



UPPER, CENTRAL AND LOWER HUME SUB REGIONS  
FOOD OPPORTUNITY STRATEGY AND ACTION PLAN  
2015 – 2018

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VOLUME 2: STRATEGY

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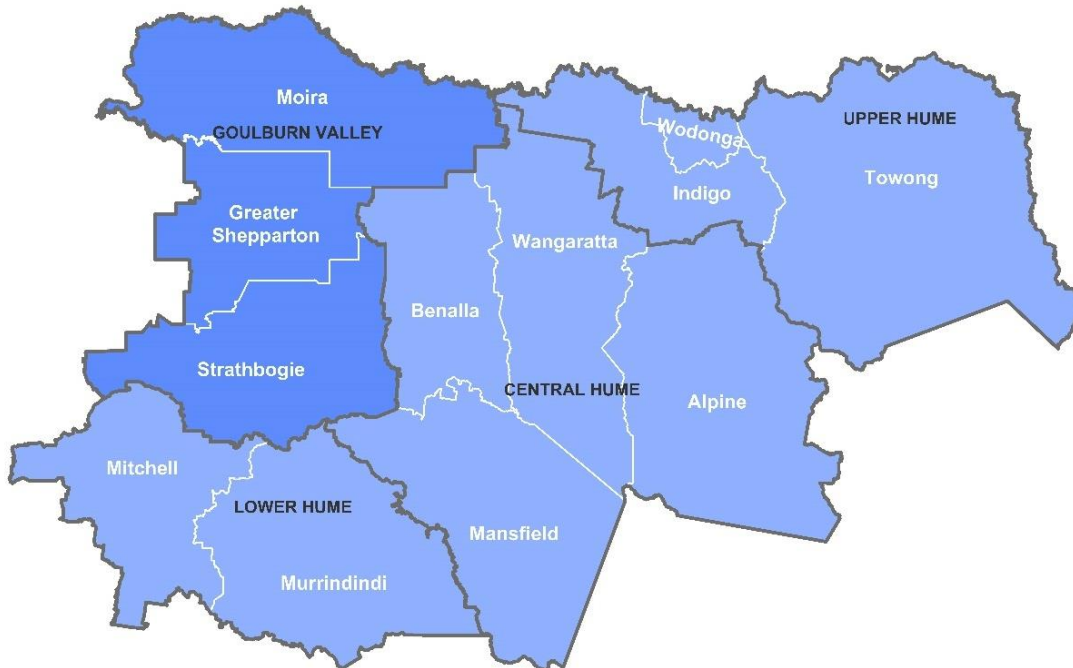


# Hume Region

The entire Hume Region comprises 12 Local Government Areas (LGAs) as depicted in the following map. The LGAs that form part of the scope of this study are (shaded light blue):

- Upper Hume: Indigo, Towong and Wodonga
- Central Hume: Alpine, Benalla, Mansfield and Wangaratta
- Lower Hume: Mitchell and Murrindindi
- Goulburn Valley: Moira, Greater Shepparton, Strathbogie

## MAP OF PROJECT STUDY AREA WITHIN HUME REGION BY LGA



*The Goulburn Valley Sub-Region, which comprises the LGAs of Greater Shepparton, Moira and Strathbogie are included in the Northern Victoria Food Opportunity Strategy and Action Plan.*

# Introduction

This document is **Volume 2** of three reports prepared by McKINNA *et al* in the development of the Upper, Central and Lower Hume Sub Region's Food Opportunity Strategy and Action Plan.

The Goulburn Valley Sub Region of Hume Region is not included in this strategy as it forms part of the Northern Victorian Food Opportunity Strategy and Action Plan. The reason for this is that agrifood production in the Goulburn Valley is more closely aligned with that of Northern Victoria's irrigation district i.e. a high proportion of the agrifood economy is commodity agriculture. However, there is significant overlap between this strategy and the Northern Victorian strategy on two critical strategy platforms.

The notable point of difference in the agrifood sector in this part of the Hume Region is the economic opportunity afforded in the growth industries of premium food processing and agri tourism. Relative to other parts of Victoria, Upper, Central and Lower Hume Sub Regions have a distinct competitive edge in these sectors and this is captured in the mission statement that spearheads the strategy. In this region, premium food processing and agri tourism also offer greatest potential for employment and economic growth as these sectors are more labour intensive and in a growth cycle.

Hume RDA will play an important role in championing this strategy through advocacy; fostering networks and connections; identifying regional priorities; and facilitating the advancement of those priorities. Hume RDA will guide the development of a whole of government vision and strategic direction for the agrifood sector.

