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Online Submission from company Central Coast Plateau Chamber of Commerce (org_comments)



Mar 24 (14 days ago)

To:

CCPCC Submission on the Draft Central Coast Regional Plan

The Central Coast Plateau (CCP) Sub Region has long been off the radar as far as planning for sustainable development for food production and associated business interests, caught in a mindset by both Gosford City and Wyong Councils planners that nothing happened west of the M1.

Members of several organisations, including the Central Coast Plateau Chamber of Commerce (CCPCC) and CC Branch of NSW Farmers, were invited and met with, a number of government agencies, including DPI and DPE in October, 2014 to progress an agribusiness strategy for the Central Coast.

It was disappointing to discover that the intensive discussion outcomes from this forum were basically ignored in the current Draft Central Coast Regional Plan and Biophysical Strategic Agricultural Land appointed to the Narara, Yarramalong & Dooralong Valleys, areas which were lost to mainstream food production a number of decades ago, overtaken by suburban, rural residential and industrial development.

We had discussed, in great depth, the broad scope of agribusiness production currently located on the CCP which include stone fruit, avocado, nursery, vegetable, cut flowers, chicken meat and beef production with a number of emerging industries such as horse spelling. While citrus, once a mainstay of the region, has experienced a small downturn in the past few decades (the forgotten years), when small, uneconomical units were often chosen by life stylers, it has been more than replaced by one of the state's largest poultry meat (currently worth over \$200m/year to the Central Coast) and avocado production regions.

Jobs creation and retention was discussed along with the need to provide a planning option to provide accommodation for seasonal and some permanent workers " size restricted RU5 (village) zones at Peats Ridge, Kulnura and Mangrove Mountain where village style resources already exist. To avoid village sprawl akin to the urban sprawl, currently the concern of many Sydney Basin councils, TDRs (Transferable Development Rights) might be explored as an innovative way to contain development without the loss of property capital gains. This last concept is not currently utilised in Australia although Brisbane has used it as a tool to protect heritage property. I have attached a document I provided to a State Development Committee in 2009.

We noted that RU4 has been omitted from the plan. This would allow smaller primary production units to evolve giving new, and potentially younger, farmers to invest with confidence in intensive agriculture.

While the CCPCC has been active in promoting the area west of the M1 to all levels of government very little recognition has been achieved by state or local government to affirm in real terms the potential food production value of the Central Coast Plateau Region. This assumption is borne out by the release of the last, and we are led to believe, final Draft Central Coast Regional Plan, set to be finalised in 2016

Attached to this submission are a further three papers which focus on the economic, tourism and poultry meat potential development for the Central Coast Plateau. Due to financial constraints and time these papers are not as current as they should be; however all of them predict that the CCP has even greater food production benefits into the future than at present, especially taking into account R & D into greenhouse and intensive agriculture.

2.

As this meeting was directly targeting the development potential of agriculture we did not touch on the potential value of agri tourism which is definitely on the radar for the Chamber of Commerce.

The CCPCC is working on an inter regional basis with the Wollombi Valley Chamber of Commerce to continue to build a viable harvest trail tourist farm gate food and accommodation experience via the existing Tourist Route 33. Both Chambers believe that the proximity to the populations of the Sydney Basin and Central Coast as well as inbound international tourists make the CC Plateau a winner in the short stay, day or weekend, tourism market.

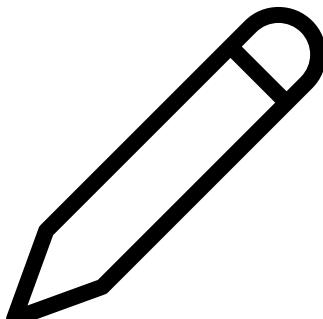
Verbal acknowledgement has been made freely on numerous occasions by local and state politicians on the food production value of the CCP; however we now need it to be translated into the future planned trajectory for the Central Coast Plateau by actually mapping that position. While we have co-existed remarkably well with current extractive industries, an extension of mining across the plateau without due consideration to food production, is not conducive to future potential food drought proofing.

At a further meeting with DPE & DPI we reiterated the value of food production on the CCP and the importance of Australian food production to Australians. We also expressed our disappointment that the draft plan appeared to favour mining on the CC Plateau with no mention of it being a long standing, existing and future source of a huge variety of agricultural productivity.

The future potential to further develop the agricultural food production capacity on the Central Coast Plateau utilising greenhouse and new technological means is endless. We have the right climate, in comparison to many other regions, and the closest proximity, aside from the ever decreasing immediate Sydney Basin, to the largest consumer market in Australia – Sydney, Central Coast, and Newcastle.

With insightful strategic planning for the future, the Central Coast Plateau, given emerging incentives for the future of agriculture in Australia, the CCP can continue to be a major food production region to quarantine our population from predicted food shortages worldwide.

Lorraine Wilson
Chairman



5 attachments

090916 Mrs Lorraine Wilson NSW Farmers Assoc answer State Development Ctee TDRs.pdf

1.601 MB

Central-Coast-Plateau-Tourism-Plan.pdf

1.092 MB

Final Farming Economic Profile Report Dec 09.pdf

425.9 KB

Final Report Economic Value Poultry Industry NSW Sydney 05082013 for PMIC.pdf

2.015 MB

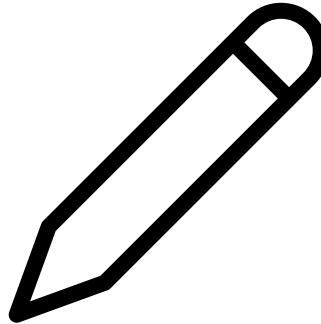
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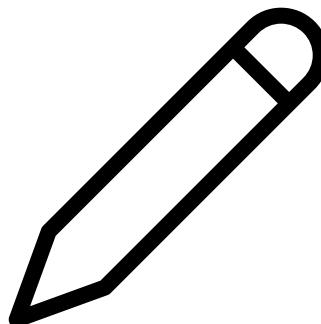
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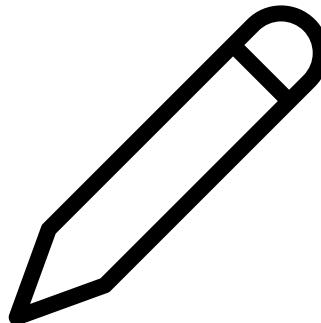
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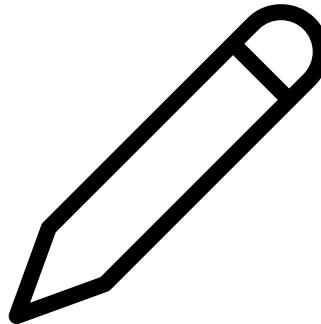
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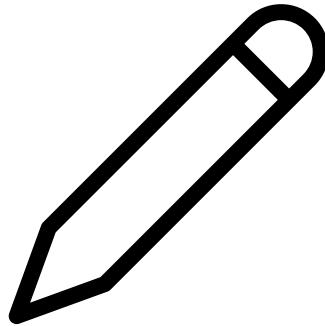
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WYUNA FARMS

982-988 George Downes Drive
Kulnura NSW 2250



September 15, 2009

Standing Committee on State Development
Legislative Council

Phone: 0243 761218
Mobile: 0409 761218 (Rodger) or
0417 451764 (Lorraine)
Fax: 0243 761453
Email: wilsonrl@bigpond.net.au
Or wilsonrl@hotkey.net.au

The following are in answer to the additional questions from members of the Committee as are formulated by the author of the NSW Farmers submission to this inquiry.

1. Dwelling entitlements

Arrangements for urban people are not necessarily appropriate for farmers. Farmers culturally and temperamentally have different requirements for personal space and territory. This is one of the reasons they have chosen the farming way of life. It follows that a retiring farmer is most unlikely to want to live in a 'granny flat'.

The most important consideration, however, is the dynamics of succession, which can be complex in a farming family and has both economic and psychological dimensions.

The farming patriarch will often than not find it difficult to relinquish control to a son or a daughter, similarly, the matriarch will usually want to stay in the original farm house.

Historically, a common scenario is for farming families to subdivide the original home from the farm, with the son building a new home.

2. Landuse planning decisions

Our point is that **local** planning decisions should be made at local level. This does not, nor should it, preclude strategic planning at higher scales. To achieve efficient planning, certain decisions need to be made at macro scale that limit and guide decisions made at lower scales. The relationship between strategic planning and what we refer to in our submission as 'landscape planning', however, must be reciprocal. Currently the connection between high level planning and local planning is broken or, at best, dysfunctional. Rigid 'top down' rules imposed by black letter law (eg threatened species legislation) limit the kinds of tradeoffs that are needed to achieve balanced outcomes on the ground and in true partnership between local stakeholders. In rural settings, certain kinds of planning decisions must be made at landscape scale. This is because the specific biophysical characteristics of the land are the critical factor in optimising landuse and top down rules will be too blunt to achieve optimal results. CMA, local government and the landowners/managers must be free to work together to design optimal mosaic landscapes that meet strategic objectives and in line with decision rules set at strategic level. These decision rules, however, and strategic plans themselves must be flexible and responsive to the information coming up from landscape level. Top down and bottom up simultaneously in an adaptive management framework.

Regards
Lorraine Wilson

Conservation through Development: The Potential for Transferable Development Rights in Queensland

Sean Ryan
University of Queensland

Introduction

Environmental law has a long history of direct and punitive, or 'command and control', regulation but the increasing invasiveness and costs of these regulations has generated a backlash from landholders who see these controls as an attack on their livelihoods and property rights.¹ In response, there have been increasing calls to recognise the costs of conservation and develop incentive programs that distribute those costs equitably while recognising and protecting property rights.² In particular there has been renewed interest in programs that use the market to redistribute the costs and benefits of conservation. Transferable Development Rights (TDRs) are one such tool. This paper reviews the theory and practice of TDRs to determine the key requirements of a successful program and the potential for their use to conserve natural areas in Queensland.

