Southern Gippsland
Food Futures

HIGHLIGHTS
from the Economic Analysis report prepared by
Essential Economics

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A collaboration by South Gippsland Shire Council and Bass Coast Shire Council

Photos courtesy of Ken Fraser
Southern Gippsland Regional Context

The Southern Gippsland region is made up of South Gippsland and Bass Coast Shires covering a total area of 4159 km².

Proximity
100km from Melbourne CBD

Southern Gippsland’s population forecast 2031
75,470 persons

Food sector estimated economic value
$1.4 billion
($0.6 billion in value-added)
supporting 30% of regional jobs
20% of businesses
26% of regional exports.

Tourism Food-Related Activities

- 4.5 million visitors each year
- Dining at Cafes & Restaurants
- Purchasing Local Produce
- Visiting Wineries
- Drinking in Bars & Clubs
- Purchasing take-away Food & Drink
Food and Fibre

The State Government has created a $200 million Future Industries Fund to support priority sectors (such as the Food and Fibre Sector), which includes job-creating grants to specialist firms and companies.

The Victorian Government’s Food and Fibre Sector Strategy highlights Victoria as Australia’s biggest food and fibres exporter, with exports reaching an all-time high of $12 billion in 2014/15.

Climate

The Gippsland Food Plan recognises climate change as a factor that will strengthen the food industry.

The region’s fertile soils, moderate climate, high rainfall and access to supplementary water resources provide a strong foundation for food production, with the region being less severely affected by climate change than other Australian regions.

The region’s “...temperate climate and rainfall patterns make it a natural choice for food production, wineries, dairy and agriculture - a dominant industry sector in this region. Opportunities exist for value-adding and diversification as well as expansion into innovative horticulture and crop production. Climate change projections indicate that this area will be a key food production area for Victoria. Niche markets can be cultivated to meet the growing demand for speciality food products.”

The Agriculture Industry Transformation – Gippsland study found future impacts of climate change – even if this involves a warmer and drier climate – would increase the yields of a range of agricultural commodities in the Gippsland region which is already one of the State’s most productive areas.

The following commodities are predicted to experience an increase in yields by year 2050 for the area of Southern Gippsland – Peaches, Grapes (warm climate varieties), Asparagus and Peas.

The Southern Gippsland region’s ability to grow pasture types such as Phalaris in the future will ensure dairy and beef farming remain highly productive into the future.
Figure 2.4: Major Food Employing Sub-Sectors, Southern Gippsland, 2015

- Sheep, Grains, Beef & Dairy Cattle: 34.9%
- Food & Beverage Services: 21.3%
- Food Retailing: 18.8%
- Dairy Product Manufacturing: 8.9%

Source: REMPLAN

Figure 2.8: Food Sector Employment by Share of Total Employment–Selected Regions, 2011

- Cape Otway (S): 24%
- Surf Coast (S): 22%
- Gippsland (E): 21%
- Gippsland (S): 43%
- Greater Shepparton (C): 35%
- Meeniyan (S): 17%
- Morwell (S): 30%
- Warrnambool (C): 15%
- South Gippsland (S): 31%
- Bass Coast (S): 18%
- Southern Gippsland Region: 24%
- Victoria: 12%

Source: ABS Place of Work, 2011
Local Food Movement

Farmers Markets run nearly every weekend, providing an opportunity to showcase produce to domestic and international tourists. These produce markets feed into the global movement of clean and green tourism, where travellers seek the experience of clean air, clean eating in a green atmosphere, whilst adding to sustainable tourism.

Food Tourism/Value-Added Agriculture, creating a relationship between the producer of the food and the consumer with initiatives already occurring across a number of agricultural industries: dairy (Bassine Specialty Cheese); beef (Bimbadeen Phillip Island); horticulture (Gippsland Mushrooms); wineries on Phillip island, San Remo and throughout South Gippsland.

“Straight off the Boat into the Restaurant” initiatives which could support the local fishing industry and links with the food tourism experience. Currently Corner Inlet has commercial fishing licences approved for export, with the phasing out of net fishing in Port Phillip Bay, this presents an opportunity for growth in this region.

Sourced Locally and delivered/consumed through local shops, restaurants, pubs, etc.

Boutique Enterprises such as sheep cheese, snails, venison, grain fed pigs, barramundi, trout, truffle, garlic and other innovative crop.

Clean Green enterprises that meet the expanding demand for clean, fresh food associated with the Southern Gippsland region’s strong environmental reputation.
PRODUCT DIVERSIFICATION

The Southern Gippsland region has the capacity to support multiple, high-yielding commodities and should therefore be the focus for future investment.