# Strategic plan structure

The three volumes of the Upper, Central and Lower Hume Food Opportunity Strategy and Action Plan are:

**Volume 1: Industry Mapping and Situation Analysis**

**Volume 2: Strategy**

**Volume 3: Action Plan**

This document, **Volume 2: Strategy**, outlines the three year strategic plan for the region's food sector and provides a rationale for each strategy platform. It draws from the analysis and so-called 'strategic imperatives' identified in **Volume 1** and as such, should be read in conjunction with it.

For each strategy platform, a priority action has been nominated to enable immediate traction on the plan.

All of the strategic actions and tasks required to deliver the plan are outlined in **Volume 3: Action Plan** which will become the 'live' working document for managing the delivery of the plan.

# Purpose of this agrifood strategic plan

The intent of this strategy is to:

- Paint an aspirational vision for Upper, Central and Lower Hume Sub-Region's agrifood sector, based on a realistic assessment of the situation
- Identify the challenges and opportunities faced by agrifood producers and processors in the region
- Provide an overarching plan that supports the many existing plans of industry and government
- Outline whole-of-government responses to common strategic imperatives impacting the sector
- Understand and respond to market shifts in the global agrifood operating environment.

# Strategy architecture



## OPPORTUNITIES

The following are notable **opportunities** for the region's agrifood sector as identified in **Volume 1: Industry Mapping and Situation Analysis Report**.

1. Improve global competitiveness through differentiated and novel products that command a premium, see Volume 1, page 10
2. Build regional value through greater involvement with consumer-ready products rather than a commodity focus, e.g. packaged cheese rather than milk powder
3. Grow the agri-tourism channel
4. Expand the gourmet/premium food sector
5. Adopt new business models to improve profitability, see Volume 1, page 8
6. Take greater advantage of the Asian food boom
7. Improve economic return on small land holdings, see Volume 1, pages 87, 104, 109
8. Increase uptake of underutilised water resources in Alpine Valley's aquifers, see [alpinevic.com.au](http://alpinevic.com.au).



## BLOCKERS

The analysis in **Volume 1: Industry Mapping and Situation Analysis Report** identified the following high level **blockers** to agrifood sector growth:

- Global competitiveness:
  - *Labour availability and cost*
  - *Energy costs*
  - *High \$A although this is rapidly softening*
  - *High input costs*
  - *Scale by virtue of small land holdings*
  - *On farm productivity gains*
  - *Out dated technology in processing plants*
  - *Red tape and compliance.*
- Lack of a strong agri-tourism offer
- Concentration of retail market power that traps mid-sized producers in a cost/price squeeze
- Transport availability and cost
- Capacity and capability of gourmet food businesses
- Lack of capital.

## COMPETITIVE ADVANTAGE

In addition to leveraging Australia's overall reputation for safe foods, **Volume 1: Industry Mapping and Situation Analysis Report** identified the following areas where Upper, Central and Lower Hume Sub Regions agrifood producers have a distinct competitive advantage:

- Temperate climate with many micro climates that are highly suited to specific products e.g. green tea, fruit, and particular wine varieties
- Soil and land capability which can support a wide mix of agricultural products
- Location within 14 hours (drivers' limits) of three capital cities and 75% of population
- Transport connectivity to Hume and Goulburn Valley/Newell Highways
- Access to a residential workforce
- A superior level of liveability, which makes it possible to attract and retain quality staff in many areas
- Pockets of high tourist traffic due to wine and nature-based activity
- Access to support services and technical skills
- Untapped subterranean water resources in King and Ovens Valleys
- Specialist producers who are owner/operators with passion and drive
- Agricultural know-how and experience.

## COMPETITIVE ADVANTAGE

As explained in **Volume 1: Industry Mapping and Situation Analysis Report**, the shifting market context needs to be factored during analysis of the competitive advantages for the region. The underlying fundamentals supporting these competitive advantages are:

- Diversity of crops and micro climates makes the region less exposed to commodity boom and bust cycles
- Arable land and water resources suitable for food production are in decline globally
- The outlook for niche and premium products has substantially improved as more alternative channels to market become available and higher volume, e.g. on-line, direct, you pick, and regional and metropolitan farmers markets. The rising middle class in Asia are also high volume consumers of premium products
- Compared to other parts of regional Victoria which rely on commodities, the Hume Region has a strong point of difference in the large number of very competent and award winning premium food and beverage producers. The awareness and appreciation of these high end producers is rapidly growing
- The tourism boom from China is growing at rates beyond all expectations. Although the Hume Region is not currently well placed in terms of product, to service the inbound tour operator, its geography, linkage to the Hume Highway and potential to offer an authentic 'meet the maker' experience offers much longer term opportunity, particularly to affluent self-drive tourists.

# STRATEGIC IMPERATIVES



## Strategic Imperatives in focus

In any strategic planning process, the discipline of identifying and prioritising the most critical strategic imperatives is fundamental to crafting an effective strategy. Sound strategy is all about focus. This stage of analysis aims to define our focus and put the magnifying glass on the factors that will make the most difference to the region's food and beverage sectors.

