
Gippsland

Invest in Victorian
agriculture and food

August 2018

Economic Development,
Jobs, Transport
and Resources

AGRICULTURE  **VICTORIA**

Efficient Global Connected

Gippsland farms account for at least one quarter of Victoria's milk, vegetable and beef production with a number of Gippsland's businesses exporting food across the world.



Why invest in Gippsland?

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A major player in global markets

Gippsland farms produce over \$2.0 billion in agricultural output each year. Beef, dairy and vegetable products combined account for over 80 per cent of the value of Gippsland's agricultural production.



An enviable reputation for quality

Gippsland's agriculture and food processing sector produces food that is recognised worldwide as high-quality and quality-assured. Gippsland also has a strong regional brand, positioning the region to capitalise on growing demand for quality food products, premium and niche fresh produce and specialised manufactured products.



A strong food manufacturing base

Gippsland's dairy and vegetable processing sectors provide excellent opportunities for the expansion and collaboration of existing food processing businesses, as well as an exciting launch pad for new start-ups. Gippsland also has an extensive service industry, including agronomists and nutritionists as well as broader engineering and trades to support the agriculture and food processing sectors.



Endowed with natural advantages

Gippsland's favourable combination of a stable climate, high and reliable rainfall and rich pastures give the region a natural advantage in food production.



Well-connected to supply Melbourne and beyond

Gippsland's agriculture and food processing sector is well located to access Melbourne's major export hubs – the Port of Melbourne and Melbourne Airport. The region also has established freight and logistics systems by road and rail.



Strongly supported by the Victorian Government

A new 'Economic Growth Zone' has been established in Gippsland as part of a \$266 million regional economic development program, led by the Latrobe Valley Authority. Regional Development Victoria has a dedicated team of investment and trade specialists to attract new business into the region and facilitate export opportunities.