TOURISM

The region’s close proximity to Melbourne and the established tourist profile of Phillip Island provides a significant opportunity to expand the region’s food tourism activities.

- Tourists value the farm gate/cellar door experiences because the products are ‘authentically local’ and this provides the visitor with an appreciation of the producers’ relationships with the food.
- Leverage from the global movement of clean and green tourism.
- Opportunities for the fishing sector to better leverage the food tourism market through initiatives such as “fresh off the boat sales”.

DAIRY

The region is one of the key dairy farming locations in Australia, with approximately 10% of Australia’s milk production from South Gippsland.

- Leverage from the region’s ability to grow pasture types such as Phalaris in the future.
- Future focus on value-added dairy products (UHT milk, butter, infant formula, protein and supplement powder, and spreads) which are not as exposed to commodity price fluctuations (such as exported milk powders).
- Building on the expanding demand from export markets in China and the Asia Pacific area for dairy products from the Southern Gippsland region.

MEAT PRODUCTION

- Southern Gippsland has the capacity to accommodate small-scale and more intensive meat production such as poultry (broiler farms), pigs, deer.
- With more people becoming conscious consumers the development of boutique abattoirs lends opportunities to diversify and open farm gates.

HORTICULTURE

- Expanding market gardens, with potential to attract existing growers from the outskirts of Melbourne. Due to growth Schreurs Celery growers located in Clyde expanded their farms into South Gippsland.
- Fruit, vegetable and herb growing, particularly for peaches, grapes (warm climate varieties), asparagus and peas.
Southern Gippsland’s proximity to Melbourne’s south-east growth area is a key advantage but does present some challenges such as an increasing cost of farming land. Developing planning policies which preserves farming land from urban encroachment and encourages more diverse land uses will strengthen the future of the food industry.

**Town centre revitalisation projects** will create new opportunities for the region’s food sector, including food retailing and food and beverage-related businesses, while enhancing regional tourism outcomes.

**Leongatha Revitalisation Project**

The Leongatha Revitalisation Project is a combined project involving the Anderson Street Town Entry Upgrade, Bair Street Commercial Precinct Redevelopment and Railway Site Transformation projects.

The project, which is estimated to cost $3-4 million, will create an improved town atmosphere that supports existing businesses and attracts new business owners. The project will improve the economic sustainability of the Leongatha CBD.

**Cowes Revitalisation Project**

Bass Coast Shire Council has committed $6.3 million of capital funding to the Cowes Revitalisation Project and will now seek $6 million from the State Government and $6 million from the Federal Government for the $18.3 million project. The Cowes Revitalisation Project involves works to Cowes Jetty Triangle, Cowes Cultural and Community Centre and Cowes Transit Centre. Providing better access to the precincts, community spaces and increase capacity for retail markets.
Increase local agriculture processing facilities such as milk processing plants, abattoirs for boutique businesses to alleviate some local farmers from having to travel long distances to access necessary facilities.

Access to natural gas supply improved to attract large-scale food processors to the region. Murray Goulburn and Burra Foods required State financial contributions to ensure adequate gas supply was provided for their major operations.

Ensure power supply is sufficient and consistent with the capacity for large operators.

Transport Efficiency

- Congestion on the Monash freeway is likely to increase as population growth continues in south-east Melbourne’s growth areas; therefore, alternative routes or considerations for new ports along the south-east coast of Victoria could provide improved access to markets.

- Access to Epping Market is challenging for Southern Gippsland region producers; therefore, development of direct routes that bypass Melbourne urban areas or a wholesale market that supports the producers of the south-east and Gippsland regions would be advantageous. There is currently a $15 million proposal to develop a large-scale fresh produce wholesale market at Bangholme (near Dandenong); however, this development has yet to receive planning approval.

- Improved road and bridge infrastructure to enhance efficiency of movement and reduced business costs for producers, processors and distributors, as well as improving road user and non-road user safety.

- Road infrastructure capable of accommodation High Productivity Freight Vehicles (HPFV) which will be increasingly used in future years and underpin industry efficiencies ie, reduced costs per km.
Road and Bridge Infrastructure

To maximise the food sector growth opportunities specific projects have been identified. Periodical upgrades to address wear and tear issues caused by milk tankers and other heavy vehicles, as well as to reflect changing industry needs in terms of productivity measures (e.g., use of high-performance freight vehicles, more efficient pick-up and distribution patterns) and increasing overall volumes of vehicles using roads and bridges in the region.

South Gippsland Highway Black Spur – Koonwarra Bend Project

The proposed $50 million realignment of the 3.4km stretch of South Gippsland Highway at Black Spur would remove several tight curves and widen the road. This will create a straighter, more level section of highway, thereby improving safety and transport efficiency for the 800 trucks each day servicing the district’s livestock and dairy industries.

