

Economic Sustainability Study of Mildura Horticultural Region

Final Report

24 March 2006

Actions to date



- 24 March 2006 Report completed
- 30 March 2006 Minister for Agriculture, The Hon Bob Cameron MP
- 24 April 2006 Minister for Agriculture, The Hon Peter McGauren MP
- 1 May 2006 Initial meeting of Task Force
- 24 May 2006 Minister Cameron
- 2 June 2006 Federal Government commit \$500,000
- 5 June 2006 Task Force meeting
- 17 June 2006 Project Management Consultant appointed



Initial Findings



Table 4-8 Gross Income (\$/ha) by crop type in the Mildura Horticultural Region

Crop	1996	2001	At 2003/04 prices	Estimated Change in price from 2003 to 2006 (base case)	Estimated \$ ha income with 2006 prices (base case)	<i>Best case +10% on base case price reduction</i>	<i>Worst case -10% on base case price reduction</i>
Average of total area	\$10,771	\$10,164	\$9,433		\$7,681	\$8,328	\$7,035
Wine grapes	\$12,462	\$9,938	\$9,316	-35%	\$6,055	\$6,987	\$5,124
Table grapes	\$19,750	\$18,333	\$20,571	0%	\$20,571	\$20,571	\$20,571
Dried grapes	\$8,875	\$8,571	\$8,333	-20%	\$6,667	\$7,500	\$5,833
Citrus	\$6,857	\$7,429	\$8,286	-40%	\$4,971	\$5,800	\$4,143
Nuts	\$9,000	\$9,000	\$9,000	0	\$9,000	\$9,000	\$9,000
Other fruit	\$16,000	\$9,500	\$9,500	0	\$9,500	\$9,500	\$9,500
Vegetables	\$12,750	\$12,400	\$13,000	-15%	\$11,050	\$12,350	\$9,750
Other (balance)	\$9,000	\$8,750	\$8,750	-15%	\$7,438	\$8,313	\$6,563



Findings continued



	Property size	% of businesses	ave gross income before price reduction	estimated surplus with 2003 prices	estimated surplus with price reduction prices expected in 2006	
small	<5 ha	30%	\$20,307	\$3,046	\$(725)	74% of businesses 23% area
	5-9 ha	27%	\$57,016	\$8,552	\$(2,034)	
	10-14 ha	17%	\$102,692	\$15,404	\$(3,664)	
medium	15-19 ha	8%	\$161,800	\$24,270	\$(5,773)	20% of businesses 24% area
	20-24 ha	4%	\$224,479	\$33,672	\$(8,009)	
	25-29 ha	3%	\$295,156	\$44,273	\$(10,531)	
	30-34 ha	2%	\$349,749	\$52,462	\$(12,479)	
	35-39 ha	1%	\$428,494	\$64,274	\$(15,289)	
	40-44 ha	1%	\$486,430	\$72,964	\$(17,356)	
	45-50 ha	1%	\$491,041	\$73,656	\$(17,521)	
large	50-100 ha	3%	\$760,375	\$114,056	\$(27,130)	6% of businesses 52% area
	>100 ha	3%	\$3,449,862	\$517,479	\$(123,092)	



Action items	Recommendations	Regional Responsibility	Requested Government Investment \$'000		
			Federal Govt	Vic State	NSW State
Overall leadership of crisis	1. Regional task force of industry leaders	Task Force	30		
Facilitate property restructuring	2. Mildura Region assistance package - development	Task Force with Sunraysia Rural Counselling Service	20		
	Mildura assistance package implementation 600 growers @ \$25k average= \$15 M (indicative and may not all be additional cost given current support programs)		15,000 ¹		
	3. Business templates and grants for collaborative enterprises	Vic DPI	200	200	
	4. Viable property size planning project	MRCC for Vic WSC for NSW	200		
Safeguard against overproduction	5. Support for winegrape industry levy	Task force to work with wine industry to progress			
	6. Review of large scale horticultural development taxation arrangements	Task force			
Development & adoption of technology	7. More research on reducing regional cost of production	Riverlink over 3 years	1,500	750	750
Value adding	8. Review and identify new value adding opportunities	Task Force	100	50	50