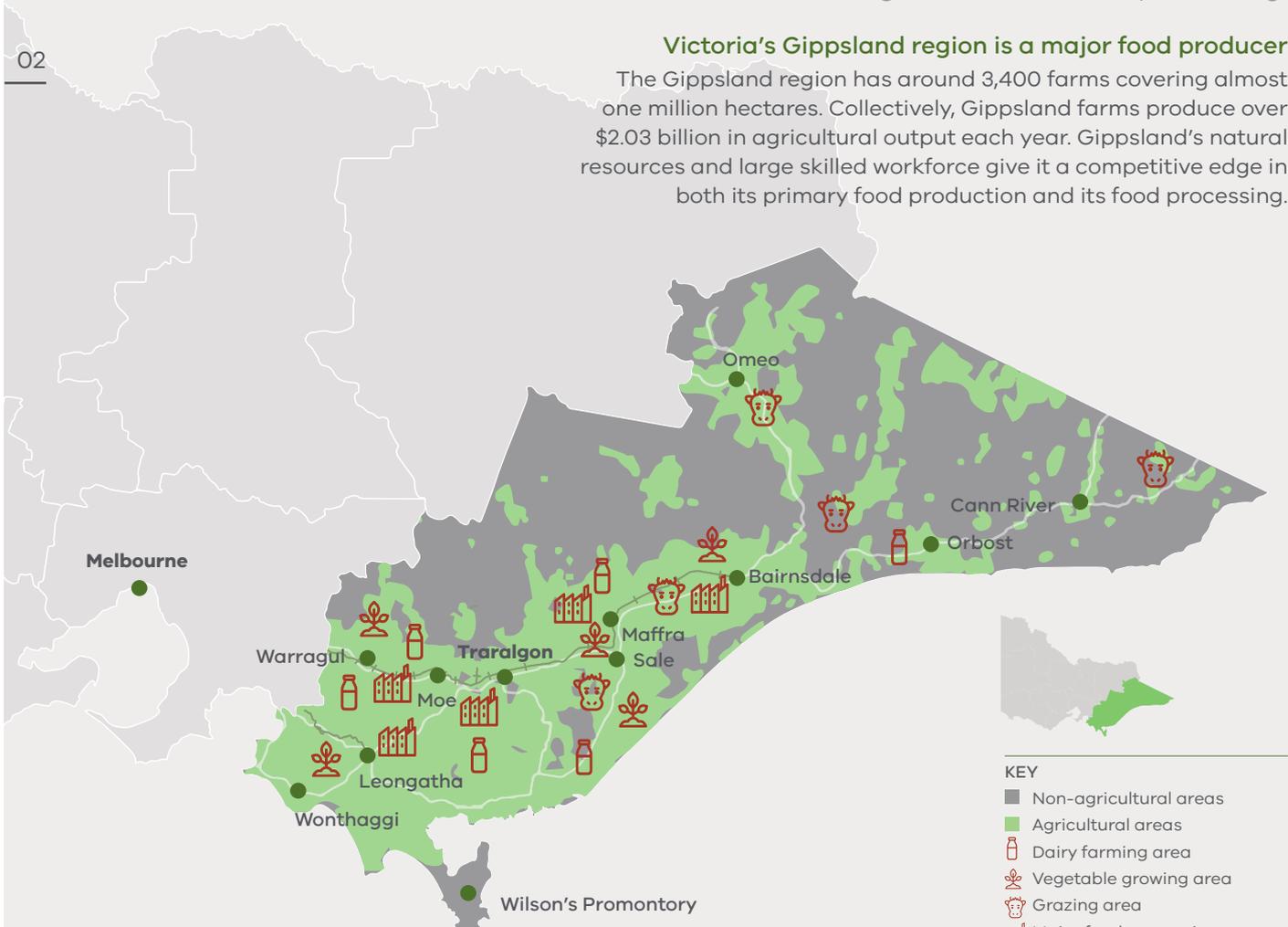


Gippsland – a unique region

Gippsland's combination of natural resources, favourable climate and proximity to markets makes it a premium investment destination for agriculture and food processing.

Victoria's Gippsland region is a major food producer

The Gippsland region has around 3,400 farms covering almost one million hectares. Collectively, Gippsland farms produce over \$2.03 billion in agricultural output each year. Gippsland's natural resources and large skilled workforce give it a competitive edge in both its primary food production and its food processing.



Gippsland's economy and agricultural sector at a glance

Gross Regional Product: **\$15.81 bn**

Population: **250,000**

Agriculture production: **\$2.03 bn¹**

Food processing: **\$1.60 bn**

Gippsland farms produce

30.6% of Victoria's dairy

28.1% of Victoria's beef

25.0% of Victoria's vegetables

Sources for this page: map, Victorian Government; ABS Census 2016, ABS 7121 2015-16; agriculture production, Victorian Government analysis using 2016 ABS Agricultural Census data; food processing value, Victorian Government estimate based on 2016 REMPLAN data and 2011-12 RISE data; GRP, Victorian Government, 2016 data, <http://www.rdv.vic.gov.au/information-portal> (November 2017); population, ABS Census 2016.

¹ Unless otherwise stated, all dollar values refer to gross values in this publication.

Gippsland's competitive advantages

Deloitte Access Economics has assessed data on numerous factors of competitive advantage at the regional and industry levels. Gippsland is well-positioned for agricultural production and processing. Factors of advantage most relevant to agriculture competitiveness include:

Research, Development & Extension (RD&E) capabilities

Gippsland contributes to RD&E in Victoria's agriculture and food processing sector. As a renowned example, The National Centre for Dairy in Ellinbank has a long and proud history of generating research for dairy farmers. Gippsland farmers in particular benefit from having this facility in their region.



A favourable climate and environment

Gippsland has a relatively stable climate, high and reliable rainfall, diverse and fertile soils, and an abundance of pasture. The pasture and crop growth period is typically longer in Gippsland than in other regions of Victoria. These conditions give the region a strong natural advantage and a greater diversity of primary production.



Well-connected to markets

The Gippsland region consists of a network of well-connected regional cities and towns. It also has access to excellent transport and logistics services, with links to Melbourne and its fresh produce wholesale markets and grocery distribution centres. The region is well-placed to supply the rising regional food demand from rapidly growing populations to Melbourne's southeast, including gentrifying and growing seaside towns such as Inverloch. In addition, Gippsland's agriculture and food businesses are ideally located to access Melbourne's major export hubs, providing an efficient path to market.