An overview of TDRs

Transferable development rights (TDRs), are property use rights that can be transferred from one property to another by government-created programs.³ TDRs are used in land planning to allow development pressure to be redirected from high value conservation areas to more suitable areas. In most TDR programs a planning authority designates the areas it wishes to protect and allows property owners in these 'donor' areas to forgo certain development rights by placing a covenant

on their title. In return, property owners receive a transferable 'development right' which they may sell to developers or owners in designated 'receiving' areas. The receiving areas are deemed to have sufficient infrastructure, such as roads, water and sewerage, to support additional development, beyond usual planning limits, with minimal environmental, social and aesthetic impacts.

Ideally, TDR programs create a win-win outcome by compensating the owners of conserved properties, permitting developers to profit from higher densities and retaining significant areas for the benefit of the community at minimal cost to the local government.⁴

History

The TDR concept was originally derived from the English *Town and Country Act* of 1947 which allowed the separating of use rights from the underlying real estate.⁵ Its modern conception however comes from its application in the USA in the early 1960s and 1970s.⁶ The first modern TDR program aimed to resolve a planning conundrum in New York City. The city wanted to prevent the destruction and redevelopment of historic landmark buildings but realised that regulatory controls alone placed a large financial burden on land owners through both maintenance costs and lost potential income from redevelopment. In response, the city council amended their town plan in 1968 to allow owners

of heritage buildings to transfer potential floor space, unavailable due to heritage restrictions, to adjacent properties (see Figure 1).⁷ This allowed the adjacent properties to develop greater floor space than would have otherwise been permitted without the TDRs.

In Australia, TDR programs to conserve built heritage were incorporated into development codes in Sydney in 1971, the town planning scheme for Adelaide in 1986 and the *Town Plan for the City of Brisbane* in 1989.

In the USA, the number of communities enacting TDR programs grew after a landmark US Supreme Court case, *Penn Central Transportation Company v City of New York* (1978) 435 U.S. 920,¹ which validated the use of TDRs in New York and implied that TDRs could mitigate the effects of compulsory acquisitions.² USA law courts have since affirmed the TDR mechanism as constitutionally sound, a valuable property right, and subject to ad valorem duty.³

The concept of TDRs has also been expanded from conserving landmarks to open space preservation.⁴ A 1997 survey found that of the 112 TDR programs recorded in the USA, 63 programs focused on preserving ecologically-sensitive areas, natural areas and open space.⁵ This paper will refer to such open space programs as *natural* heritage conservation programs to differentiate them from the *built* heritage conservation programs found in the inner cities. Natural heritage programs operate on the same principles to built heritage TDRs schemes except that they allow the transfer of lot densities rather than floor space to redirect development pressure (Figure 2).

Australia has not yet applied a full TDR program to natural heritage conservation but a number of councils have implemented 'bonus' development density programs. Bonus density provisions allow owners to conserve or donate part of their property in return for developing the remainder of their site at a higher density. Under these schemes no tradeable instruments are created, there are no trades between sites and no market created in development rights therefore they are not true TDR programs. However the similarities provide some guidance for the creation of a full TDR program for natural heritage and they will be discussed further in this paper.

Rationale

This paper is concerned primarily with the potential advantages of TDRs from the perspective of law and economics.

One of the central justifications for TDR programs in law is that laws safeguarding private property rights entrench previous grants of development potential and hinder the reduction of rights to conserve public goods. TDRs offer a way of removing inappropriate development rights without unilaterally extinguishing them.¹ This is particularly an issue in the USA as the Fifth and Fourteenth amendments of their constitution preclude government from taking property for public use without just compensation and from depriving individuals of their private property without due process of law.² Queensland has no such constitutional limitation but the *Integrated Planning Act 1997* (IPA) offers a limited right to compensation for reductions in development potential resulting from changes to the planning scheme. To make a claim, a development application must be made within two years of the property being affected by a change in the scheme.³ The application must be refused, or approved subject to conditions, under the later scheme and the property owner must demonstrate that the change to the planning scheme reduced the value of the interest in the land.⁴ The requirement for compensation is therefore significantly lower in Queensland than the USA. None the less, a unilateral reduction in development potential is still a sensitive social and political issue that is preferable to avoid where possible. TDRs offer a means of reducing development potential in the desired areas without the costs of compensation to the local authority.

Protecting property rights is only a partial justification for implementing a TDR program. They can also help correct the failure of the market to provide public goods. For example, the ability to sell unused rights helps internalise the cost of conserving natural areas which should increase supply of this public good. Also, competition amongst suppliers ensures that those conservation gains are achieved at the least overall cost.⁵ For purchasers TDRs help internalise some of the social costs of additional

development and ensure that there is not a net increase in allowable development. Also, competition amongst buyers ensures that the rights are bought by those who have the highest potential gains thus are most able to bare the costs of conservation.

An effective TDR program will assist in achieving conservation objectives by creating an active market in development rights that is enforceable within planning law. This complex overlay of principles from conservation, planning law, and economics can create tensions within a TDR program. Meeting the objectives of conservation and planning law risk severely inhibiting the ideals of an efficient market and create significant design challenges for the program. This will be demonstrated by a consideration of conservation objectives, the possible design of a TDR program in Queensland planning law and an analysis of the constraints this places on the TDR market.

Design constraints to achieve conservation objectives

One of the major complications in applying TDRs to conserve natural heritage is site variability and the lack of complete knowledge about our natural systems. Any TDR program for natural heritage conservation needs to pay close regard to exactly what each transfer is conserving or destroying to ensure there is a net benefit. Unfortunately there is a lack of reliable information on ecosystem values at a site specific scale. The assessment can be made easier by restricting transfers to within a geographic range or ecosystem type. This avoids the problem of allowing the loss of one ecosystem to fund conservation in another, such as saving dry scrub land at the expense of developing coastal wetlands. Even restricted to an ecosystem type there will be variation between sites the transfer rules have to take into account the current state of the donor site and offer density permits that reflect the gain in conservation values. As this will be different for every site each instance requires an assessment of the value of conservation land gained and the impact of additional development to ensure that there is a net gain for the environment. This would ideally be supported by a detailed, science based policy and site inspections to ensure consistent decision making.

Design constraints to achieve planning validity

The development of a TDR program in Queensland would need to be consistent with the provisions of the *Integrated Planning Act 1997* (IPA). IPA requires all local governments to develop planning schemes, which seek to achieve desired environmental outcomes (DEOs) through a development assessment process. Zones, areas or domains designate broad land use allocations in which development applications may be assessed against one or more codes. Codes contain performance criteria (PC) required to achieve DEOs, and propose Acceptable Solutions (AS) as management actions which are acceptable means of achieving the performance criteria, and consequently DEOs.

There are a number of ways a TDR program could be enabled.

One option is to include provisions within a code for a local area plan. For example the *Brisbane City Plan 2000* includes transferable floor space provisions within the *City Centre Local Plan Code* which forms part of the *City Centre Local Area Plan*.⁶ This is appropriate for built heritage conservation within the confines of the city but conserving bushland is unlikely to be confined to one local area and will be most effective when spanning both areas of high development potential and areas high conservation value.

The Gold City Council has opted to contain their density transfer scheme within a code of the *Gold Coast Planning Scheme*.⁷ Within the development code 'Reconfiguring a Lot', performance criteria PC3 states:

Ecologically significant areas located on sites identified on Overlay Map OM1 - Rural Subdivision must be protected. To determine ecologically significant areas, consideration will be given, but not limited, to:

- (a) Part 2, Division 1, Chapter 2 - Ecological Processes;
- (b) Part 3, Division 2, Chapter 1 - Nature Conservation;
- (c) Part 3, Division 3, Chapter 2 - Open Space Nature Conservation and

Chapter 3 - Rural/Nature Conservation;

- (d) Part 7, Division 3, Chapter 11 - Nature Conservation Constraint Code;
- (e) Council's organisational objectives for conserving natural assets;
- (f) Planning Scheme Policy 8 - Guidelines for Preparing Ecological Site Assessments during the Development Process.

Acceptable solutions to this performance criterion include "indicating ecologically significant areas to be protected or contributed to Council as public open space".⁸ The bonus densities achievable are summarized in table 1.

The bonuses do not allow the lot size of any hinterland subdivision to be less than 4,000 m².¹ If the protected area of land is retained in private ownership it would be expected to be properly maintained and secured by a suitable mechanism ensuring its long term protection such as a Vegetation Protection Order or registerable planning covenant.² Lot layout is expected to be informed by a site analysis that is prepared consistent with Part 11, Chapter 11 - Site Analysis and consistent with *State Planning Policy 1/92: Development and Conservation of Agricultural Land* and its supporting *Planning Guidelines – Separating Agricultural and Residential Land Use*.³

The Gold Coast density transfer scheme would form a good template for the design of a TDR program under Queensland planning law. There are, however, some difficulties presented by IPA in the implementation of a TDR program. Firstly IPA was intended to introduce a system of 'no zone', performance based planning where as TDRs programs favour a rigid zoning system. Unlike many planning schemes in the USA, Queensland planning schemes may not prohibit certain types of developments. Every development application must be considered on its merits against performance criteria to achieve the desired environmental outcomes of the planning scheme. A planning scheme can not arbitrarily prohibit development in an area without the purchase of TDRs or grant developer extra density as of right with the purchase of a TDR.

A developer could, in theory, submit an application for a higher density allotment without a TDR and it must be considered on its merits against the performance criteria and DEOs. Occasionally the higher density allotment will be acceptable without a TDR and the application must be approved. Alternatively, even if an application is submitted with a TDR the proponent is not guaranteed approval as it may be rejected on other planning grounds. If too many applications with TDRs are rejected, or approvals without TDRs accepted, then the rights will be of little value. Consistent decision making with the local government authority is required to ensure the rights are certain and valuable. To aid consistent decision making it is important the guidelines for the generation and application of TDRs are clear and, where possible, directive rather than discretionary. Directive provisions should assure purchasers of TDRs that the rights are, to some extent, enforceable against the planning authority.

