UPPER, CENTRAL AND LOWER HUME SUB-REGIONS FOOD OPPORTUNITY STRATEGY AND ACTION PLAN

2015 – 2018

EXECUTIVE SUMMARY

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Strategic Insight
Global Outlook

Regional Development
Regional Development Australia
and Regional Development Victoria
HUME

An Australian Government Initiative

State Government
Victoria

Executive Summary

This document provides a summary of the three year Food Opportunity Strategy and Action Plan for the Upper, Central and Lower Hume Sub-Regions. The entire Hume Region comprises twelve local government areas (LGAs), but this study relates to the following sub-regions specifically:

Upper Hume: *Indigo, Towong and Wodonga*

Central Hume: *Alpine, Benalla, Mansfield and Wangaratta*

Lower Hume: *Mitchell and Murrindindi.*

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

The three separate volumes of reporting that constitute this plan are:

Volume 1: Industry Mapping and Situation Analysis

Volume 2: Strategy

Volume 3: Action Plan.

The intention of this project has been to develop a collaborative industry and government strategy to unlock the potential of the Hume Region agrifood sector, and to take advantage of the growing global demand for safe and sustainable food.

The geographic diversity of the region (which includes flat, dry land country in the north; various micro climates in the Valleys; the legendary high country; and even semi-urban interfaces) is reflected in the eclectic mix of agrifood enterprises.

In the region, the agrifood sector embraces everything from established mainstream sectors such as dairy, sheep, beef, cropping, fruit and wine; to the emerging niche industries including aquaculture, olives, capers, saffron, nuts, chestnuts and value-added derivatives of these.

Dairy, red meat and cropping are the dominant industries within the region's agrifood economy. However, there are also significant pockets of activity in areas such as seed production, hydroponic horticulture (largely tomatoes), row crops and trellised crops (e.g. kiwi fruit). There is also a large processing sector focused around first stage value-adding in dairy, fruit, vegetables and red meat. Processing ranges from large scale fast moving consumer goods through to small scale artisan production.

Although on-farm activity accounts for 15% of the total Upper, Central and Lower Hume Sub-Region's workforce, when aggregated across all agrifood industries, food processing and value-adding is the largest overall employer accounting for 6,136 employees.

The region is well placed to take advantage of the predicted global growth in demand for food by virtue of its significant areas of **competitive advantage** that include:

1. Affordable land, fertile soils and microclimates ideally suited to a wide range of agrifood enterprises
2. Access to reliable water
3. Its diverse production capacity and versatility which can produce a wide spectrum of products from quality grass-fed beef to premium Japanese green tea
4. Accessibility to key markets being on the Melbourne to Brisbane rail link and key road corridors, and having cost efficient and flexible freight and logistics services available
5. Offering exceptional liveability, therefore able to attract a skilled and reliable workforce
6. Generations of agricultural know-how inherent in the community.

However, the **uncontrollable external forces** driving change in agrifood also need to be considered including:

- Climate volatility
- Global economy and global geopolitics and particularly market access
- Domestic economy
- Government policy
- Global geo-political issues
- Industry deregulation
- Demographic and social value shifts
- The domestic supermarket dynamic.

The growth opportunities for the region’s agrifood sector are being driven by the increasing global demand for safe and sustainable food; the recently negotiated FTA’s with China, Japan and South Korea; the significant depreciation of the Australian dollar; as well as the large upside of the gourmet food and agri-tourism sectors.

Analysis identified a number of **opportunities** to develop the region's agrifood economy, including:

- Improving global competitiveness through differentiated and novel products that command a premium.
- Building regional value through a greater involvement with consumer-ready products rather than commodity focus.
- Attracting investment at every level of the supply chain
- Growing the agri-tourism channel.
- Expanding the gourmet food sector.
- New business models to improve efficiency and competitiveness.
- Taking greater advantage of the Asian food boom with appropriate business models .
- Improving economic return on small land holdings.
- Greater uptake and usage efficiency of the underutilised water resources in Alpine Valley's aquifers.

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Through a process of analysis and filtering of the research and engagement findings, 12 high level **strategic imperatives** were pinpointed that are common across the majority of food and beverage industries present in the Upper, Central and Lower Hume Sub-Regions:

1. Labour availability and cost
2. Energy cost and options
3. Opportunity and need for a strong agri-tourism sector
4. Support of emerging gourmet food businesses
5. On-farm productivity
6. Retailer 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.

The overall mission of the strategy is to leverage the region's point of difference, which is an agrifood economy with growing diversity and a particular strength in premium foods. The strategy platforms indicated on the page following (along with strategic intent) were crafted to respond to all of the above strategic imperatives as well as the opportunities.

Volume 2 of the plan provides a rationale to validate these areas of focus as well as more detail on the programs recommended to deliver each strategy platform. One **priority action** has been identified for each strategy platform as an area of immediate focus, these are noted on the final page of this summary.

Volume 3 of this reporting series is an action plan and serves as a management document with steps towards delivering each strategic action.

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*

PRIORITY ACTIONS

The following have been nominated as the priority actions for each strategy platform:

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.*