Action items	Recommendations	Regional Responsibility	Requested Government Investment \$'000		
			Federal Govt	Vic State	NSW State
<i>Diversification of the horticultural base</i>	9. New Riverlink diversification program	Riverlink over 3 years	800	400	400
<i>Supply chain improvement</i>	10. Develop a coordinated regional supply chain plan	Taskforce	250		
<i>Improving trade and regulation</i>	11. Push for development of currency hedging and mechanisms to remove price volatility, plus development of regional trade relationships	Taskforce	250		
	12. Identify inappropriate regulatory cost imposts on Mildura's growers	Taskforce	100		
		Total	18,450	1,400	1,200





Improving industry performance

Formation of Task Force to:

- Develop industry driven strategies
- Work cooperatively to implement endorsed initiatives





Achieving greater industry collaboration

Develop approaches that can:

- More accurately analyse current impacts on farms

Assist smaller farms to work collaboratively

- Larger economies of scale
- Lower costs





Realising sustainable enterprise size

Look at factors impacting on:

- Viability
- Planning
- Sustainability





Value adding and regional diversification

Funding to examine means of:

- Reducing regional cost of production
- Value adding
- Achieving regional diversification
- Improving supply chain efficiency
- Removing regulatory impediments



What's Next



- Study briefs finalised - June/July
- Steering group endorses brief - mid July
- Tenders called and contracts let - July/August
- Focus group meeting to review progress - late August
- Studies completed - September/October
- Focus group meet to consider and determine future actions/ask of Governments.





Questions?



Victorian State Government Response



- Planning
- Research and Development



Federal Government



- Structural Reform Packages
- More information
- \$500,000



Focus Group Representatives



Mike Stone	Chief Executive Officer	Murray Valley Wine Growers Inc.
Michael De Palma	Chairman	Murray Valley Wine Growers Inc
John Tesoriero	Chief Executive Officer	Murray Valley Citrus Board
Robert Mansell	Chairman	Murray Valley Citrus Board
Phil Chidzey	General Manager	Australian Dried Fruits Association
Peter Jones	Chairman	Australian Dried Fruits Association
Jeff Scott	Chief Executive Officer	Australian Table Grape Association
Nick Muraca	Chairman	Australian Table Grape Association
Lyn Heaysman	Chair	Sunraysia Rural Counselling Service
Brian Dodson	Rural Financial Counsellor	Wentworth Balranald Counselling Service



Focus Group Representatives Cont...



Dr John Cooke	Regional Manager	Department of Primary Industries
Geoff Woods	Regional Director of Agriculture	Far Western Division of NSW Agriculture
Michael Boyd	General Manager	Wentworth Shire Council
Cr Margaret Thomson	Mayor	Wentworth Shire Council
Ross Dalton	General Manager Rural Policy and Innovation Division	Department of Agriculture, Fisheries and Forestry
Tom Crouch	Executive Officer	Sunraysia Area Consultative Committee
John Piccirillo	Chairman	Sunraysia VFF
Keith Leamon	Regional Manager	DSE
Chris Byrne	Executive Officer	Riverland Wine Grape Growers
Kristina Roberts		DPI South Australia



Steering Group Composition



- CEOs of industry groups and local government
- Sunraysia Rural Counselling Services
- Wentworth and Balranald Rural Counselling Service
- State and Federal Government representatives



Federally Funded Studies



1. Assistance to develop industry driven strategies for improving performance.
2. Undertaking an enterprise scale planning project for horticultural industries.
3. Developing options and pathways to assist small farms to work collaboratively to achieve larger economies of scale.
4. Scoping project on the regional cost of production, value adding, regional diversification, supply chain improvements and removing regulating impediments.