In strategic plans with a wide scope such as this, there are enormous amounts of information to process and consider. The discipline of strategic focus requires practiced strategic planning skills to identify the 'big picture' factors, highlight their importance and indicate how they are addressed in the strategic plan. By design, there will always be smaller ideas that are not noted here. They will be captured in the programs and actions that flow from responding to these strategic imperatives.

These strategic imperatives were identified following the analysis and project consultation and were 'reality checked' at workshops with industry, local government and regional stakeholders. They have been selected because:

- They are common across the majority of food and beverage industries present in the region
- They impact the majority of agrifood businesses
- If addressed, they would result in the most fundamental improvements to the agrifood economy.

## STRATEGIC IMPERATIVES

The strategic imperatives that must be addressed in this plan are:

1. Labour availability and cost
2. Energy cost and options
3. Opportunity and need for a strong agr tourism sector
4. Support of emerging gourmet food businesses
5. On farm productivity
6. Retail market power
7. Capital, scale and succession planning
8. Business culture, resources and acumen
9. Freight availability and cost
10. Compliance and government bureaucracy
11. Land use planning
12. Poor or disrupted IT connections.



These strategic imperatives are summarised succinctly in the following pages. For further detail on each, see Volume 1: Situation Analysis and Industry Mapping.

# 1. Labour availability and cost

Labour is a universal issue for all industries and every level of the value chain.

Key considerations include:

1. Labour cost highest in the world\*
2. Difficulty in getting labour at all skill levels
3. Skill levels not appropriate to agribusiness needs
4. Salary packaging for farm labour
5. Issues around 457 and 417 visa labour
6. Cost and professionalism of contract labour companies
7. Difficulty in attracting youth to agricultural education pathways
8. A paradox exists with high youth unemployment in many areas of the Hume region
9. Many existing farm models (i.e. small scale, family farms) do not provide employment pathways for farm workers.

\* Boston Consulting Group *The Shifting Economics of Global Manufacturing* Aug 2014

## 2. Energy cost and options

Gas and electricity prices are a significant issue for large and small processors.

Key considerations include:

1. Electricity costs have significantly increased since deregulation
2. Gas prices have increased and are expected to increase substantially more due to export demand for gas. Also lack of natural gas if prices are to remain competitive
3. Many processing plants are either not connected to gas or have insufficient capacity
4. The power required to pump water is a higher cost than water itself and for many is one of the highest input costs
5. Capacity issues with electricity are also constraining expansion in the processing sector
6. Renewable and cogenerated energy is also an issue for SMEs. Many see renewable energy as part of their brand proposition, yet hit obstacles implementing it with either local councils or planning authorities, see Volume 1, page 14.

### 3. The opportunity and need for a strong agri-tourism sector

Both wineries and gourmet food businesses need agri tourism traffic as a channel to market. Key considerations include:

1. With retail margins squeezed, wineries are more reliant on cellar door (in decline) and direct to consumer sales to maintain viability
2. Smaller and start up gourmet food companies also need the higher margin that direct sales deliver to be viable
3. Some parts of the region are blessed with good visitation but others suffer because of remoteness and lack of product breadth
4. Limited premium accommodation and conference facilities exist
5. Consumer service and product expectations, both domestic and international are continually rising in alignment with global standards
6. Hume Region products are not geared up for Asian tourism needs, self-drive or international tourism operators
7. There is a lack of a collaboration in research and promotion between the various wine regions and across wine and food sectors
8. It is difficult to access sub regional/local market research and visitation data
9. The serious players are frustrated by the hobbyists who they view as being unprofessional and negatively impacting the total experience
10. A strong tourism sector also enhances livability across the region
11. Tourism is a driver of regional jobs, particularly for youth, yet operators struggle to find staff with skills and willingness to work hospitality hours
12. Hume Region has some branding and brand awareness issues. Operators consider the region too large for one singular tourism story and are torn about investing their marketing dollars in the local brand or the wider regional story.



## 4. The need to support emerging gourmet food businesses

The region has credentials in gourmet food which presents economic potential. Key considerations include:

1. There are many start up businesses producing an eclectic mix of gourmet products – some are farmers who have taken to value-adding, others are career or tree-changers with a business background. Therefore, some struggle with the business skills and others with production or farming skills. Both are challenged by the additional complexity of running a start-up business in a new industry
2. These businesses would benefit from being able to network, mentor and benchmark with others in a similar situation. Many would benefit from collaborative marketing
3. The growth of many is being limited by lack of access to registered kitchens and processing facilities (required to sell to public)
4. Local champions such as in other regions would help to set the standard and create local momentum
5. Small-lot producers have unrealistic expectations regarding viability and farm/business size, especially if a business model is not established from the outset
6. Bio-security risks can occur if part time farmers are not always present to manage needs
7. The 'tree-changer' phenomenon is resulting in additional capital and expertise coming into the Upper, Central and Lower Hume Sub-Regions
8. Small business development often presents more incremental job growth than large businesses who are predominately focused on reducing labour
9. Gourmet food offering not only builds business, but importantly adds to regional liveability.

