical and is a necessary pre-commercial requirement for food production, particularly for the export market. However, undertaking R&D in Far North Queensland has been a challenge for smaller food manufacturers due to the high costs associated with obtaining a food business licence, commercialising kitchens and meeting food safety and industry standards and the absence of any food pilot plant.

The investment by local success story Fang Group of \$1.6 million into a shared use food manufacturing facility in Cairns, including access to a research and development laboratory, commercial kitchen and commercial bottling plant, has created an opportunity for small manufacturers and others interested in food manufacturing to commercialise their products. Built primarily to strengthen the food and beverage industry, the facility is a dedicated space for collaboration, training and getting innovative work done in commercially realistic time frames.

The Fang Group shared use facility has a custom bottling line with the capability to bottle 150ml glass bottle and a range of food grade pails (1lt, 4lt, 10lt and 20lt). The range of food items that can currently produced include:

- kombucha
- stocks
- sauces

The FNQ Incubator has been operating since 2017 and mentoring and assisting SME's for the past 18 months. Through mentoring sessions, engagement and discussions with SME's at varying stages of the business cycle we have identified a range of additional multi-use equipment that can be added/removed to the existing processing line in a "plug and play" arrangement, to streamline, enhance and improve the quality and output of the production line.

By investing multi-use equipment into the current infrastructure, the facility then has the ability to diversify the current capabilities, increase the range of products that can be produced, up-skill the current food production workforce and increase employment opportunities in the food manufacturing sector in FNQ.



This additional equipment will allow the production of additional artisanal product lines such as:

- honey
- coffee/tea
- granola/muesli
- spices
- native foods
- syrups
- chutney
- relishes
- juices
- pastes
- dressings
- sauces

Allowing more opportunities for the FNQ region and SME's by:

- Improving WH&S processes by reducing staff exposure to hot products and surfaces.
- Increased food safety and product quality by reducing pumping and packaging times.
- Decreasing processing and labour costs through time saving.
- Diversification of product offering.
- Small - medium scale production runs for trials, testing and market validation which is low-cost and low-risk to the SME.
- Access to training opportunities and up-skilling through our collaboration partnerships.
- Connecting with international stakeholders and industry partners we allow SME's trade show and exhibition opportunities that give a direct pathway to new and emerging export markets.



Promote food and beverage manufacturing as a career

TAFE Queensland is Australia's most prominent vocational education supplier, with more than 125,000 students enrolled annually in employment and training programs. TAFE Queensland offers education in more than 640 skills areas to students in more than 50 locations across the state

The commercial cookery sector is an integral element of the Hospitality Industry because it provides the skilled staff who produces the services (i.e. food products). This sector will continue to be important in our state and nation's economic development due to the growth in the service economy. There will be continuous demand for leisure based tourism opportunities in which eating and enjoying food (and wine) related activities are an integral part of the travel experience.

TAFE Queensland has conveyed that the industry's ability to build an employment pipeline and attract strong candidates is constrained by limited awareness among students and the public of what career options the food and beverage manufacturing industry offers. Promoting the food and beverage manufacturing industry as a potential career will increase awareness among high school and university students.

A native food production and manufacturing course can be piloted to provide the tools and training for Indigenous people to develop commercial skills in the industry. Accompanied by Native Food Hub allowing access to processing, distribution and marketing channels around the country to support small-scale growers will help the Native Food industry flourish.

Food and Drink Factory Workers is the occupation which makes up the largest proportion of the Food Product Manufacturing workforce (14%), with Bakers and Pastrycooks, and Sales Assistants at just under 12% each. Similarly, Food and Drink Factory Workers make up just under 12% of the Beverage Manufacturing industry.

At the completion of a Certificate 3 Hospitality (Commercial Cookery), commercial cookery trainees are deemed to have completed their formal training in this vocational area. Subsequently, any further training opportunities, if available at all, are generated from within the workplace.

However, employment in the food production/processing area has become a new choice for many commercial cookery professionals after qualification. The development of regional food trails is evidence of the continuing demand for new and innovative food products for local and international consumption. There is a need to provide training in all areas of commercial food production for commercial cookery students who want to move from the traditional hospitality areas of kitchen food production into the hybrid hospitality/food-processing and advanced manufacturing sector.

This is scope for the delivery of a Certificate 3 in Food Processing to be integrated into the Certificate 3 Hospitality curriculum. With the pressure on small business to be competitive and remain financially viable, training is not considered a priority for commercial cookery staff once they have completed their apprenticeship training. Consequently, many graduates of a Commercial Cookery qualification have little or no knowledge of regulations, compliance for creation of a commercial grade food product.

These courses need be given greater prominence as the pathway for the on-going professionalisation of the commercial cook and will assist in the development of the regional food production industry.

**food product
manufacturing
employees**

26.1%



**of the QLD
population**



As of the June quarter 2018, the manufacturing sector that accounts for the **highest share of total manufacturing employment** in Queensland is food product manufacturing, **with total employment of around 42,300 people** representing one-quarter of total manufacturing jobs in the state.