Delivery of this proposed 50/50 Federal and State government project will enhance productivity and safety for the food sector’s transport-related businesses.

Bass Highway, Anderson to Leongatha Upgrade

The Bass Highway, Anderson to Leongatha project is identified in the Gippsland Freight Strategy as a project of industry importance.

The Bass Highway provides access for local agriculture and forms part of the Melbourne/Sydney coastal tourist route. It also provides connectivity between the towns of Leongatha, Inverloch, Wonthaggi and other small towns to the Anderson turnoff to Phillip Island. Upgrade of this road would therefore improve outcomes for a number of food-related sectors, visitors and local communities.

Wonthaggi Alternative Heavy Vehicle Route

The Bass Highway is the main highway that passes through the Wonthaggi region, with the road connecting Wonthaggi with other regional centres including Phillip Island, Inverloch and Leongatha. In 2011, the Wonthaggi CBD Traffic Impact Study found that the existing road network would soon be operating at capacity and with unacceptable queue lengths. This situation presents inefficiencies for industry freight movements (agriculture, dairy, etc) as well as tourists visiting the Southern Gippsland region.

Phillip Island Road Upgrade

Explores opportunities for the implementation of the proposed intersection upgrades on Phillip Island Road at; Boys Home Road, Woolamai Beach Road and Back Beach Road.

Phillip Island can expect an additional 4,300 visitors per day by 2035. The importance of the tourist sector (noting its strong interactions with the food sector) to the regional economy is highlighted by the fact that 35% of international visitors who come to Victoria visit Phillip Island, and Phillip Island is the second most visitor-reliant economy in Australia, behind Uluru.

Bena Kongwak Bridge Upgrade

The Bena Kongwak Bridge is a 124-year old timber structure in poor condition. The single lane bridge has a poor road alignment and carries 550 vehicles per day, with 14% being commercial vehicles. This route is especially important for the dairy and beef sectors, but the current configuration and condition of the structure is contributing to industry inefficiencies and safety concerns.

The proposed new bridge will cost approximately $2.1 million to construct and will significantly improve the alignment, capacity and safety of the road for all road users, but especially for industry operators.

Kernot Bridge Replacement Over Bass River

The current bridge services local traffic; however, the aging timber structure is no longer able to service local industry requiring heavy vehicle access and therefore presents a constraint to many sectors, including agriculture and dairy. The project involves the construction of a new 75m bridge over the Bass River at Kernot to enhance the economic benefit through freight efficiencies and by providing access for high performance freight vehicles.
Water Security
Recent drought conditions have led to uncertainty regarding water security with farmers factoring this into their business models. Improved water infrastructure including water distribution and retention projects will enhance investment confidence across the food sector. Measures and projects may include:

- Connecting local reservoirs to Desalination Plant
- Pipe connections between local communities
- Increased dam sizes
- Flood mitigation such as development of Dutch Blue-Green infrastructure which modifies the landscape to mitigate flood damage and secure water for agriculture among other benefits. Utilising natural features on the land (e.g. forests, wildlife habitat, wetland) or in the water (e.g. anadromous fish use areas, oyster reefs, underwater grass beds) that are critical to maintaining ecosystem, human health and survival
- Educating industries to consider their water usage and encouraging water conservation and management practices which will reduce pressure to build new infrastructure
- Irrigation works

Waste Disposal
Aging waste management infrastructure needs updating, especially infrastructure associated with waste water removal. Planning for long-term waste requirements of large existing operators and new and diverse business enterprises seeking to locate to the region will ensure adequate capacity for the future of the food sector. The below plan provides this opportunity.

Gippsland Waste and Resource Recovery Implementation Plan
The objective of the regional implementation plan is to identify local waste and resource recovery infrastructure and service needs and to indicate how these could be met over at least the next 10 years.

From the perspective of the Southern Gippsland region’s food sector, it is important that both Councils are fully engaged in the Implementation Plan process and advocate for infrastructure and services which reflect the long-term needs of large waste-generating sectors such as dairy and food processors, as well as opportunities for resource recovery in the food sector.

South Gippsland Water Security Project
The project is a key component in South Gippsland Water’s long-term strategy to secure water supply for the region over the next 50 years.

The project will result in the connection of the Coalition Creek Water Supply System (Korumburra) and the Little Bass Water Supply System (Poowong, Loch and Nyora) to South Gippsland Water’s largest supply system, Lance Creek. In turn, the Lance Creek supply system has the capacity to tap into the Melbourne Water Supply System for use during water shortages or when water quality issues arise.