## 5. On-farm productivity

Investment in on-farm productivity and professional advisors is essential to improve the region's global competitiveness. Key considerations include:

1. Given Australia's high cost structure, it is critical to invest to drive on-farm efficiency and lift productivity in the following areas:
  - *New technology*
  - *New varieties*
  - *Yield improvement*
  - *Labour saving*
  - *Water management*
  - *Energy saving / renewable energy (see strategic imperative 2)*
  - *Risk management*
2. There is a cultural reluctance to invest in professional advice and expert opinion which is required in the increasingly sophisticated business environment of agrifood
3. The shift to smaller land holdings across the region requires adoption of new farming business models and planning strategies.

## 6. Retail market power

Supermarket oligopsony power has resulted in a significant profit transfer away from the production and processing sectors. Key considerations include:

1. Aggressive discounting and growth of private label has dramatically reduced returns down the supply chain
2. Because supermarkets account for the majority of domestic food sales and domestic sales are a large share of total sales, this dynamic has eroded total returns particularly in red meat, dairy and horticulture
3. Historically, returns from domestic sales were significantly higher than exports but this is no longer the case
4. Export markets are critical to reduce over supply on the domestic market which depress prices
5. Small producers feel that they are held more accountable for 'truth in labeling' than supermarkets are in relation to the standards on imported private label products.

## 7. Capital, scale and succession planning

Significant capital investment is needed at every link of the value chain in order for agribusinesses to compete globally or at least restore profitability. Key considerations include:

1. Scale is needed across all industry sectors to ensure bigger, more efficient businesses that can be globally competitive. Alternatively, scale can be created with new cooperative models or business alliances
2. New technology and processes are required
3. Ongoing RD&E innovation is critical
4. Infrastructure needs to advance at the same pace as business growth to support it
5. Many businesses need to attract investors for succession planning reasons and others require investment to grow, particularly SMEs who are more reliant on capital from banks. There are few alternative capital sources for SMEs
6. Certainty with planning schemes is needed to support investment in agricultural production necessary to achieve the scale required to be globally competitive.

## 8. Business culture, resources and acumen

Operating an agrifood businesses is far more complex than it used to be. Key considerations include:

1. Farming and processing businesses are now very complex operations covering:
  - *Water and environmental management*
  - *Labour, OH&S*
  - *Compliance*
  - *Supply chain and appropriate business model to channel*
  - *Marketing and sales skills now required = internet skills*
  - *Understanding return on capital and finance*
  - *Strategic planning*
  - *Council planning schemes (6 to 8 weeks wait can damage a start up)*
  - *Superannuation*
2. Cultural obstacles include: conservatism, resistance to change, lack of willingness to invest in professional advice
3. There is limited access to industry data and information – even in established industries. Furthermore, many business operators do not have the required skill sets for interpreting and analysing data to inform their decision making
4. Tourism businesses are mutually interdependent meaning skill sets in collaboration and cross marketing are required as well as internet skills and customer service training.

## 9. Freight availability and cost

Many businesses claim that it is easier and cheaper to ship goods to China than inter or intra state. Key considerations include:

1. Despite the proximity to the Melbourne-Sydney rail line, access to rail freight is problematic
2. Road transport efficiency is compromised by limited A & B double vehicle access
3. Over regulation and lack of interstate harmonisation of road freight contributes to increased cost
4. There is a particular issue with getting access to affordable freight for smaller shipments i.e. pallet or sub pallet loads
5. There are limited options for direct to consumer parcel freight and the cost is constraining consumer uptake
6. Opportunities for freight consolidation and back loading of freight have been explored in some areas but failed to achieve improvements
7. Issues around intermodal connectivity such as at the Wodonga Logic Centre are also a concern within industry.

## 10. Compliance and government bureaucracy

Compliance and red tape is significantly adding to cost for both large and small operators in all industries. Key considerations include:

1. Escalating customer quality requirements and export trade regulations, e.g. trade agreements, retailer compliance systems are adding to cost, see Volume 1 page 94
2. Lack of harmonisation across the various accreditation schemes is resulting in audit duplication
3. Government charges and administrative requirements are impacting business efficiency, see Volume 1, page 7, with Australia's rating on bureaucracy being extremely poor by global standards\*
4. Duplication and lack of harmonisation across states is a major issue, e.g. WorkCover, transport regulation
5. Need to better understand how to address frustrations raised by industry with local government planning, especially where it blocks expansion
6. While strong governance and regulation is important for protecting Australia's safe food proposition, industry feels that the balance is disproportionate.

