

# NORTHERN VICTORIAN FOOD OPPORTUNITY STRATEGY & ACTION PLAN



## EXECUTIVE SUMMARY



**Regional  
Development**  
*Australia*

LODDON MALLEE

Regional Development Australia  
and Regional Development Victoria



**Regional  
Development**

Regional Development Australia  
and Regional Development Victoria

HUME



**An Australian Government Initiative**



## Executive summary

This document provides a summary of the *Northern Victoria Food Opportunity Strategy and Action Plan*. The Northern Victorian region, for the purposes of this strategy, comprises the local government areas of:

- Greater Shepparton
- Moira
- Strathbogie
- Campaspe
- Gannawarra
- Loddon
- Swan Hill
- Mildura

The intention of this project has been to develop a collaborative industry/government plan to further develop the agrifood sector, creating regional prosperity and job opportunities. The key to success with the plan will be for businesses, industry groups and the three tiers of government to work together to deliver the strategy.

The plan builds on analysis undertaken by Deloitte Access Economics in the Stage 1 Report: Food Opportunities in Northern Victoria (2013), which mapped the agrifood sector and identified key performance issues. The sector mapping was further analysed to highlight the current state of the region's key commodities in order to identify opportunities; areas of competitive advantage; and the factors constraining further economic growth. The analysis also involved an extensive program of stakeholder engagement.

The agrifood sector is the centerpiece of the Northern Victorian economy generating \$3.4 billion (on farm only) of value. The sector creates employment for an estimated 13,205 people, with 8,243 employed on-farm and 4,962 employed in food processing.

The region produces an array of agricultural commodities including dairying and dairy processing; red meat and abattoirs; horticultural crops including processing fruits, pome and summer fruits, citrus, table grapes and truss and processing tomatoes. The Northern Victorian region is a significant exporter of dairy, red meat, citrus, summer fruits and table grapes.

Northern Victoria is well placed to take advantage of the growing global demand for safe and sustainable food, particularly from the Asian region. The recently negotiated free trade agreements with China, Japan and South Korea, together with the significant depreciation of the Australia dollar, will drive future export growth. The lower Australian dollar will also reduce pressure from imports on the domestic market.

The region is also well positioned to take advantage of the growing interest in agrifood by professional investors, both from Australia and overseas, which will inject the much needed capital required to generate scale and invest in new technology and processes that will further improve global competitiveness.

In summary, the analysis indicates that the region has a number of powerful **attributes of competitive advantage** that it can leverage strategically, namely:

1. A state-of-the-art, gravity-fed irrigation system with reliable water on command
2. Mediterranean climate that supports a wide range of agricultural enterprises
3. Soil and land capability that can support a diversity of agricultural activity
4. Location within 10 hours (drivers limits) of three capital cities and 75% of Australia's population base
5. Availability and the relatively low cost of land
6. Transport connectivity via the Hume, Newell, Calder, Sturt and Murray Valley highways
7. Access to a residential workforce
8. Liveability, which is important for attracting quality staff
9. Access to agrifood support services and technical skills
10. A global reputation for safe food underpinned by leading compliance frameworks.

However, there are a number of **external or uncontrollable factors** that need to be considered including:

- The impact of increased climate volatility
- The high (albeit declining) Australian dollar
- The global economy and geopolitical environment.
- The domestic supermarket dynamic

The analysis identified **opportunities** for the agrifood sector in Northern Victoria that build on the region's competitive advantages:

1. Improve global competitiveness through development of differentiated and novel products that command a price premium
2. Improve global competitiveness through adoption of new processes that enhance productivity
3. Build regional value through a shift of focus to consumer-ready products in order to reduce reliance on commodities
4. Diversify and develop new channels to market

5. Develop new business and asset ownership models
6. Build capability to grow overall performance, right through the supply chain
7. Capitalise on Australia's global reputation for safe food and sustainable production systems and turn the heavy compliance burden into a positive.

The starting point for the strategy development has been to identify the “*burning issues*”, the factors and forces that are judged to be having the greatest impact on the performance of the Northern Victorian agrifood sector over the horizon of this strategy. They include:

- Water efficiency
- Rail and road infrastructure
- Labour availability and cost
- Energy cost and connectivity
- Retailer market power
- On-farm productivity
- Succession planning
- Market access
- Capital and scale
- Compliance and government bureaucracy
- Fruit fly infestation
- Business acumen.

The overall mission of the strategy is to reposition Northern Victoria as a progressive and globally competitive food hub. The opportunities and burning issues that constrain the ability to achieve this mission have been responded to through seven strategy platforms as illustrated on the following page along with their strategic intent.

It should be noted that there is no single ‘magic bullet’ that will deliver sector growth and that an integrated strategic approach is required. Volume 2 of this plan outlines the detail of a series of programs designed to deliver each strategy. The working document for this strategy is Volume 3, which is a detailed action plan.

# FOOD OPPORTUNITY STRATEGY 2015-2018

## Strategy Platform:

|   |   |
|---|---|
| 1 | ADDRESS LABOUR AVAILABILITY & SKILLS        |
| 2 | DRIVE INNOVATION & EFFICIENCY               |
| 3 | ATTRACT INVESTMENT                          |
| 4 | MAXIMISE VALUE FROM WATER                   |
| 5 | DRIVE MARKET CHANNEL OPTIMISATION           |
| 6 | ENSURE ADEQUATE INFRASTRUCTURE              |
| 7 | CHAMPION A 'SAFE & SUSTAINABLE' PROPOSITION |

## Strategic Intent:

To grow our flexible, motivated and suitably skilled workforce

To drive cultural change and adoption of new ideas that improve competitiveness

To build scale and efficiency at every level of the supply chain

To drive continuous improvement in on-farm efficiency and maximise returns from our water assets

To help businesses develop the channel mix appropriate to their business model

To ensure transport, energy and communication infrastructure is available and cost effective

To promote the region's strongest competitive advantage

## Mission:

*To reposition Northern Victoria as a progressive and globally competitive food hub*





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