Legal nature of rights created

If the planning scheme does create enforceable rights, the question that arises is; what is the nature of these rights? This question has been considered by several Australian cases concerning built heritage TDR programs. In one of the earliest cases, *Depsun Pty Ltd v Tahore Holdings Pty Ltd* (1990) NSW Conv R 58, a vendor sought to sell their property but retain certain development rights to apply on another site. The vendor entered into a contract to this effect with a purchaser of the land relying on Sydney City Council's Development Control and Floor Space Ratio Code that enabled the transfer of development rights. The Code only made these rights available for the benefit of places and structures on the Council's heritage register and the vendor's property was at no material time on that register. After settlement of the sale the vendor attempted to secure their purported interest in the transferable floor space by registering a caveat over the land. The purchaser and a mortgagee sought to have the caveat removed.

McLelland J held, at 900, that the deed purporting to assign the benefit of "floating floor space" and treat the "space" as real property did not give rise to a "legal or equitable interest in land" capable

of being protected by a covenant under s 74F of the *Real Property Act* 1990 (NSW). His Honour held that the rights created by such an agreement were "clearly personal and not proprietary rights". McLelland J relied on the principle that the mere common assumption amongst the parties that they are dealing with an interest in land cannot make it so, citing Lord Brougham LC in *Keppell v. Bailey* (1834) 2 My and K 517 at 536:

...great detriment would arise and much confusion of rights if parties were allowed to invent new modes of holding and enjoying real property, and to impress upon their lands and tenements a peculiar character which should follow them into all hands, however remote.

In the subsequent case of *Uniting Church in Australia Property Trust (NSW) v. Immer (No. 145) Pty. Ltd.* (New South Wales Supreme Court, Young J 15 November 1990 unreported) a vendor of transferable floor space sought specific performance of a contract in the form of a deed to sell the floor space. This time the floor space was recorded on the Council register and the relevant TDR codes did apply. At first instance Young J refused relief stating that:

"I cannot see that the City Council, in keeping a register of bonus floor space, creates any proprietary right at all. Accordingly, it is difficult to see how a decree for specific performance could be made".

This decision was, however, reversed in the Court of Appeal (1991) 24 NSWLR 510. In that case Meagher JA. (with whom Samuels AP and Handley JA agreed) agreed with McLelland J in *Depsun* that "an air space" is not "a legal or equitable estate or interest" in land but thought that it was "debatable" whether or not the rights were "proprietary" rights. Meagher JA said (at 511) that:

*"They are transferable, and I assume transmissible; they are of large commercial value; and I see no reason why they are not "proprietary" rights in the same way as goodwill, patents or shares in the capital of a company are "proprietary" rights."*⁴

The Court of Appeal decision was later reversed by the High Court but on grounds unrelated to

the character of the transferable development rights - *Immer (No. 145) Pty Ltd v. Uniting Church in Australia Property Trust (NSW)* (1993) 67 ALJR 537; 112 ALR 609

The Court of Appeal decision in the *Uniting Church case* was relied on by Justice Loveday in *Hawthorn Corporation Ltd. v. Chief Commissioner of Stamp Duties* (NSW), (1992) 92 ATC 4155, in deciding whether the purported sale of floor space under Sydney's TDR provisions were "an agreement for the sale or conveyance of any property" within the meaning of section 41 of the *Stamp Duties Act* 1920 (NSW). His Honour found that it was and argued (at 4161):

The transferee of the transferable floor space has a right recognised by the Council to have a development application considered by the council taking into account the existence of the transferable floor space. This is a valuable right not possessed by an applicant for development approval without transferable floor space. The reality is that commerce regards transferable floor space as a proprietary right. The courts should do likewise.

In the Supreme Court of Queensland, Moynihan J applied these authorities in *Re FAI Leasing Pty Ltd* (Supreme Court of Queensland, unrep. 13 September 1993) to hold that "transferable site areas" under a town plan which had statutory force, while not comprising part of the fee simple in the land was "a proprietary right capable of assignment and transfer" (at p.13).

Given the proprietary and valuable nature of TDRs the Federal Commissioner for Taxation sought to apply capital gains tax to their sale under Section 160ZO of the *Income Tax Assessment Act* 1936 in *Naval, Military Airforce Club of South Australia (Incorporated) v. The Commissioner of Taxation* (1994) 122 ALR 201. The majority of the Federal Court, Von Doussa J dissenting, held that the sale of TDR was a disposal of an asset resulting in a capital gain for the purposes of the *Income Tax Assessment Act* 1936.

As long as any future TDR program for natural heritage conservation maintains a central register of any rights generated and the planning scheme

requires council to consider those rights in development applications then this case law on built heritage TDR programs is likely to apply by analogy. There are two challenges to that analogy. Firstly, because development density alone is a poor surrogate for ecosystem conservation, natural heritage TDR programs require more complex transfer rules. Secondly, the performance based nature of IPA could create greater uncertainty in the nature and value of the transferable right. This reiterates the need for transfer guidelines to be as comprehensive, clear and directory as possible to ensure the rights are certain and enforceable thus proprietary and valuable.

The irony for planners is that once the rights are made enforceable and valuable they also attract State stamp duty⁵ and Commonwealth capital gains tax⁶. Manning (2001) argues that these taxes run contrary to the intention of TDRs to spread the costs of conservation across the community and the three tiers of government.⁷ They also run against the commitment of State and Federal government to "develop, improve and enhance the effective use of pricing and economic instruments as a means for achieving better management of our natural resources".⁸ Experience in the USA indicates that TDRs will rarely fully compensate the costs of conservation unless they are associated with additional incentives such as exemption from development fees or certain taxes.⁹ For these reasons it is preferable, where possible, to exclude the initial sale of a TDR from taxation. While reduced taxation on the initial sale of a TDR would promote conservation, and therefore the generation of a public good, subsequent sales have no such effect thus a tax exemption is not required.

Effect of conservation and planning constraints on market viability

The core feature of any transferable development right program is the use of the market to redistribute the costs of conservation. While good conservation and planning guidelines are precursors to a successful TDR program they can interfere with the creation of a free market. Without an active market all other features of a TDR program will fail to achieve any

conservation goals.

Like all markets, markets in TDR must have a number of attributes before they can efficiently allocate resources, these include:

1. Relative scarcity & demand
2. Rights that are well defined, tradeable, and enforceable
3. Large numbers buyers and sellers; and
4. Low transaction cost (aided by perfect information).¹⁰

1. Relative scarcity

Relative scarcity in TDRs occurs when supply of development potential is less than demand. This means limiting supply through development restrictions and only allowing additional development through the purchase of TDRs.

Demand for development rights is the single largest determinant for the success of the program. For example, the most successful program in Australia, Sydney city, generated scarcity of development potential by significantly limiting the building height and plot ratios achievable without purchase of TDRs. Section 62 of the current draft *City of Sydney Local Environment Plan 2002* provides that an allocation of TDRs will be required for buildings in the City Centre and City Edge Zone that exceed a floor space ratio of 8:1 and height of 55 meters. A period of high growth in the city has lead to a high demand for additional floorspace. A development capacity study conducted in 2001 reported that demand for office space in the city between 1991 and 2001 exceeded 100,000 square meters.¹¹ This high demand and limited supply of floorspace has resulted in active trade of TDRs. Sydney has awarded over 205,896.5 square meters of transferable floor space and approved 138,580 square meters for development, resulting in significant heritage conservation in the absence of demolition controls.¹²

In contrast Brisbane has effectively few limits on building height due the method used to calculate maximum floor space.¹³ While about 29,168 square meters of transferable floorspace has been allocated to heritage sites there have been only about six sales and three approvals for the use of TDRs in developments.¹⁴

Similarly for natural heritage conservation scarcity needs to be generated by limiting the supply of high density allotments achievable without the purchase of TDRs. For Johnstone Shire Council's bonus development right system scarcity of development potential was created under the previous planning scheme by limiting the minimum allotment size in rural zones to 20 hectares and halting extension of higher density rural residential zones.¹⁵ A review of the Johnstone Shire system in 2000 revealed that:

The concept of bonus rights and continuance of existing agricultural use rights has resulted in high levels of acceptance of the rural conservation zoning by rural landholders in the Shire. There have been 17 fully implemented development approvals (and many more applications and approvals not yet implemented) involving bonus rights and the approvals to the end of 2000 have resulted in protection of approximately 459 hectares.¹⁶

2. Well defined rights

As well as being in demand the rights must also be clearly defined, enforced and have some degree of certainty for prospective purchasers to place a value on them. With heritage TDRs such as in Sydney, defining the right is relatively easy; the commodity is floorspace measured in square meters for which the commercial value can be determined from current rental rates. For natural heritage conservation however, development density alone is a poor surrogate for achieving conservation goals. For this reason comprehensive transfer rules and site inspections are required for the generation of TDRs. These rules can make it difficult for a landholder to know in advance exactly what rights they are entitled to for conserving their properties. Developers face a similar degree of uncertainty under IPA since, as submitted earlier, if the planning scheme does not contain clear, directive, and consistently applied TDR transfer rules then purchase of a TDR may not ensure any planning concessions. If the guidelines for these decisions are not comprehensive and consistently applied then considerable uncertainty can be created and TDRs

may be impossible to value.