\* World Economic Forum, *Global Competitiveness Report*, 2014

# 11. Land use planning

Local government planning regulations are considered to be constraining and limit agricultural expansion opportunities. Key considerations include:

1. Urban land uses are encroaching on farm land which could restrict agriculture and is particularly an issue for intensive livestock industries and food processors
2. Planning regulations/provisions could be modified to support a changing farming sector
3. Tourism and agribusiness often have opposing land use needs
4. SMEs need to deal with a number of different departments within local government, particularly in the development stages, which they find confusing
5. Better alignment between economic development and land use planning teams within local government will support shifts in the agrifood and agri-tourism sector's expansions
6. The shift towards the small lifestyle farming is more notable in Upper, Central and Lower Hume Sub-Regions than other parts of Victoria because of the liveability of the area. This necessitates a rethink in both economic development strategies as well as planning strategies. There is a need to align these more carefully in both local and state government and policy.



## 12. Poor or disrupted IT connections

Critical connections with customers are made more challenging in parts of Hume Region. Key considerations include:

1. Compounding the freight issue, poor broadband access means that the other key interface with customers (online) is not functioning and therefore blocking growth
2. Some on-line retailers cannot get access to a reliable connection during business hours
3. Even large multi-national businesses struggle with adequate connectivity making it difficult to communicate with their offices interstate or overseas or send large data files
4. High-tech machinery is increasingly monitored over the internet by the manufacturer who is usually overseas. A failed IT connection could result in a multi-million dollar malfunction
5. Poor mobile connectivity is equally frustrating with mobile black-spots throughout the region.

# Strategy development

The previous slides summarise the strategic context for the Upper, Central and Lower Hume Sub-Regions. After analysis of the challenges and opportunities, the draft strategy was devised. Further consultation with industry, local government and other regional stakeholders to 'road test' this draft, led to the development of the following strategic platforms and programs. The following strategy map cascades down to three levels of strategic planning:

- 1. Strategy Platforms:** The high level areas of strategic focus which if delivered, will have the biggest impact on the region's agrifood economy.
- 2. Strategic Actions:** The indicative programs of activity required to deliver each strategy platform.
- 3. Tasks:** The actions required to make it happen, listed in Volume 3.

# FOOD OPPORTUNITY STRATEGY 2015 - 2018



**Mission:** To leverage the point of difference that is Upper, Central and Lower Hume Sub-Region's diversity of agrifood enterprises to greater economic advantage.

- 1** MAXIMISE WORKFORCE OUTCOMES  
▶ *Develop a flexible, motivated and suitably skilled workforce that improves both output and regional employment*
- 2** CHAMPION AGRIBUSINESS EXCELLENCE  
▶ *Improve global competitiveness through innovation, process improvement, professional skill development and knowledge transfer*
- 3** DRIVE INVESTMENT AND TRANSITION  
▶ *Attract investment and manage the transition required to drive further development of the agrifood sector*
- 4** NURTURE EMERGING INDUSTRIES  
▶ *Capture the economic potential of the emerging gourmet food and beverage sector, to drive regional growth whilst enhancing liveability*
- 5** IMPROVE MARKET CONNECTIONS  
▶ *Achieve better access to customers and markets through improved logistics and digital connectivity*
- 6** ENSURE SERVICES HAVE GROWTH CAPACITY  
▶ *Ensure agrifood producers have better access to affordable and suitable energy, waste and other services that meet future growth plans*
- 7** BUILD THE AGRI-TOURISM CHANNEL  
▶ *Build a tourism channel to market that maximises local sales of food and beverage and grows the profile of each district*

# Strategy fit with 'strategic imperatives'



## STRATEGY PLATFORM

## STRATEGIC IMPERATIVES

1 MAXIMISE WORKFORCE OUTCOMES

1. *Labour availability and cost*

2 CHAMPION AGRIBUSINESS EXCELLENCE

5. *On-farm productivity*  
8. *Business culture, resources and acumen*  
10. *Compliance and government bureaucracy*

3 DRIVE INVESTMENT AND TRANSITION

7. *Capital, scale and succession planning*  
11. *Land use planning*

4 NURTURE EMERGING INDUSTRIES

4. *Support of emerging gourmet food businesses*

5 IMPROVE MARKET CONNECTIONS

9. *Freight availability and cost*  
12. *Poor or disrupted IT connections*

6 ENSURE SERVICES HAVE GROWTH CAPACITY

2. *Energy cost and options*

7 BUILD THE AGRITOURISM CHANNEL

3. *Opportunity and need for stronger agri-tourism sector*  
6. *Retail market power*

# 1

## PLATFORM: MAXIMISE WORKFORCE OUTCOMES



### RATIONALE

The ability to recruit and retain suitably skilled labour is a universal issue for regional, seasonal industries. Australia's labour cost is higher than competitor countries and productivity lower.

