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The Members  
Select Committee  
Growing Tasmania's Economy  
Legislative Council  
HOBART TAS 7000

Dear Members

**RE: GROWING TASMANIA'S ECONOMY**

I write to submit an opinion that I have which discusses the relationship between food origin, tourism and niche producers.

This opinion has been developed as a result of my studies and experience in the Tasmanian food and beverage sector over the past 30-years in the areas of fresh produce, horticulture, aquaculture, alcoholic beverages, poultry and processed foods.

This experience is reflective of developing markets to regional, national and international destinations, for organisations that were niche, medium and large-scale producers, and which were located in multiple regions of Tasmania and Australia.

I don't see the necessity to make a personal presentation at one of your hearings.

Yours sincerely

*Ian Locke*

**Ian Locke**

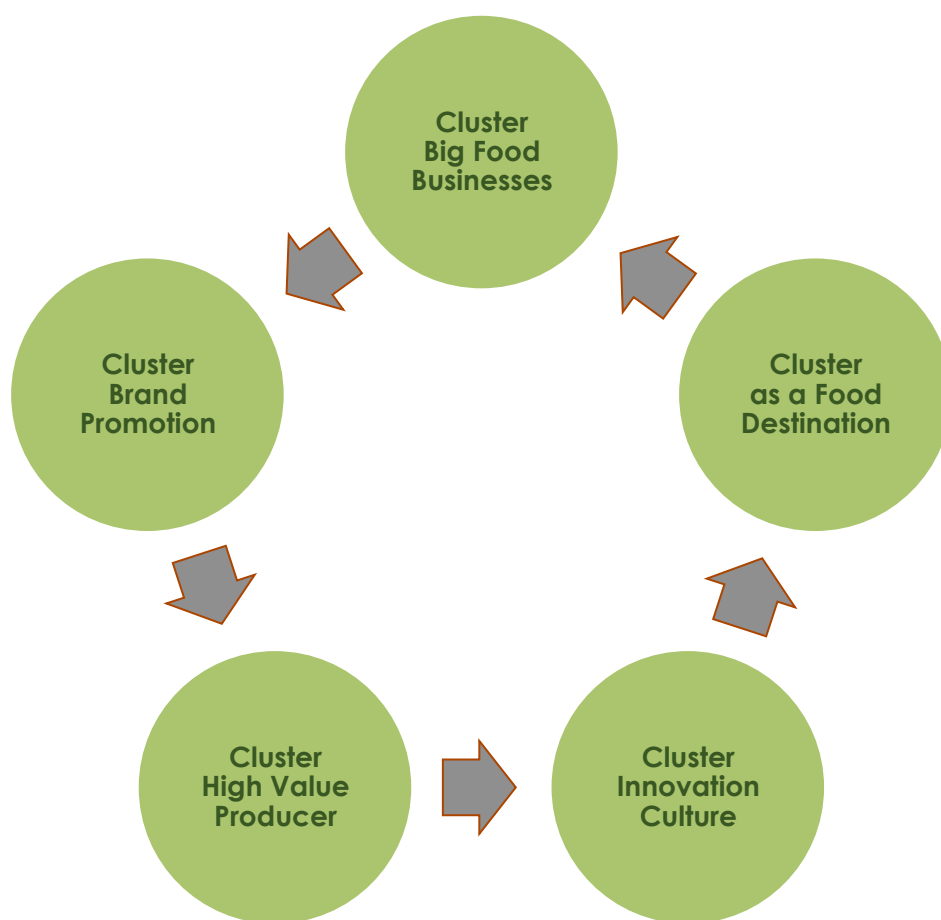
## CONNECTING ORIGIN, TOURISM AND FOOD

In today's economy there is a collaborative relationship in the food and beverage sector that connects big business, SME, food origin, tourism and niche producers.

Whilst whole of government, supports activities that expands capacity in agri-food production, promotes place branding, encourages inbound tourism and acts to support food manufacturing per se, the role of supporting the establishment and growth of niche food producers too often falls to social enterprises [e.g. a cluster].