The infrastructure installed as part of the project will also allow for the future connection of Leongatha to the network significantly improving infrastructure and water security for the northern part of the Southern Gippsland region.
Education and Training

Labour Force and Skills
Issues relating to labour force and skills include:

- Concerns regarding the ability of businesses to retain high skilled on-farm staff, especially dairy workers who may choose to move away from the region during downturns.
- Limited TAFE programs that will equip local youths for work in the food sector, especially in relation to adequate training programs relating to farming and associated value added businesses.

Education
- Development of educational establishments such as South Gippsland Trade Training Centre, the proposed Bass Coast Education and Learning Precinct and delivery of targeted local courses which match the training needs of the food sector
- Utilising existing training avenues such as Rural Skills Connect, Federation Training, Cowes Create Careers, LLEN to develop programs linking to food.

Skilled Labour
- Measures to:
  - Retain experienced and highly skilled on-farm workers
  - Train/up-skill existing workers, recognising significant technological change in food processing industries, such as dairy, in the coming years
  - Attract skilled migrants to support future needs of the sectors.

South Gippsland Trade Training Centre
The South Gippsland Trade Training Centre is a Federal government training initiative which promotes secondary student access to skills training from a range of different providers, and aims to strengthen and enhance links between schools, other educational providers, industry and the broader community.

The program is currently in its establishment phase and an opportunity therefore exists to broaden the focus of training to include additional sectors or specialised activities, including a training focus the region’s food sector.

The Bass Coast Education Precinct
The Bass Coast Education Precinct (the Precinct), located in Wonthaggi, has received initial state government funding to commence design. The Precinct will bring together a range of education and training providers on one site to harness the synergies of a range of organisations. A new Wonthaggi Secondary College will be the anchor of the new Precinct, joining the Bass Coast Specialist School which is already located on the site. Other education and training providers and industry partners will be considered to be co-located in the Precinct, with the intention of increasing links between organisations that offer learning and skill development and the workplaces that will ultimately employ them.

Chisholm Frankston TAFE Redevelopment
The $80 million redevelopment of the Chisholm Frankston TAFE campus will include a new food focussed training and research centre. Ensuring better public transportation access to the Frankston site for students located in the Southern Gippsland region would assist in participation of food focused courses offered at the campus (noting many younger students may not be licence holders).
The economic development of the food future in Southern Gippsland would enhance with the following considerations:

- Reliance on dairy and beef sub-sectors for most food sector jobs, with these sub-sectors subject to many external influences which can have major adverse impacts on the Southern Gippsland economy.
- Businesses with limited capital to invest in efficiency upgrades could be assisted by programs such as the Environmental Upgrade Agreements (EUA).
- Potential negative impact of new industries/enterprise activities on established agricultural production, such as activities causing ground surface water contamination, introduction of coal seam gas mining, re-use of old mine sites for waste storage.
- Lack of abattoirs and other processors which can service smaller operators, rather than existing operators who are generally focussed on serving big business and export markets.
- Lack of targeted education and training resources.

Identifying the region’s markets and developing appropriate strategies/actions to target them by:

- Reviewing state and federal food strategies/policy (e.g. Victoria’s Food and Fibre Strategy) and highlighting opportunities for the Southern Gippsland region’s food sector, including funding grants for businesses.
- Developing specific programs and ideas to support food cluster development and creating new investment. An example could be to develop an Export Development Project which connects overseas food buyers such as Chefs directly with local niche producers.
- Explore marketing strategies relating to the global movement of clean/green tourism/agri-tourism and identify opportunities for the Southern Gippsland region’s food sector.
- Increase use of social media to promote the region’s food sector.

**Southern Gippsland Food Cluster**

The establishment of a formal Southern Gippsland Food Cluster organisation/body such as the East Gippsland Food Cluster has the potential to benefit participating businesses in a range of ways including:

- Knowledge sharing
- Networking
- Joint procurement opportunities
- Professional development
- New business opportunities
- Access to relevant information
- Advocacy
- Project identification and feasibility/trials/development
- Collectively supporting our region through good business citizenship
- Marketing

**Southern Gippsland Food Map**

The Southern Gippsland Food Map is an interactive website that highlights the best of the region’s local produce.

It is an important marketing and promotional tool supporting local business, especially in view of the 4.5 million visitors to the region each year. To maximum impact the Food Map needs to be as comprehensive and up to date as possible, as well as being linked to the most effective communication platforms. In this regard, ongoing funding will be required to further develop and maintain the Food Map.
Southern Gippsland Food Futures full report

The report can also be found on each Council’s website:

www.southgippsland.vic.gov.au

www.basscoast.vic.gov.au