Because of seasonality, there is a large reliance on 457 and 417 visa workers which is limiting and requires additional compliance. Furthermore, industry's reliance on it presents a risk.

There is a shortage of talented, young graduates in the sector. At the same time there is a high level of unemployment across parts of the region, particularly among young people.

Work is also needed on the employer side, agribusinesses need to improve their practices as employers by providing a safe work place, motivating and rewarding staff, providing career pathways and investing in training.

Cultural change is called for to address a number of these labour challenges.

# 1

## PLATFORM: MAXIMISE WORKFORCE OUTCOMES

### ASPIRATIONAL GOALS

1. Improved understanding of agrifood career pathways.
2. Improved uptake of agrifood training and education.
3. Reduced youth unemployment across the region.
4. Hume Region is the 'posting of choice' for senior management.
5. A reliable network of skilled and respected seasonal workers.

### STRATEGIC ACTIONS

- 1.1 *Promote the critical importance of labour policy reform that recognises the 24/7, temporary and seasonal nature of agrifood.*
- 1.2 *Improve connections between the region's education and training offer and the needs of agrifood businesses.*
- 1.3 *Change the image of the agrifood sector and promote career opportunities.*
- 1.4 *Support development of employment clusters that will create career pathways and on-the-job training opportunities.*
- 1.5 *Develop training and information programs for employers to build leadership and mentoring skills.*
- 1.6 *Promote the liveability of the Hume Region to both permanent and short term workers.*
- 1.7 *Develop an integrated, regional approach to engaging with seasonal workers.*
- 1.8 *Engage senior management of large agrifood businesses in the region.*

# 2

## PLATFORM: CHAMPION AGRIBUSINESS EXCELLENCE



### RATIONALE

The challenge facing Australian agrifood businesses is that they are not competitive in a global context. On going improvement in systems and processes at every level of the supply chain will be critical. Investment in innovation will also be needed to produce products that can command a premium and reduce reliance on commodities.

Access to better data, advisory services and RD&E is needed to inform decision making.

Some family businesses, lifestyle start-ups and SMEs will need support to build business management capability. Many do not have the professional skills to manage the complexity, risk and volatility of modern agribusiness. There is a cultural issue where some are reluctant to embrace new ideas or invest in professional advice.

For governments, there is a need for continuous improvement in reducing red tape with respect to compliance and reporting and at the same time, making support programs more accessible and user-friendly. A major blocker to developing the sector is the lack of data. Government can play a key role in the dissemination of data and knowledge exchange.

# 2

## PLATFORM: CHAMPION AGRIBUSINESS EXCELLENCE

### ASPIRATIONAL GOALS

1. Sustained improvement in on farm/manufacturing productivity.
2. Increased value adding through innovation and new product development.
3. A high level of professionalism across the sector.
4. Sound understanding of market signals

### STRATEGIC ACTIONS

- 2.1 *Support on-farm and factory process improvement initiatives that enable productivity gains.*
- 2.2 *Improve skill levels of SMEs in business and risk management.*
- 2.3 *Help industry to be better informed about their markets by improving access to data and developing the skills to interpret it.*
- 2.4 *Promote the critical importance of innovation in the processing sector.*
- 2.5 *Develop customised, user-friendly grants and support programs for local agrifood businesses.*
- 2.6 *Support industry cluster groups that facilitate knowledge sharing, benchmarking and mentoring to drive cultural change.*
- 2.7 *Drive reform in national, state and local legislation to remove red tape and administrative inefficiencies.*
- 2.8 *Build business capability in quality assurance and product integrity systems.*
- 2.9 *Better understand the impact of climate change on the sustainability of agrifood businesses.*



# 3

## PLATFORM: DRIVE INVESTMENT & TRANSITION



### RATIONALE

A large injection of capital is required at every level of the supply chain in order for the Hume Region agrifood sector to fulfill its potential. For the region to be globally competitive there needs to be efficient agribusinesses with increased scale that are adopting the best technology, systems and processes.

The region is also well placed (and has a need) to attract major investment into the tourist sector (particularly in accommodation and conference facilities) which will boost agri-tourism and direct-to-consumer sales.

Although there is a strong desire by investors to be involved with agrifood, a major barrier is the lack of investor-ready businesses. Alongside investment attraction, industry needs assistance to transition for succession and business growth.