3. Market size

When there are a small number of buyers and sellers, markets are prone to both inactivity and monopoly activity. Brisbane and Adelaide TDR markets have both suffered from inactivity after the end of the property boom of the late eighties.¹⁷

Small markets also risk the formation of a monopoly or oligopoly. This was a concern for the TDR program in Malibu Coastal Zone.¹⁸ Developers were worried that there would not be enough donor sites willing to sell at the same time to supply large development and that the small number of sellers could collude to keep the price of TDRs artificially high.¹⁹

Natural heritage TDR markets are limited by three factors:

1. To prevent the clustering of development away from infrastructure and services and to prevent the development of high conservation areas, TDR programs usually designate separate donor and receiving sites that confine all the potential sellers on one side and final purchasers on another;
2. TDR programs are also likely to be confined to the same ecosystem type in an area to avoid trading between ecosystems; and
3. Since planning is largely delegated to local governments, most TDR programs will usually be limited by the planning jurisdiction of the local government.

To counter these inherent limitations requires additional mechanisms such as allowing TDRs to be banked and purchased by third parties as an intermediate for end users. This allows investors to purchase TDRs when the property market is slow keeping the market active. The risk of monopolies can be also reduced by only allowing non-profit organizations to buy, sell and broker TDRs. In Malibu, the planning authority established a non-profit trust to purchase TDRs and ensure a dependable supply.²⁰ This alleviated many of the concerns and limitations of the small TDR market.

4. Transaction costs

The costs involved in finding buyers or sellers and forming a transaction erode any profits made

from the transaction. If the costs are high, or the procedures complex and slow, trades are inhibited. There is a significant risk of high transaction costs with a TDR program because they are rare and localised. A developer needs to know the program exists, find someone who has TDRs (and wants to sell them), fix a price and then go through the approval procedure. The program will suffer if these procedures are complex, discretionary and slow.

Active provision of information can help reduce transaction costs. To help TDR buyers find sellers in Sydney the council releases an annual newsletter with a list of all the TDRs created, transferred and applied including the companies involved.²¹

Conclusions

There is an inherent tension in TDR programs between seeking the economic efficiency of free market and controlling the market to achieve specific conservation and planning outcomes. The certainty and stability required to give value to tradable rights is also at odds with the uncertainty inherent in natural systems and the flexibility of Queensland planning law. Accordingly environmental objectives and planning law impede the efficiency of a TDR market. These impediments can be mitigated through careful design, active implementation and additional mechanisms such as TDR banks. Planners need to carefully consider whether, given the administrative intensity of a TDRs program, they are the most cost effective option available. In many cases existing programs such as conservation covenants or rezoning will be more efficient.

The most appropriate situation for the use of TDRs is likely to be emerging communities with high growth rates and capacity for additional development but limited current funding for conservation. In these areas additional development could be used to fund conservation activities.

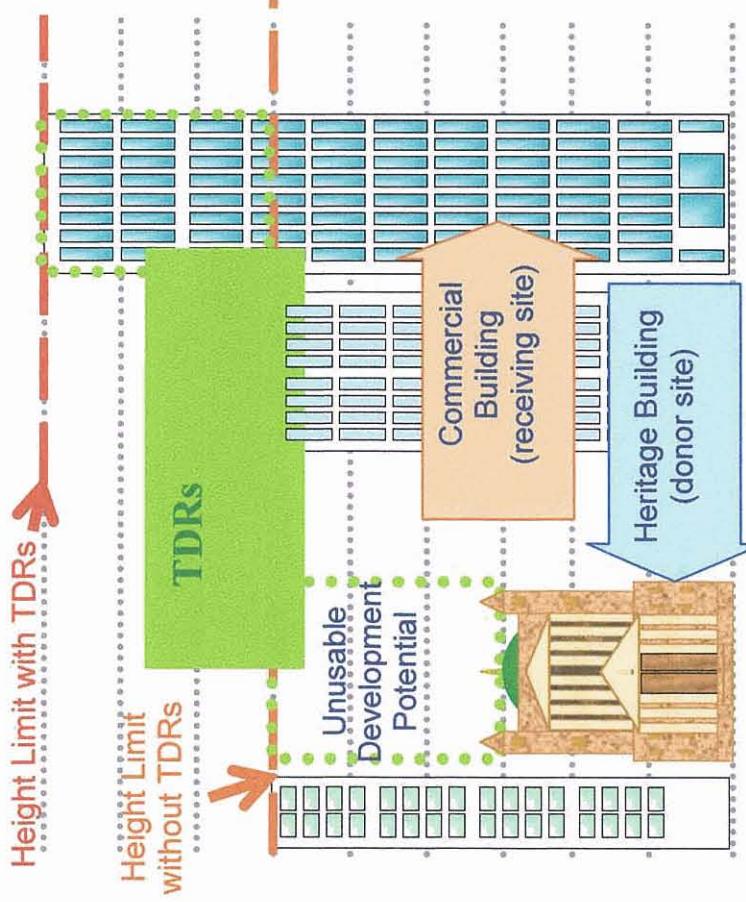


Figure 1: Transferable Development Rights (Floorspace) for Built Heritage Conservation

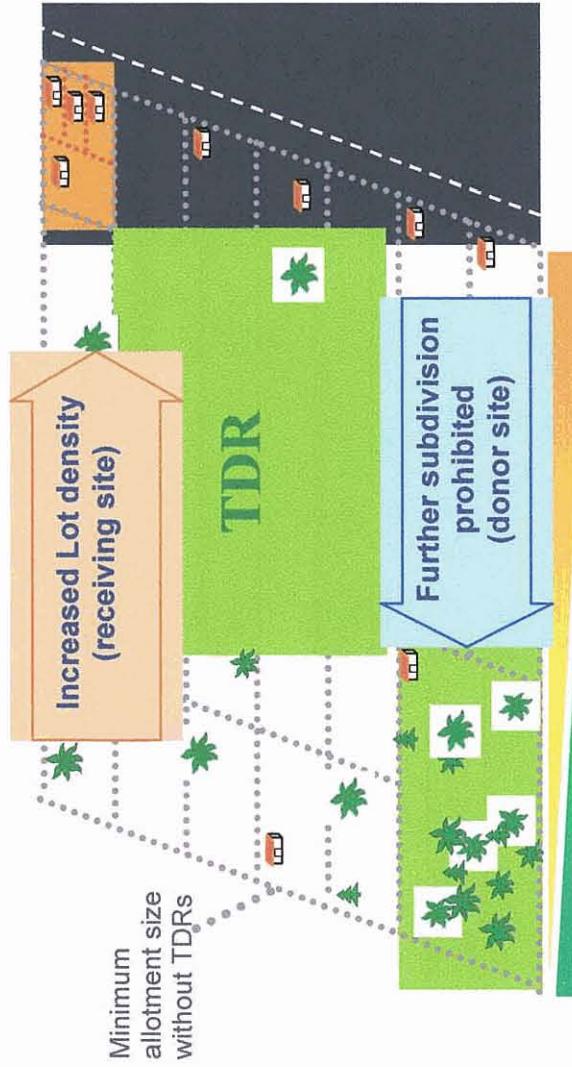


Figure 2: Transferable Development Rights (Lot Density) for Nature Conservation

Acceptable Solution	Percentage of land area protected or contributed to council	Maximum Lot yield for the balance of the site (using the total land area as the basis of calculation)
AS 3.2	>15%-25%	In accordance with the provisions of Overlay Map OM1 - Rural Subdivision
AS 3.3	>25%-50%	Up to 15% increase on the provisions of Overlay Map OM1 - Rural Subdivision
AS 3.4	>50%	Up to 30% increase on the provisions of Overlay Map OM1 - Rural Subdivision

Table 1: Summary of maximum lot yields achievable under the Gold Coast Planning Scheme bonus density transfer provisions

Endnotes

¹ The National Farmers Federation last year released a policy paper stating that “clear protection of property rights issue was the highest priority for Australian farmers” National Farmers Federation News Release, NR 02/47, 30 May, 2002 “Farmers Want Clear Protection Of Their Property Rights”

² The reported preference for economic incentives (see, for example, Alan S. Fogg, ‘Two Views of Law and Social Processes’ (1992) 17(1) *University of Queensland Law Journal* 1. and Grant Malcolm, ‘Financial contributions : a global perspective.’ (2000) (4) *New Zealand Law Journal* 201.) has yet to translate into action with the limited growth of incentives in Queensland swamped by additional regulation (see David James, ‘Environmental Incentives: Australian Experience with Economic Instruments for Environmental Management’ (Environment Australia, 1997). and Jackie Robinson and Sean Ryan, ‘Economic Incentives for Environmental Management in Queensland’ (Cooperative Research Center for Coastal Zone, Estuary and Waterway Management, 2002).) So the calls for more incentives continue (recent examples include Wentworth Group, ‘Wentworth Group Report to Premier Carr: A New Model For Land Conservation In New South Wales’ (2003). and Productivity Commission, *Industries, Land Use and Water Quality in the Great Barrier Reef Catchment, Research Report* (2003).)

³ John C. Danner, ‘TDRs - great idea but questionable value. (transferable development rights programs’ (1997) *Appraisal Journal* 133(10).

⁴ Rick Pruetz, ‘Putting growth in its place with transfer of development rights’ (1998) (31) *Planning Commissioners Journal* 15.

⁵ John C. Danner, ‘TDRs - great idea but questionable value. (transferable development rights programs’ (1997) *Appraisal Journal* 133(10).

⁶ Peter J. Pizor, ‘Making TDR work: a study of program implementation. (transfer of development rights’ (1986) *Journal of the American Planning Association* 203(9).

⁷ C Arnold, *Transferable Development Rights - A planning tool for the preservation of Heritage Buildings.* (Masters of Law thesis, University of Queensland, 1991).

⁸ Peter J. Pizor, ‘Making TDR work: a study of program implementation. (transfer of development rights’ (1986) *Journal of the American Planning Association* 203(9).

⁹ Peter J. Pizor, ‘Making TDR work: a study of program implementation. (transfer of development rights’ (1986) *Journal of the American Planning Association* 203(9).

¹⁰ Donald I. Berger, ‘What are TDR’s legal considerations?’ in Rick Pruetz (ed), *Saved By Development: Preserving Environmental Areas, Farmland and Historic Landmarks with Transfer of Development Rights* (1997) 83.