Establish FNO as an advanced technological and innovative food manufacturing hub with the ability to produce high value, high quality food products globally

Technology has changed how food and beverages are produced, manufactured, distributed, packaged, marketed and sold, enabling the creation of new products with:

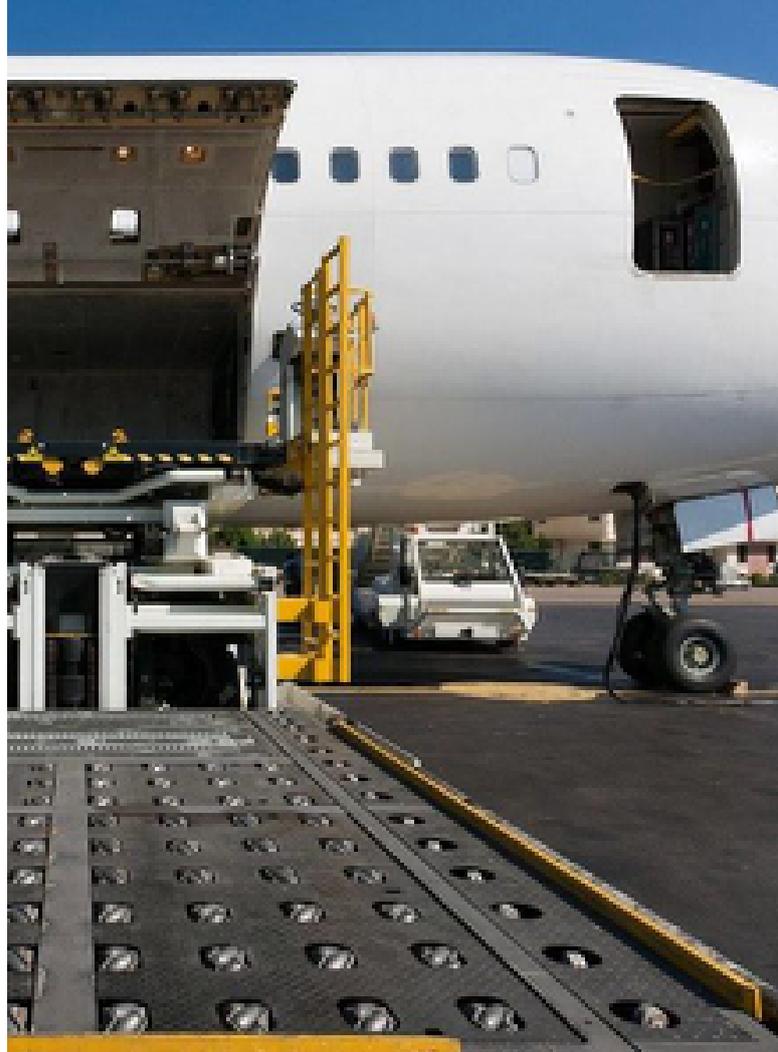
- improved shelf stability
- enhanced nutritional profiles
- attributes that meet evolving health needs
- reduced environmental impacts.
- E-commerce platforms and consumer trends for purchasing online.

R&D and innovation are essential to delivering new products, improving the quality of existing ones and developing more efficient production processes.

Moreover, they can provide strategic solutions to address pressing social and environmental challenges, including food safety, nutrition and health, resource scarcity and climate change. Therefore, R&D and innovation contribute to making the food and drink industry more productive, more resilient and better able to satisfy the evolving demand of consumers.

Food and beverage manufacturers need specific skills, capabilities and knowledge to identify and access opportunities in export markets. The FNO Food Incubator has the ability to leverage relationships in conjunction with TIQ's and Austrade's offshore trade network to develop and nurture the export capabilities of FNO's food and beverage manufacturing businesses.

The advantages of our region to overseas markets and the announcement for the region's new export hub located at Cairns International Airport includes direct access to supply chain partners and distribution networks, including road, rail, ports and airports.



Our existing relationships with Airfreight Handling Services and improved equipment and processing techniques can assist in efficiently producing value-added products, creating an standard for the rest of the industry to follow suit.

Branding, marketing and exporting our locally-made products are crucial to ongoing development of the regional food production industry.

Creating opportunities for export and ensuring smooth distribution are two key areas in the supply chain and the food manufacturing industry can always improve performance through innovation to find creative solutions and develop new markets for our products.

Actions

Generating startup activity is critical to ensuring that the food and beverage manufacturing industry can continue to develop and thrive. With the FNQ Food Incubator's network of collaborative partners in industry, government and education we can provide a range of specialised support to help startups bridge funding gaps, develop skills and access market opportunities. Key actions include:

Work with industry partners, local council and local food groups to deliver tailored regional business **mentoring and business training** for artisan producers.

Identify ways government can support industry-led initiatives to provide **specialised skills and training** opportunities for artisan producers.

Develop strategies to **address regulatory burden** for small-scale artisan producers through scale-and risk-appropriate regulation.

in consultation with industry deliver **appropriate grant funding** relevant to the artisan producers journey from idea through to development; and identify a program of small grants for individual businesses for business development, business skills and equipment expenditure. Grants will need to have a streamlined application process and eligibility for "micro" businesses and medium businesses wanting to scale up.

Support **procurement of shared equipment** or shared infrastructure through out the FNQ region.

Deliver support for businesses to **improve capabilities** in food safety, land use planning, **export pathways** and other business-related regulatory requirements.

Explore opportunities to support local supply chains through government **procurement of artisan food**.

Develop and **promote "regional stories"** that showcase the sector's diversity and regional offerings.

Identify and promote artisanal businesses that are unique to FNQ or are a competitive strength for the region.