The need exists to adopt new business models such as strategic alliances (critical in tourism to improve the overall product), cooperative marketing, collective farming, shared processing facilities, transport and labour clusters, etc.

# 3

## PLATFORM: DRIVE INVESTMENT & TRANSITION

### ASPIRATIONAL GOALS

1. Attraction of new business to the region that enhances the current activity.
2. The adoption of new age business models and alliances.
3. Improved viability of existing businesses.

### STRATEGIC ACTIONS

- 3.1 *Build awareness of Hume Region's food and beverage proposition with potential investors.*
- 3.2 *Help businesses to become investment ready.*
- 3.3 *Raise awareness of alternative small farm business models that could improve profitability and assist industry transition.*
- 3.4 *Promote innovative business models with family businesses to support succession planning.*
- 3.5 *Foster better alignment between economic development objectives and planning scheme objectives to give greater certainty to business.*
- 3.6 *Help connect external investors with capital, to local producers with know-how.*

# 4

## PLATFORM: NURTURE EMERGING INDUSTRIES



### RATIONALE

Gourmet food is an emerging strength across the Hume Region with an eclectic mix of products evident. Typically these are start up businesses that produce, value-add and market their goods. Although they are mostly small businesses, many have the potential to grow into substantial enterprises that could generate significant economic value and employment. Arguably, these emerging businesses offer greater prospects for job creation, given mature industries are focused on automation and reducing labour.

These entrepreneurs need support in filling skill gaps - for some it's gaps in traditional business skills and others in farming skills. The potential for both knowledge and skill transfer within the sector is great given the passion and strong desire to succeed.

A particular need for many is access to accredited facilities for processing small runs. These start ups do not have the volume to support such investment in their own right.

Provenance branding is a key selling feature for many and some confusion is emerging about how to define areas within the Hume Region for the greater benefit.

Stronger participation in the gourmet sector will also help diversify our agricultural economy and our communities, as producers with new skills are attracted to the Hume Region.

# 4

## PLATFORM: NURTURE EMERGING INDUSTRIES

### ASPIRATIONAL GOALS

1. Economic growth.
2. Evidence of greater collaboration.
3. Greater pride in local food and beverage.

### STRATEGIC ACTIONS

- 4.1 *Establish regional gourmet networking and industry development forums, engaging industry champions to lead them.*
- 4.2 *Support capability building activities in business fundamentals.*
- 4.3 *Support capability building activities in small farm fundamentals.*
- 4.4 *Facilitate better access to commercial processing facilities and pilot plants for SMEs.*
- 4.5 *Encourage collaborative and cross-marketing efforts.*
- 4.6 *Foster local pride in produce from the region.*

# 5

## PLATFORM: IMPROVE MARKET CONNECTIONS



### RATIONALE

Despite the fact that parts of the Hume Region are on the urban fringe or have direct access to major highways, connections with customers are problematic, particularly at the two critical points of interface – marketing and delivery. This is a significant blocker to leveraging both the gourmet food and export market opportunities.

Poor broadband infrastructure and mobile connectivity hampers big processors and small producers alike, impacting the perceptions of professionalism with customers. The NBN roll out has not reached areas as quickly as needed and there are areas with significant connectivity black spots which remains a disincentive to business investment. Increasingly it is also a risk to operations as new technology is monitored by its overseas manufacturers via the internet.

Despite the proximity to rail and road links, the availability and cost of freight and logistics is problematic. There is difficulty accessing freight for small shipments and to intra-region destinations. Freight is expensive across Hume Region. Despite proximity to the Melbourne-Brisbane rail line, producers cannot get access because of the lack of intermodal facilities. There are also issues with the cost of parcel delivery for on-line marketers.

Commonly the freight cost is higher than the item being shipped.

# 5

## PLATFORM: IMPROVE MARKET CONNECTIONS

### ASPIRATIONAL GOALS

1. An adequate transport and logistics service.
2. A cost effective means of delivering on-line orders.
3. Improved broadband and mobile connectivity and coverage.

### STRATEGIC ACTIONS

- 5.1 *Assess feasibility of forming a transport cluster focused on freight consolidation and central collection points.*
- 5.2 *Map the supply chain of key categories to inform transport infrastructure planning.*
- 5.3 *Advocate for improved efficiency on regional freight, rail and road networks.*
- 5.4 *Support continued reform of state and national road transport policy.*
- 5.5 *Support the region's digital economy through addressing broadband capacity and improving mobile connectivity.*

# 6

## PLATFORM: ENSURE SERVICES HAVE GROWTH CAPACITY



### RATIONALE

While many businesses in the region are working on growth strategies, their potential to achieve growth is being limited by external barriers. These include capacity of services such as power, waste and waste water disposal.

Energy is critical for growth and access to reliable and affordable power is one of the crucial infrastructure needs noted by industry. Power capacity shortfalls, gaps and outages are common across Hume Region impacting processors and dairies in particular.