¹¹ Peter J. Pizor, ‘Making TDR work: a study of program implementation. (transfer of development rights’ (1986) *Journal of the American Planning Association* 203(9).

¹² Rick Pruetz, ‘Putting growth in its place with transfer of development rights’ (1998) (31) *Planning Commissioners Journal* 15.

¹³ R. P. Boast, ‘Transferable Development Rights’ (1984) *New Zealand Law Journal* 339.

¹⁴ John C. Danner, ‘TDRs - great idea but questionable value. (transferable development rights programs’ (1997) *Appraisal Journal* 133(10). See also Richard A. Epstein, *Takings - Private Property and the Power of Eminent Domain* (1985).

¹⁵ See Schedule 10 ‘dictionary’ definition of ‘Development application (superseded planning scheme’.

¹⁶ See *Integrated Planning Act 1997*, Chapter 5 part 4 ‘Compensation’ and Chris Robertson, ‘Compensation lost, compensation found: injurious affection and the Integrated Planning Act labyrinth’ (2002) 22(3) *The Proctor* 20.

¹⁷ J. Boyd, K. Caballero and R. Simpson, ‘The Law and Economics of Habitat Conservation: Lessons from an Analysis of Easement Acquisition’ (Resources for the Future, 1999).

¹⁸ See part 5.3, Appendix A and 5.5 Table 1 with reference to Appendix B part 3 ‘Illustration of transferable development rights’.

¹⁹ See Gold Coast Planning Scheme Part 7, Division 2, Chapter 28 - ‘Reconfiguring a Lot’, performance criteria PC3 to PC5 and acceptable solutions AS3.1 –AS5.

²⁰ AS 3.1

²¹ AS 3.6

²² AS 3.5

²³ AS 3.7 – AS 3.8

²⁴ This was relied on by Mullighan J in the Supreme Court of South Australia case *McEwin v. Valuer General* (1993) 169 LSJS 146.

²⁵ See *Re FAI Leasing Pty Ltd* (Supreme Court of Queensland, unrep. 13 September 1993)

²⁶ See *Naval, Military Airforce Club of South Australia (Incorporated) v The Commissioner of Taxation* (1994) 122 ALR 201.

²⁷ Lestar Manning, 'Tradeable Development Rights' (Paper presented at the Information Forum on Market Based Instruments, 80 Ann Street, Brisbane., 2001).

²⁸ National Strategy for Ecologically Sustainable Development (NSESD), Chapter 20 objective 20.1, endorsed by the Council of Australian Governments (COAG) in 1992. See also the Intergovernmental Agreement on the Environment section 3.5.4. Note that the *Taxation Laws Amendment Act (No. 2) 2001*, amended the *Income Tax Assessment Act 1997* to provide concessional capital gains tax treatment for land owners entering into certain types of conservation covenants. A TDR program could be designed to take advantage of these tax concessions.

²⁹ Rick Pruetz, *Saved By Development: Preserving Environmental Areas, Farmland and Historic Landmarks with Transfer of Development Rights*. (1997).

³⁰ Robert S. Pindyck and Daniel L. Rubinfeld, *Microeconomics* (5th ed, 2001).

³¹ City of Sydney, *Urban Development Capacity Study 2001* (2001). at 13.

³² City of Sydney, 'Heritage Floor Space Update - HFS awards, sales and development news' (2002).

³³ The Brisbane Town Plan, Brisbane City Plan proscribes a system of tangential rectangles that allow buildings to achieve greater floor space by creating higher yet thinner buildings. TDRs effectively allow fatter buildings preferred by some commercial developers.

³⁴ Brisbane City Plan 2000, City Centre Local Area Plan.

³⁵ Daryl Jones, Planner, Johnstone Shire Council pers comm. 2002.

³⁶ Anon., 'State of the Johnstone Shire - Year 2000 Benchmark' (Johnstone Shire Council, 2001).

³⁷ C Arnold, *Transferable Development Rights - A planning tool for the preservation of Heritage Buildings*. (Masters of Law thesis, University of Queensland, 1991).; Resources and Development Committee Environment, 'Adelaide City PAR' (Parliament of South Australia, 2001).

³⁸ Rick Pruetz, *Saved By Development: Preserving Environmental Areas, Farmland and Historic Landmarks with Transfer of Development Rights*. (1997).

³⁹ Rick Pruetz, *Saved By Development: Preserving Environmental Areas, Farmland and Historic Landmarks with Transfer of Development Rights*. (1997).

⁴⁰ Rick Pruetz, *Saved By Development: Preserving Environmental Areas, Farmland and Historic Landmarks with Transfer of Development Rights*. (1997).

⁴¹ City of Sydney, 'Heritage Floor Space Update - HFS awards, sales and development news' (2002).

COPY

**Future of Farming Project –
Researching the
development, planning and
protection of agribusiness
parks, Netherlands**

Peter Lipscombe
NSW Farmers Association Central
Coast Horticultural Branch

Project Number: HG07079

HG07079

This report is published by Horticulture Australia Ltd to pass on information concerning horticultural research and development undertaken for the Australian horticulture industry.

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Horticulture Australia Ltd
Level 7
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Telephone: (02) 8295 2300
Fax: (02) 8295 2399
E-Mail: horticulture@horticulture.com.au

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FINAL REPORT
Project Number – HG07079

Future of Farming Project -
Researching the development, Planning and Protection of Agribusiness Parks,
Netherlands and Belgium.

May 2008

**HG07079 – Researching the development, planning and protection of
Agribusiness Parks, Netherlands and Belgium**

Project Leader: Peter Lipscombe
Glen Ayr Kiwifruit PTY LTD
970 Wisemans Ferry Rd
SOMERSBY NSW
Phone: 0243 721 536 or Mobile: 041 929 3445
Email: peter@glenayrkiwi.com.au

Purpose: The purpose of the project was to create contacts and networking opportunities with a view to researching the development, planning and protection of successful agribusiness park models and how they may be integrated into the Australian agricultural industry and using the Central Coast Plateau as a pilot.

Funding Source: Horticulture Australia Limited

Date of report: July 2008

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Tour Participants

Peter Lipscombe - Glen Ayr Kiwifruit, commercial kiwifruit producer – Somersby, NSW; President of Central Coast Plateau Chamber of Commerce; Member of NSW Farmers Association

Pamela Lipscombe – Glen Ayr Kiwifruit, commercial kiwifruit producer – Somersby, NSW

Sam Dominello – S & P Dominello Pty Ltd, commercial greenhouse flower growers, Peats Ridge, NSW; Vice President of Central Coast Plateau Chamber of Commerce; Member of NSW Farmers Association

Mandy Dominello - S & P Dominello Pty Ltd, commercial greenhouse flower growers, Peats Ridge, NSW



Mandy Dominello, Sam Dominello, Pam Lipscombe, Peter Lipscombe at Stage 1 of Agriport A7

Summary

To address the issue of rapid urban sprawl and intense competition for land in the Sydney Basin, some proactive members of both the NSW Farmers Association's Central Coast Horticultural Branch, and the Central Coast Plateau Chamber of Commerce have been seeking methods to secure the long-term viability of agriculture within the Plateau. Although the focus is on the Central Coast Plateau area, it is envisaged that this report will be applicable to other agricultural areas facing intense competition for land within Australia.

Horticulture is a green industry with clean production processes and good employment opportunities when utilizing rural resource lands close to urban sprawl. Horticulture production within close proximity to areas with high population ultimately reduces food miles and consequently reduces the carbon footprint. The carbon emissions associated with the transportation of food can account for up to 30% of total carbon emissions. Therefore, the production of food in areas as close to the end consumer as possible has environmental, social, and economic benefits to the entire community.

The study tour allowed the group to explore the concept of agribusiness parks in Holland and Belgium. Agribusiness parks focus on sustainable development through agricultural clustering and intensive farming and production practices. The concept can be applied to intensive agriculture in Australia, especially in close proximity to major cities.

Objectives of the tour

- Create contacts and networking opportunities with a view to researching the development, planning and protection of successful agribusiness park models
- Identify successful international agribusiness park models
- Network with agribusiness park experts as well as government and non-government planners where possible
- Emulate concepts from successful international agribusiness park models that, if adopted domestically, have the potential to secure the long-term viability of the agricultural industry within the Central Coast Plateau and the option of adopting throughout Australia
- Change the way horticulture is perceived and to encourage highly productive farms in urban areas
- Work with all stakeholders, particularly the public to reduce the potential for land use conflict

Tour Itinerary

Day	Date	Location 1	Location 2	Activities
	May			
1	Tues 13	Bianca Lelies, town		Electricity Generation
2	Wed 14	Enkhuizen		Converting salt water to fresh water
3	Thurs 15	Van Den Bos		Using by-product heat generated by coolroom motors for heating greenhouses
4	Fri 16	Agribusiness Park A7, Middenmeer		Exploring the concept of Agribusiness Parks
5				
6				
7	Mon 19	Westlands Flower Market, Westlands	Peter Pennings Nursery, Westlands	Latest marketing trends. Hot and cold water heat exchange units in greenhouse production.
8	Tues 20	Ministry of Agriculture, Nature and Food Quality, Den Haag	Meeting with the Mayor of Blaidswijk;	Gain a holistic government perspective
		Bezuidenhoutseweg Burgemeester, Age Van Balen, Alison Middleton		Gain an understanding of a successful local government approach to greenport areas
9	Wed 21	Holland	Ghent University Ghent, Belgium	Prof Xavier Gellynck, Agrifood marketing and chain management Adrienn Molnar, Dept of Agricultural Economics
10	Thurs 22	As 21 May. Evelyne Goemaere, Senior Expert Rural Development and Agricultural Economics		Explanation of Belgium concept of agribusiness park

