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North Queensland Market and Agricultural Supply Chain Study



Developing a Road Map for the North Queensland Agricultural Supply Chain

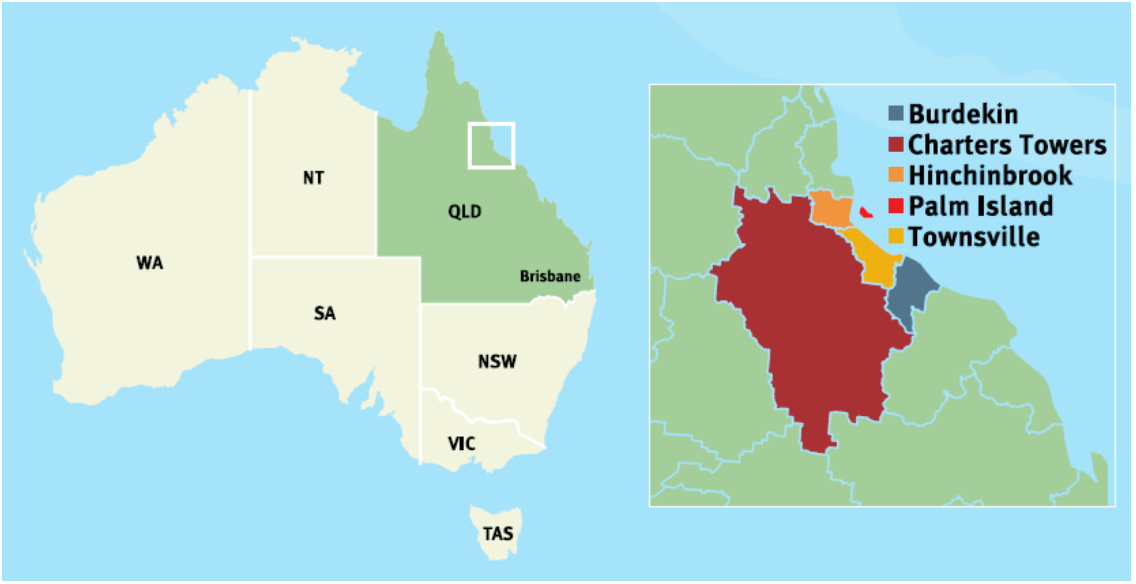
townsville enterprise KPMG Premise AEC OUTCOME DRIVEN

Study Background



Background:

- TEL, the NQROC and other agencies engaged KPMG, AEC and Premise to undertake the North Queensland Market and Agricultural Supply Chain Study;
- Align with specific Northern Australia CRC (CRCNA) focus areas, research priorities and investment themes.
- Identify and investigate new and innovative products and markets which will deliver a sustainable future for North Queensland economy.



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Study Overview



Process:

- **Market centric review** - identified agricultural products with the highest potential
  - Customer centric
  - Market-led demand (country identification)
  - Production or possibility of production in the region
  - Ability to overcome identified weaknesses
- Assessed current **supply chain capacity and analysed gaps**
- Proposed and economically **assessed possible future production scenarios**; and
- Provided detailed **recommendations and next steps**.

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Study Opportunity



The Opportunity:

- The increase in the volume and value of **global food consumption is a major megatrend** that is set to confront this generation. Global, national and regional policy makers should consider these trends as part of their forward planning.
- Growing international market concern associated with **food security and supply** has contributed to mounting interest in North Queensland products across key markets including South East Asia, China and the Middle East.
- North Queensland is a major agricultural producing region of Australia. In 2016-17 the region's agriculture, forestry and fishing sectors contributed over $1 billion to total **gross regional product of $15.5 billion**, however this study has identified the opportunity to increase this contribution significantly.
- The study found that there is **$3 billion in unmet global market demand** across ten of Australia's leading agricultural export destinations and identified five priority Australian products

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Prioritised Markets & Products



Markets

Korea	China	Japan	Indonesia	Singapore
UAE	Malaysia	Hong Kong	Thailand	India

Products

Beef (Intensification)	Avocado	Macadamia	On shore Aquaculture (Tropical Rock Lobster)	Soybean

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The Opportunity



Key scenarios:

- Business as usual
- **Intensification of beef** cattle
- Develop **avocados industry**
- Develop **macadamias industry**
- Develop an **intensive on-shore aquaculture** industry
- Introduce complementary **soybean production into rotational sugarcane** systems

$804m
Additional production value

$486m
Additional export value

1950
Direct FTE positions

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Key recommendations



Trade & market access

Trade and improved market access and development

Export market access and supply chain relationships must be established and developed.

Supply chain

Supply chain improvement and optimisation

Establish efficient channels to market for both raw and value-added goods. A more detailed product-by-product supply chain investment assessment is a key next step.

Production

Production establishment and intensification

Phasing of new and complementary production with relevant supply chain infrastructure, producer up-skilling and industry collaboration with research institutions and relevant industry bodies will ensure the requisite technical capabilities are developed.

Collaboration & innovation

Collaboration and innovation

Producers, researchers, supply chain participants and consumers must collaborate to optimise the efficiency of the value chain. The creation of cooperative models to share data and create economies of scale is crucial.

All recommendations are underpinned by alignment to State and Federal Government, leveraging policy and planning initiatives regarding freight, supply chain, roads and heavy vehicles.

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Road map



This report is only the first step in developing a future state industry.

6 months — Plan and enable the envisioned state-wide future state.

1 year — Undertake detailed industry specific planning and economic reviews to establish industry specific policy, development and investment roadmaps.

3 years — Full investment in future state scenarios well underway.

5 years — Supply chains operating effectively in a digitally connected and enabled manner.

Leadership – Industry, TEL, NQROC

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KPMG, TEL and the CRCNA have agreed the following next steps and priority actions for sector development

Supply Chain Cluster and Cooperation Development

1. Commence discussions with industry leaders to develop the strategy to attract and grow these industry clusters and associated supply chains in the TEL region.
2. Identify market players who align to the products and countries outlined in the supply chain study. Ensure future TEL marketing expenditure is targeted at these commercial players and markets.
3. Work with Townsville Airport and Port of Townsville to develop to align marketing and investment attraction campaigns.

Progressing the Logistics and Value Add of Supply Chains

4. Work with the Queensland Government and other stakeholders to deliver a food and fibre value-added and priority infra-structure study that can provide a definitive plan for the growth of the sector.
5. Consider the capacity for the establishment of new feedlots in the region – with particular focus on land availability and development approval processes.
6. Commence discussions with current commercial operators and other stakeholders with the goal of establishing a future value-added beef processing plant in the region.
7. Continue to advocate for the investment in key infrastructure such as road and rail that will improve the delivery of food and fibre to market and reduce the risk of disruption from flood

Food Production and Processing System Precinct

8. Commence consideration of the development of an intensive food production and processing precinct in the region

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Hell's Gate Development and Progression

9 Lead the delivery of the commercial business case for the Hell's Gate Dam and Big Rocks Weir.

10 Support the visionary land use and infrastructure associated with Big Rock and Hell's Gate Development to facilitate high value agriculture in the Charters Towers region.

Cane Farming System Initiative

11 Commence discussion with stakeholders with the aim of establishing a new farm systems RD&E organisation

State Aquaculture Development (Regional) Area

12 Work with local councils and stakeholders to finalise a plan and progress establishment of a State Development Area for expansion of aquaculture in the region.

University Research and Development Cooperation

13 Work with local universities and key Government agencies to determine how they can support the growth of all five key agricultural sectors by delivering target R&D.

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