Major regional centres



A reputation for quality

The Gippsland region has established an enviable reputation for producing premium, high value produce. Local markets are increasingly engaged via tourism, including food and wine experiences. Many local farmers and food processors use the Gippsland name when marketing their premium products domestically and into export markets.

Farmland irrigated by the Macalister Irrigation Scheme 33,500+ ha



Secure water supplies

Irrigation infrastructure also means that some areas of Gippsland have an additional supply of water for pastures and horticultural production. The Macalister Irrigation Scheme alone irrigates over 33,500 hectares of farmland. Because of the region's cooler climate and high rainfall, its agriculture and food processing systems are less exposed to climate change compared to warmer and drier regions.



A skilled agri-food workforce

Gippsland has good access to a skilled workforce with capabilities across the agriculture and food processing supply chain. Nearly 40 per cent of the agriculture and food processing workforce in Gippsland reported having completed tertiary education, which is higher than the equivalent figure for many other regions. Federation University Australia's Gippsland campus in Churchill provides local training facilities.

Gippsland's supersectors

04 Gippsland specialises in cattle, dairy and vegetables.

Dairy

- An ideal climate, reliable rainfall and high quality pastures allow Gippsland's dairy farms to be among Australia's most profitable.
- Dairy accounts for 39.8 per cent of the region's value of agricultural production.
- Major dairy processing facilities in the region include Lion in Morwell, Fonterra at Darnum, Burra Foods at Korumburra and Saputo Dairy Australia plants in Leongatha and Maffra.

Beef

- Around one quarter of Victoria's beef cattle graze on Gippsland's pastures.
- Beef accounts for 31 per cent of the region's value of agricultural production.

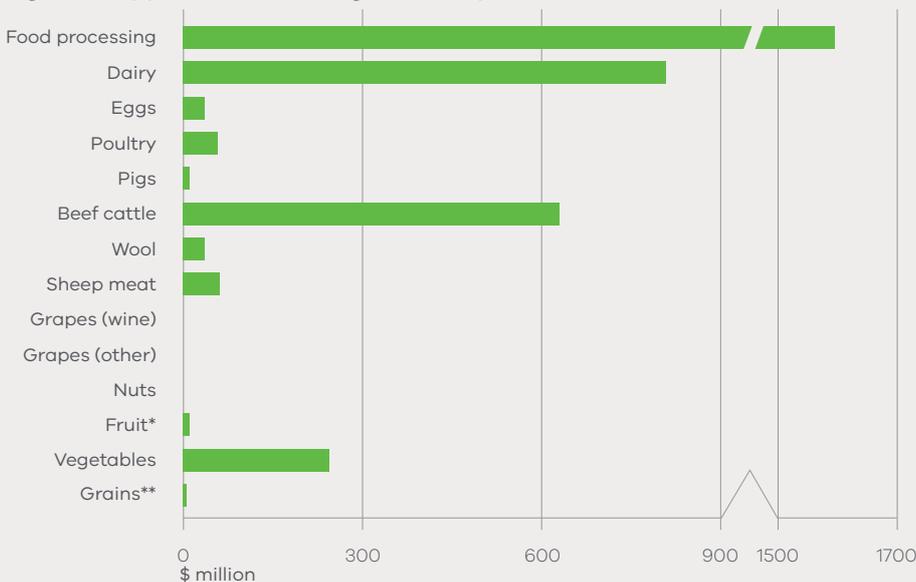
Vegetables

- Gippsland produces a range of vegetables, reflecting the range of soils in the region and its good rainfall. Irrigation also adds flexibility to seasonal production. The region is therefore able to supply Australian and international markets year round.
- Gippsland produces common vegetables such as leafy vegetables, potatoes, beans, sweet corn and broccoli, as well as higher-value, niche products such as asparagus, snow peas and glasshouse tomatoes.
- Vegetable production accounts for 12 per cent of the region's value of agricultural production.