Grower Visits

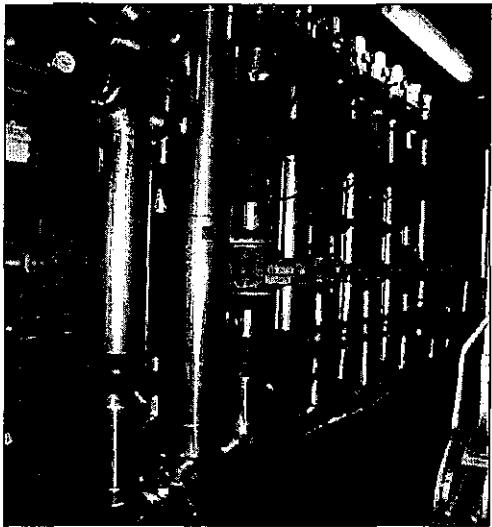
Name: Arnold Duijn

Company: Bianca Lelies

Concepts investigated: Electricity Generation; Steam Sterilising

Electricity Generation

- Generators are Natural Gas fired motors as natural gas is economically viable
- Adjust automatically to the company's electricity demands
- The heat off the exhaust is then used to heat water and then heat the greenhouses. Gives energy system a two-fold cost benefit.
- CO₂ is collected from the exhaust and pumped into some greenhouse crops to generate faster crop growth (three-fold cost benefit)



Hot Water Plumbing



Electricity generation

Steam Sterilising

- Semi trailer type tipper truck body
- Potting mix is loaded onto trailer and covered with steam tarps
- Steam injected from below for 6 hours
- Trailer tipped up and mix ready for use
- System saves between 15 to 20% fuel

Name: Frank Vahl
Company: Van den Bos
Concepts investigated: Coolroom motors by-product of heat

Coolroom enterprise

- Have approximately 4ha of Coolrooms
- Harnesses heat from Coolroom motors and sell to neighbouring greenhouse farmers
- Increases the sustainability of both enterprises

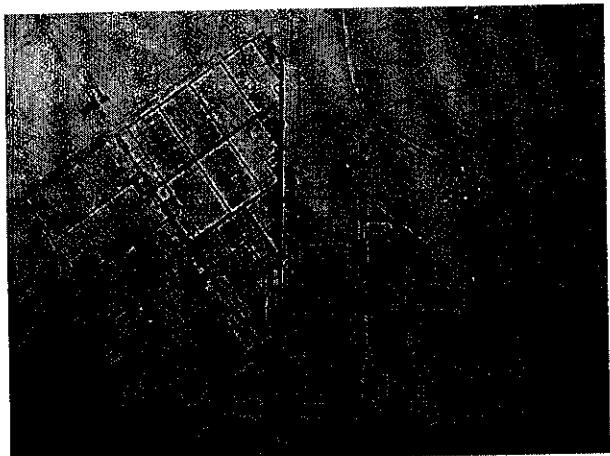
Name: Anton Hiemstra
Company: Agribusiness Park Agriport A7, Middenmeer
Contact details: www.agriporta7.nl; +31 227 656 184
Concepts investigated: Agribusiness Park Model

Key aspects of Agriport A7

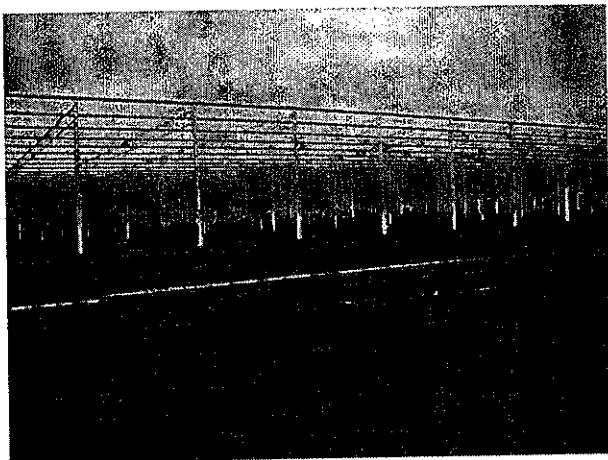
- The Agribusiness park is divided into three areas. All houses are in one section of the park, the greenhouses and packhouses in another section. This has made clustering more efficient.
- Owners choose which house block they want and cannot sell the house separately to the production land.
- Growers who purchase farms must be large scale operators. The smallest block is 20ha with a minimum of 14ha of glasshouse to be erected.
- The largest grower is 100ha
- Council are in the process of building accommodation for workers
- Council recognize the economic and social benefits back to the community and support Anton's efforts
- There are three proposed stages:
 - o Stage 1 (sold, set up and under construction): 550ha which has 400ha of Glasshouses
 - o Stage 2 (70% sold): Due to be completed by 2012. 550ha with 400ha of Glasshouse.
 - o Stage 3 (at the design stage and land is being procured)
- Agriport A7 producers its own electricity, CO2 and heat by natural gas generators
- An environmental study of the whole area was performed. This meant that farmers were not burdened of doing their own individual studies.
- The local council are very proactive in working with the owners as they see economic value in the clustering concept.
- The land zoning has been changed from Agriculture to Horticulture. This created a new type of zoning to protect intensive horticulture production.

Why the Middenmeer region for a greenhouse park?

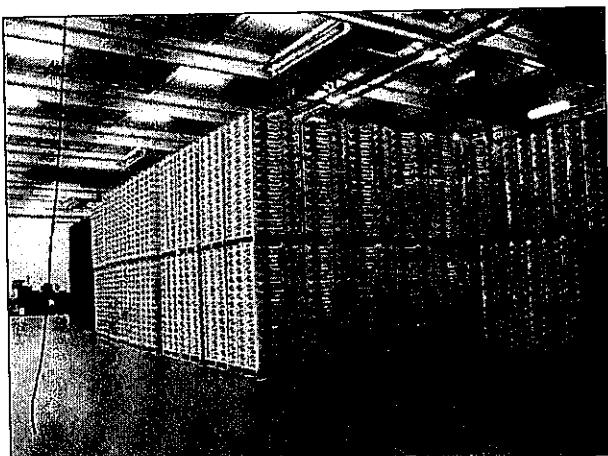
- Climate advantages (up to 8% more light than other growing regions of Holland and has a sea breeze)
- The area is next to the A7 highway/motorway which is in close proximity to fast highway transport and markets – an advantage to the cluster of farmers



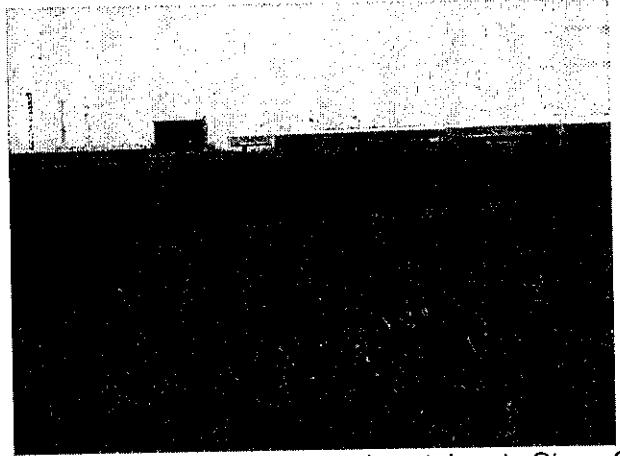
Map of Agriport A7



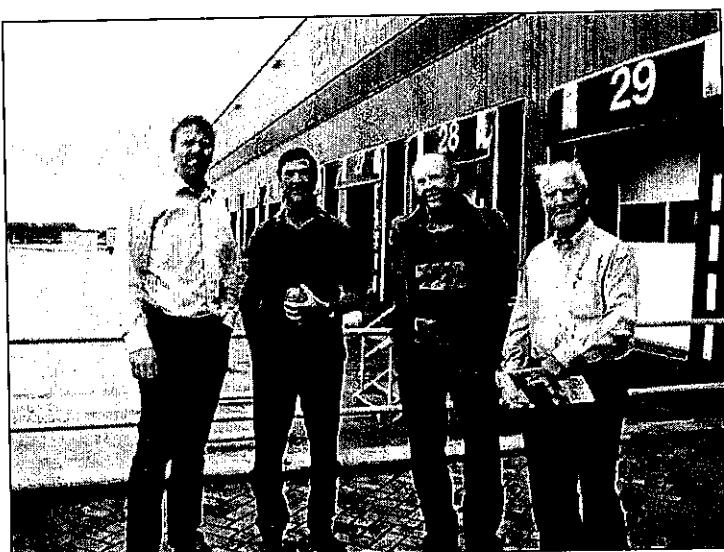
Construction of Stage 1



Produce



Stage 3, land being procured next door to Stage 2



Anton Hiemstra, Sam Dominello, Peter Lipscombe, Henk Den Hartog

Company: Westland Market, Flora Holland

Contact details: Middel Broekweg 29, PO Box 220, 2670 AE Naaldwijk, The Netherlands.