However, these niche producers are both, a key participant in the ring, and, given the opportunity to expand, can flourish to be at the forefront of an innovative food and beverage economy.

The Collaborative Cluster Ring [CCR] model shows the connections.



### Collaborative Cluster Ring [CCR]

In the CCR, the High Value Niche Producer promotes an Innovative Culture through the development of new local foods. As the inbound tourism market becomes more focused on regional brands and products, the cluster's region as a Global Food Destination lifts its profile with the result that all regional businesses and the broader community, benefit from the regional brand.

Big Food Businesses outcomes provide both critical mass infrastructure and high volume production to meet the increasing demand for regional food and beverages.

The Regional Brand Promotion of individual and origin brands sells products and creates a higher level of demand for both mainstream and niche F&B products.

Of significant importance is the viewpoint of the buyer [both customer and the consumer]. Whilst suppliers tend to have a "product-centric" approach – selling their brand to the buyer - the consumer has a much broader viewpoint.

The consumer has a "food-centric" need; making purchases based on their assessment of "value-for-money". Whilst a "value-for-money" assessment will focus on availability, price and origin, the "food-centric" shopping basket will include a combination of:

- Big food brands in categories such as dairy [milk], grains [bread], frozen [vegetables], beverages [carbonated], snack foods [crisps] and confectionary, along with
- High value products such as free-range protein [poultry], seafood [salmon], vegetables [loose leaves], fruit [cherries], cheese [soft], speciality meats [cured] beverages [alcoholic], etc.

From a broader context, in 2011, research by UTAS <sup>[1]</sup> proposed that there needs to be change if the State [region] is to add greater value to its agri-food sector. The primary change drivers identified included moving:

- from comparative to competitive advantage
- from commodity based production to niche market products
- from low price, high volume to high price, premium products
- from a production focus to a consumption focus
- from market ignorance to market intelligence

However, whilst these change drivers seek to remove weaknesses – for example low-price/high-volume to high-price/premium products – they do not reflect an alignment with the buyer's "food-centric" needs.

For delivery of true value and benefit, these drivers should not be viewed as changing from one to another, but for them both to co-exist. Therefore, apart from market ignorance, the drivers should be:

- Both a comparative and competitive advantage
- Both a commodity based production and niche market products
- Both a low price, high volume and high price, premium products
- Both a production focus and a consumption focus

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<sup>[1]</sup> **Collaboration: the new 21st century driver of innovation in regional economies**, McCall, T., SEGRA 2011, Geelong, Victoria.  
<http://www.segra.com.au/segra11ConfProc/presentations/tuesday/concurrents/McCallTony.pdf>

As an example, commodity based production provides critical mass to leverage the development of niche market products. Or, the suppliers of inputs [e.g. water, seed, agronomy, transport] for high volume products then extend their input competitiveness when supplying the premium product producers.

Likewise, as the high value producer adopts and adapts innovation to bring new products to the marketplace, the big producer watches the take-up of these innovations so they can embrace the technology and respond to positive trendings.

These examples also identify and encourage the importance of producer diversification. A traditional agri-food producer needs to structure production to reflect the demands of the "food-centric" shopping basket.

As an illustration, a SME producer could supply low price, high volume product to a big food brand, and, at the same time, supply hi-value premium products directly to market. Such an approach ensures that all production is scoped and crop returns maximised.

For start-up entrants who focus solely on hi-value innovative products to take to market, all businesses start out being small. The key issue for new entrants is an organisational and production model that recognises consumption is the key to demand-driven outcomes; reflecting an alignment with the buyer's "food-centric" needs.

The CCR also supports a wider mainstream of providers, such as freight & logistics, training and education, spatial and regional planning, infrastructure and communication, finance and insurance, regulatory and affairs, tourism, sports and the arts, etc. With the inclusion of these mainstream providers, the CCR then becomes regarded as a regional economic system feeding into the broader, macro economy.