While the larger food processors most urgently need energy capacity to meet their current needs as well as growth plans, for many farm based businesses, energy cost is the issue. Energy for many is the highest input cost, largely due to the need to pump water for irrigation.

For some agrifood businesses the ability to access renewable energy and environmentally friendly waste disposal is important to their brand proposition where it is hinged to sustainability attributes. Both local government and energy providers have created obstacles and disincentives in implementing renewable and co-generated energy.

# 6

## PLATFORM: ENSURE SERVICES HAVE GROWTH CAPACITY

### ASPIRATIONAL GOALS

1. Access to energy does not become a blocker to business growth.
2. The cost of energy does not impinge the global competitiveness of agrifood businesses.
3. Growth of services infrastructure keeps pace with industry growth.
4. Optimum economic value derived from water.

### STRATEGIC ACTIONS

- 6.1 *Promote the importance and development of reliable, cost effective energy for the region.*
- 6.2 *Engage with local governments to identify the blockers to implementing renewable energy with respect to planning.*
- 6.3 *Work with industry and energy providers to raise awareness of how to maximise the use of off-peak energy options.*
- 6.4 *Actively encourage increased adoption of renewable energy.*
- 6.5 *Ensure industry has access to cost effective water treatment with capacity for growth.*
- 6.6 *Raise awareness of the availability of water resources in the region to encourage investment in higher value agriculture.*
- 6.7 *Facilitate better industry engagement with all utility providers.*



# 7

## PLATFORM: BUILD THE AGRI-TOURISM CHANNEL



### RATIONALE

A vibrant agri-tourism sector is not only important as an economic driver, but as a channel for food and beverage producers to sell their product locally and on-line, potentially at higher value. Cellar door sales are becoming increasingly important to improve returns in the face of the heavy discounting by retailers, yet cellar door visitation is declining.

Agri-tourism is a powerful way to showcase the region's agrifood and build a brand identity and local pride that positions Hume Region as an appealing gourmet region – or cluster of regional areas.

Despite Hume Region's natural attractions and the Hume Highway corridor, the agri-tourism potential is not being fulfilled. The tourism product and operator professionalism is not consistently strong and there is a particular shortage of quality accommodation. The scarce marketing resource is being diluted by the lack of regional coordination and distracting inter-region competitive tension. There is also a need for more data to better understand the market.

It is widely acknowledged that a vibrant tourism sector also increases liveability for local residents, making it easier for companies to attract talented staff. It is also a major employment driver, particularly of youth.

# 7

## PLATFORM: BUILD THE AGRI-TOURISM CHANNEL

### ASPIRATIONAL GOALS

1. Increased tourist visitation.
2. Enhanced visitor experience.
3. Increased investment in new and existing agri-tourism products.

### STRATEGIC ACTIONS

- 7.1 *Establish a series of regional agri-tourism forums to coordinate food and beverage related activities in each geographic district.*
- 7.2 *Clarify brand and identity in respect to food and beverage provenance at a regional and local level.*
- 7.3 *Foster greater cross-marketing and collaboration with all regional tourism groups.*
- 7.4 *Develop tourism operator capability and professionalism in order to enhance the visitor experience.*
- 7.5 *Attract strategic investment in agri-tourism within the region.*
- 7.6 *Build the profile of the region's food and beverage capabilities.*
- 7.7 *Promote the importance of a strong food and beverage offering to tourism operators engaged in sporting, cultural or nature-based activity.*

# PRIORITY ACTIONS

*The following have been nominated as the priority actions:*

## STRATEGY PLATFORM

## PRIORITY ACTION

**1** MAXIMISE WORKFORCE  
OUTCOMES

1.4 *Support development of employment clusters that will create career pathways and on-the-job training opportunities.*

**2** CHAMPION AGRIBUSINESS  
EXCELLENCE

2.2 *Improve skill levels of SMEs in business and risk management.*

**3** DRIVE INVESTMENT  
AND TRANSITION

3.3 *Raise awareness of alternative small farm business models that could improve profitability and assist industry transition.*

**4** NURTURE EMERGING  
INDUSTRIES

4.1 *Establish regional gourmet networking and industry development forums, engaging industry champions to lead them.*

**5** IMPROVE MARKET  
CONNECTIONS

5.5 *Support the region's digital economy through addressing broadband capacity and mobile connectivity.*

**6** ENSURE SERVICES HAVE  
GROWTH CAPACITY

6.7 *Facilitate better industry engagement with all utility providers.*

**7** BUILD THE AGRI-TOURISM  
CHANNEL

7.4. *Develop operator capability and professionalism in order to enhance the visitor experience.*



# Regional Development

Regional Development Australia  
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