Food processing

- The value of food processing in Gippsland is \$1.60 billion.
- The main types of food processing in Gippsland are dairy and horticulture.
- The main food processing locations in Gippsland are Bairnsdale, Drouin and Warragul.

Figure 1: Gippsland value of agricultural production



Note: The data is for agricultural production in 2015-16.
 *excluding grapes.
 **grains includes cereals, pulses, legumes and oilseeds.
 Sources for this page: agriculture production, Victorian Government analysis using 2016 ABS Agricultural Census data; ABS 7121 and 7503 2015-16; food processing value, Victorian Government estimate based on 2016 REMPLAN data and 2011-12 RISE data.

Investment opportunities in Gippsland

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Gippsland is investment friendly and there are plentiful opportunities to meet the strong domestic and global demand. This page summarises just a few of the numerous opportunities in the region.

1. Intensive and controlled-condition horticulture



Investing in horticultural systems that are intensive or independent of season, such as hydroponic tomatoes and other vegetables.

Gippsland has ideal locations and conditions for horticulture

- The existing scale and efficiency of Gippsland's horticulture industry means that the region is well-placed to provide profitable horticulture investment opportunities. The region already provides 25 per cent of Victoria's vegetable supply. Emerging horticultural crops such as medicinal cannabis are well suited to intensive production in Gippsland.
- The region's excellent combination of reliable energy, sunlight hours and skilled labour is ideal for controlled condition horticulture.
- The region's diverse soil types and climate also make it an ideal location for new outdoor horticulture operations.

2. Emerging distribution channels



Primary producers and processors could invest in emerging direct distribution channels, such as online direct-to-customer systems.

Gippsland's close proximity to Melbourne, Sydney and Canberra, and its strong regional brand enhances servicing of new markets.

- Proximity to Melbourne offers a critical mass of domestic customers that allows online direct-to-customer marketing.
- Strategic partnerships between Australian producers and processors and Asian retailers can secure timely distribution in key export markets.

Gippsland: fertile soils, close to market, reliable water/power, skilled workforce, factory capacity and investment-friendly.

– Regional Development Victoria

3. High-value food processing operations



There are strong opportunities for investors to establish processing facilities and partnerships with existing dairy, beef and vegetable processors for high-value target markets.

Gippsland's strong manufacturing base

- Gippsland has a well-established food processing sector, particularly in dairy, meat and vegetable processing, which is ripe for partnerships with foreign investors.

Changing preferences of domestic and international consumers

- Urbanised and discriminating domestic consumers demand more niche, specialty food and reputable products.
- The growing middle class in Asia's emerging markets demand larger volumes of high value, premium and quality-assured meat and dairy products.

4. Agritourism



Investing in agritourism such as farm, meal or winery experiences to exploit the synergies between agriculture and tourism.

Strong long-term demand and supply prospects

- The growth of agritourism and tourism in general offers significant growth potential for this area.
- Gippsland has major tourist destinations including Phillip Island, Wilsons Promontory National Park and the Gippsland Lakes, which attract a growing number of tourists, many of them eager for food and wine experiences.
- Gippsland also offers niche farms in a variety of agricultural production areas in close proximity to Melbourne.
- Agritourism can improve relationships with consumers, allowing the region's produce to sell at a premium.



Victorian Government – committed to agri-food in Gippsland

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The Victorian Government is committed to building and improving infrastructure in order to enhance the competitiveness of Gippsland's agriculture and food industries.

Latrobe Valley Economic Growth Zone

The Victorian Government has established a \$266 million Economic Growth Zone in the Latrobe Valley. Companies wanting to start or expand their businesses in this zone could be eligible for financial incentives.

Road and rail

The Victorian Government has committed \$530 million to upgrade Gippsland's rail infrastructure, \$260 million to duplicate the Princes Freeway in the region, \$95 million to replace the Avon River bridge and \$10 million to develop the Gippsland Logistics Precinct.

Macalister Irrigation District

The Macalister Irrigation District is one of Gippsland's highest value production areas. In recent years, the Victorian and Federal Governments, along with Southern Rural Water, have invested \$60 million in modernizing this asset.