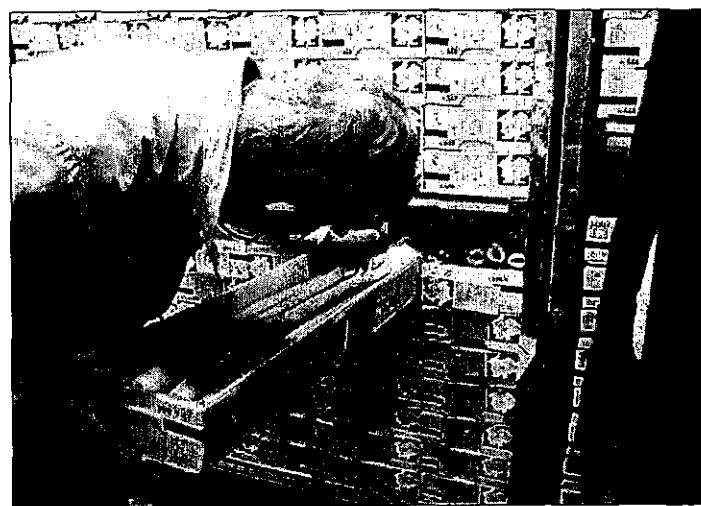
www.floraholland.nl

Telephone: +31(0)174-63 3333 Fax: +31(0)174-63 2222

Concepts investigated: Dutch Auction System; Marketing Technology

Flower Market

- Largest flower and plant auction in Holland
 - o Totally automated bidding and distribution system
 - o 14,000 trolleys per day
 - o Spending €1 billion at Aalsmeer on totally automated system building tunnels providing a direct automated rail link from Aalsmeer direct to Schipol Airport
- Updating auction system
 - o Buyers can purchase from the market from their office without physically attending markets. Live images of flowers online
 - o On-line auction clocks
- Currently trialing showing flowers on a screen. This saves time through trolleys not having to flow past the buyers hall



Flower Quality Control



Flower Market

Name: Peter Penning

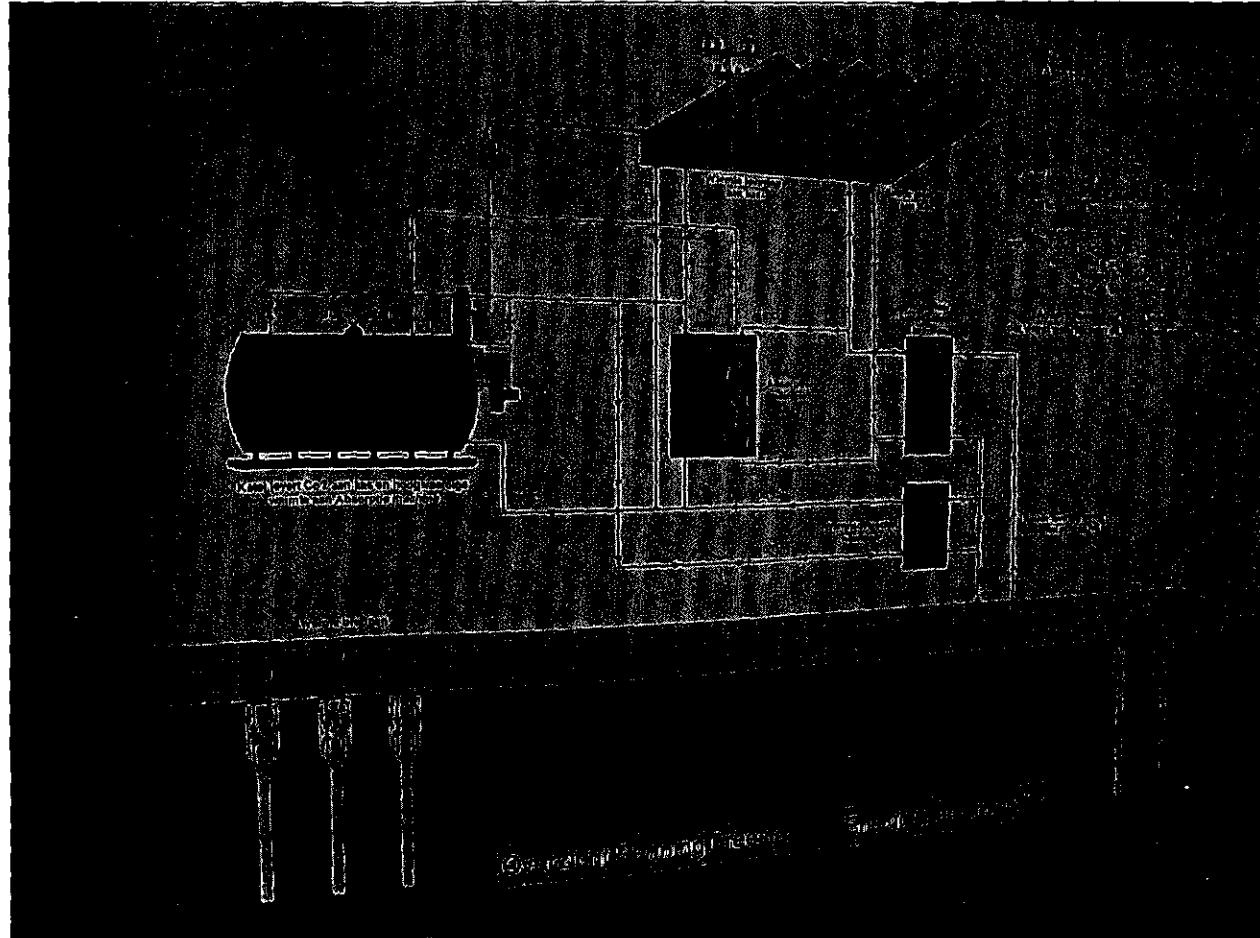
Company: Penning Freesia B.V.

Contact details: www.penningfreesia.com; +31 (0) 174 62 1221

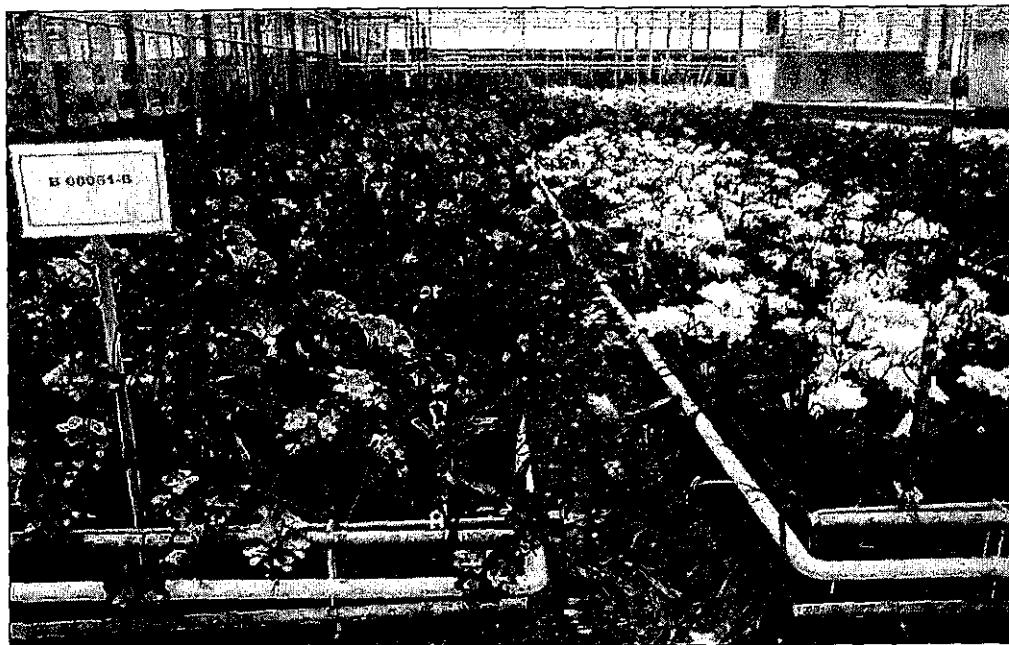
Concepts investigated: Hot and Cold water production; heat exchanger system

Water for greenhouses

- Produce hot and cold water via electricity generator to heat and cool greenhouses
- Set up large scale heat exchanger, computer controlled to heat/cool greenhouses
- In summer, stores excess hot water in underground aquifers for use in winter. Only 8% loss of heat in 6 months and reverse situation with cold water in winter.
- Storage hot and cold water aquifers are 120m apart underground
- There is a large upfront cost; however, it is cost effective in the long term



Heat Exchange System - Summer



Heat Pipes

Name: Jos van der Knapp

Company: Westland Greenport - Chairman

Contact details: www.ltoglaskrachtwestland.nl;

PH: + 31 (0) 10 529 67 57

Email: jos@ltoglaskrachtwestland.nl

Concepts investigated: Greenport Area

- A Greenport area is a government designated area/district for the protection of horticulture and its allied industries clustered together
- Greenport area is a clustering of like industries such as horticulture for mutual economic benefit
- There are five Greenport areas in Holland
- It is not specifically zoned and is protected by only allowing agri-related business into the Greenport district
- Greenport aims to make the Agricultural sector stronger and it is supported by the Government through legislation
- There are large economic benefits, working together brings innovative ideas and helps protect the area for the future.
- Government has set aside areas for complementary horticultural industries
- Complementary horticultural industry sectors at Greenport include plant breeders, logistic houses, irrigation specialists, spray and chemical companies etc
- A committee meets several times per year and includes representatives from each sector and includes government planners
- Each 5-10 years the whole process is reviewed