Innovation and workforce development

In order to drive innovation, the Victorian Government is investing \$120 million to upgrade three regional TAFE facilities, two of which are in Gippsland in Sale and Morwell. The Victorian Government is establishing a Technical Training Centre of Excellence at the Federation Training Campus in Morwell, and a \$17 million Morwell Hi-Tech Precinct.

Food and Fibre Taskforce

The Victorian Government has committed \$700,000 to establish a food and fibre taskforce that will develop an agricultural agenda for Gippsland.

Statewide and national infrastructure

The Gippsland region is also benefitting from billions of dollars of government investment in statewide and national infrastructure. This will improve: digital connectivity; logistics and export facilities; energy productivity; research and innovation; workforce development; traceability and biosecurity, and many other areas. See the Victorian overview report for details.

- \$10 million for the Gippsland Logistics Precinct
- Implementing the Agriculture Jobs and Infrastructure Fund to improve 'first and last mile' roads and supply chain efficiency.



\$530m

GIPPSLAND RAIL LINE UPGRADES



\$260m

DUPLICATION OF THE PRINCES HIGHWAY



\$60m

STAGE 1B OF THE MACALISTER IRRIGATION DISTRICT



\$266m

LATROBE VALLEY ECONOMIC GROWTH ZONE

The Victorian Government can facilitate your next investment

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The Victorian Government provides local and international investors with the information needed to establish or expand their business.

What the State Government of Victoria can provide

The Victorian Government's investment team provides free confidential services and professional advice to both existing and new investors. Invest Victoria is the first point of contact for new clients. It provides support to international investors, and can direct domestic clients to investment advisors specialising in Melbourne (Metropolitan Investment) or regional Victoria (Regional Development Victoria), including a dedicated Agribusiness Facilitation service.

Services include:

1. Help with your market-entry business case.
Our dedicated team will supply you with up-to-the-minute information on market potential, existing companies, research and development capabilities, labour market skills and costs.
2. Introductions to our great industry contacts and local suppliers.
3. Confidential expert advice to help support your choice of investment. Our experienced team can help you work through the formal approvals you might need and even visit potential sites with you and speak to estate agents on your behalf.
4. On-ground support for existing and local investors seeking assistance for their business expansion plans through our metropolitan or regional engagement teams. Support for international investors in their home market through our extensive network of international offices.
5. Introductions to contacts across all levels of government. Financial support to attract projects of strategic significance may also be available.
6. A large team of experienced local and overseas officers ready to give you the practical support you need to maintain your new project's momentum.
7. Investment facilitation specialists who can work with you in relation to sites, infrastructure connections and project approvals.

See the 'Who to Contact' section, on the next page, or visit: invest.vic.gov.au

Grants for businesses

The Victorian Government offers a range of grant programs to help grow Victoria's agriculture and food processing industries, infrastructure and supporting systems. To identify the programs most relevant to your project, contact us directly using the details on the following page, or browse the links below.

- Grants for the agriculture and food industries: agriculture.vic.gov.au/agriculture/food-and-fibre-industries
- Grants directed at strategic priorities, including food and fibre: invest.vic.gov.au/how-we-can-help/planning/incentives-grants-and-programs
- Grants focused on regional development: rdv.vic.gov.au
- Financial incentives offered under the Latrobe Valley Economic Growth Zone: lva.vic.gov.au/economic-growth-zone/
- Targeted programs to support business growth: business.vic.gov.au/support-for-your-business/future-industries
- Programs to support infrastructure or innovation: rdv.vic.gov.au/programs-and-grants

Further Information

This document is one of 16, which describe the investment opportunities in each of Victoria's agriculture and food processing industries and regions. The following documents are especially relevant to Gippsland: Food Processing, Dairy, Beef and Sheep, Horticulture. These are available at the website below. This website also has an interactive map providing access to data on rainfall, production, processing, infrastructure, and other factors relevant to agriculture and food processing.

 invest.agriculture.vic.gov.au

Who to contact

Invest Victoria

The State Government of Victoria's investment promotion agency

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