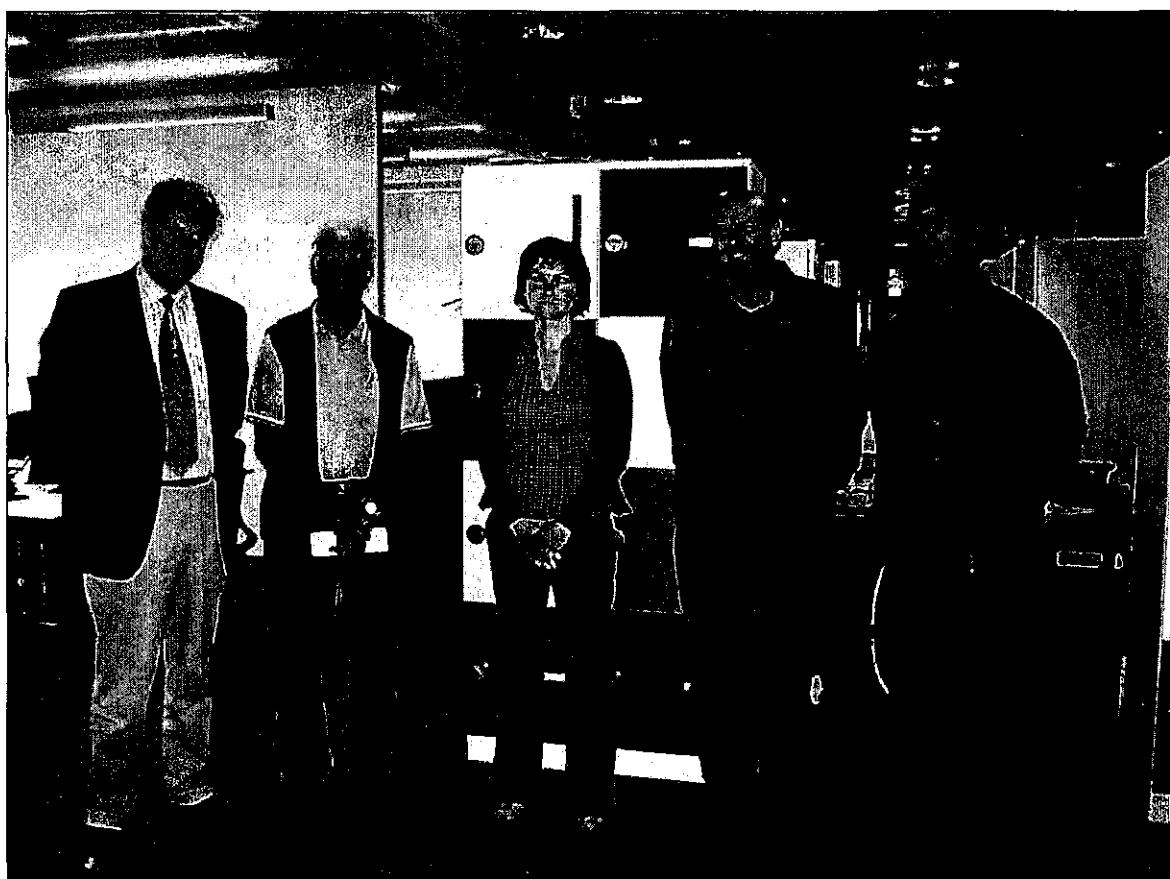


Westland Greenport

Name: Mr Age P van Balen and Miss Alison Middleton
Company: Ministry of Agriculture, Nature and Food Quality at Bezuidenhoutseweg 73
Contact details: 20401, 2500 EK 's-Gravenhage, The Netherlands
Email: a.p.van.balen@minlnv.nl or a.j.middleton@minlnv.nl
PH: Age +31 70 378 4168 or Alison +31 70 3785 466
Fax: +31 770 378 6123

Concepts investigated:

- Agri-logistics addressing problems with traffic and environment with trucks running long distances
- Environmental damage ie. Trucks running long distances
- Greenports are Government promoted and operated by the Private sector
- Benefits of Greenports include environmental, cost sharing and general economies of scale, as well as social benefits
- The bundled concentration of like-minded industries within the agribusiness park creates a culture that strengthens and encourages cooperation between the production, supply, marketing, and logistics sectors whilst drawing upon the collective knowledge
- In the government planning policy document, the government encourages the retention and strengthening of the Greenports
- Consultation is carried out with all stakeholders including non-departmental public bodies, and the business sector to ensure successful project implementation



Ministry of Agriculture Age P van Balen, Henk Den Hartog, Alison Middleton, Peter Lipscombe, Sam Dominello

Name: Ewald van Vliet
Company: Mayor of Blaidswijk
Contact Details: Raadhuislaan 1, Berkel en Rodenrijs
Postal: Postbus 1, 2650 AA Berkel en Rodenrijs
Email: ewald.van.vliet@lansingerland.nl
PH: +(010) 800 40 60
Fax: +(010) 800 40 01

Concepts Investigated:

- Ewald is a member of the National Dutch Greenport Association Steering Committee that works on National Legislation
- There are clear rules and guidelines about what growers can do
- Local Council contributes some money toward the operation of the Greenport
- Environmental specialists are used to help deal with complaints
- Growers have restrictions on sound, noise and light pollution
- Traceability is important and everything can be identified back to the producer
- Food production is close to the market therefore less food miles
- Ewald explained 'closed greenhouse' technology using the following example
 - o Increased tomato production from 30kg/m² prior to closed greenhouse production techniques to 100kg/m² per annum after implementing closed greenhouse production techniques
 - o Glasshouses don't open to ventilate and use the cool bore water to cool
 - o Geothermal heating and cold bore water to cool greenhouses sourced from a depth of over 2kms
 - o Used plant psychology techniques to optimise yields
 - o The Dutch are currently setting up this greenhouse technology in China and England
- Discussed the need for high yield production in small spaces
- Future technology with NASA's thin wire solar radiation wire embedded in their energy screens has the potential, if used on only half of the glasshouse area in Holland, it will generate enough power to supply Holland's total electricity needs
- Ewald was open to further meetings and discussions



Henk Den Hartog, Sam Dominello, Ewald van Vliet, Peter Lipscombe

Name: Professor Dr Xavier Gellynck, Agro-food marketing and chain management
Company: University of Gent, Dept of Agricultural Economics, Faculty of Bioscience Engineering
Contact Details: Coupure Links 653, B-9000 Ghent (Belgium)
Email: Xavier.Gellynck@UGent.be
PH: +32 (0)9 264 59 23
Fax: +32 (0)9 264 62 46
www.agecon.UGent.be

Name: Adrienn Molnar, PhD Student, Department of Agricultural Economics
Company: University of Gent, Faculty of Bioscience
Email: Adrienn.Molnar@UGent.be
PH: +32 486 90 49 25

Name: ir. Evelyne Goemaere, Senior Expert Rural Development and Agricultural Economics
Company: Goemaere
Contact Details: VLM Oost-Vlaanderen – Ganzendries 149 – 9000 Gent
Email: evelyne.goemaere@vlm.be
PH: 0032-9/248.55.72
Fax: 0032-9/244.85.99
www.vlm.be

- Farmers are their main clients. They also work with engineers, biologists, planners, and experts in environmental issues.
- Subsidised by the government to be green
- Limit the use of pesticides and maintain biodiversity
- Use industrial and organic waste to fermentation to generate 10% of power and use natural gas generators for the remaining 90%
- The government has purchased 35ha as a trial to sell back to greenhouse horticultural growers in maximum 6ha and minimum 3ha blocks, each with a dwelling development consent
- Owners must build their greenhouses within 3 years and each grower must contribute to electricity and heat generators with the other growers on the agribusiness park ie sharing infrastructure and resources



Flemish Land Agency

Prof Xavier, Adrienn Molnar, Evelyne Goemaere, Peter Lipscombe, Sam Dominello

Tour Outcomes

The tour group was fortunate to view a number of farms and agribusiness parks in greenport areas. It was obvious from what we experienced throughout our study tour to Holland and Belgium that we, in Australia, can gain from their experiences and expertise in promoting sustainable food production in close proximity to urban areas. Agribusiness Parks contribute to producing more food from less land, coupled with a reduced carbon footprint as well as being environmentally friendly. Agribusiness Parks are in close proximity to large cities ensuring that consumers are receiving fresh produce that has travelled less food miles.

The European Governments recognise the social, regional, and economic importance of agricultural clustering close to urban areas. This has led to the protection of key regions for intensive horticulture.

In Australia, urban development has been encouraged over the retention of viable agricultural activities. The current rural zoning conditions does not protect long-term farming practices and does not encourage the investment of significant farming infrastructure needed for intensive horticulture. As a result, we are loosing prime agricultural resource lands to housing and rural residential/lifestylers forcing food production further from the markets and away from optimum climatic conditions; soil types, and adequate water access.

Australia has much to gain from the European experience. The forward thinking of the agribusiness parks can be used/adapted to areas within Australia. Aspects that add to the increased efficiency of intensive agriculture include reduced food miles and a reduced carbon footprint, close proximity to a labour-force and a market demanding fresh, locally grown produce whilst optimising our existing natural resources and at the same time contributing positively to our environment.

Recommendations

There are many places in Australia that are ideally situated to take advantage of this forward thinking. One such place is the Central Coast Plateau area near Gosford and only one hour from Sydney and Newcastle. This is a traditional farming area that has the climate, water and location to be a major supplier of food with the minimum carbon footprint possible as described above.

There needs to be a change in attitude and direction by all levels of government and unless this happens soon the opportunity will be lost forever. The agribusiness park concept has to be embraced so that farming has precedence in designated areas with agricultural significance over other non productive pursuits like lifestyle blocks. The current local and state government ordinances do not allow for this and town planners need to address this issue as a matter of urgency. Town planners need to understand the social, regional and economic value of intensive horticulture and its potential for realistic sustainable growth of a region.

We would like to see Planners designate particular areas or regions and encourage agribusiness parks by providing farming infrastructure such as natural gas, roads and freeway access. Areas such as the Central Coast Plateau near Gosford already has freeway access, water and good climatic conditions, and nearby natural gas. A review of current zonings and relevant changes are required so that the Agribusiness Park concept can become a reality. A change in thinking is required in all levels of government and the community to achieve this. A good starting point would be the commencement of open dialogue with all interested parties as we believe we all pursue the same objectives and want to achieve them together.

Given the current climatic issues facing the world today we feel that this should be done as a matter of urgency.

A Power Point Presentation is available for presentation upon request.

Budget

Description	Cost (\$)
Travel expenses*	28 325
Insurance	776
Accommodation	8 563
Gifts**	204
Food***	3 631
Tour Guide and Car hire	2 181
Phone and internet	800
Compilation****	4 800
Total	49 280

NB:

* Includes airfares, train, taxi and bus costs and Belgium car hire

** Gifts were given to hosts

*** Includes meals for hosts

**** Tour preparation and estimated amount for presenting and lobbying results as well as fuel and vehicle costs

Acknowledgements

Frances Vella, Regional Service Manager, NSW Farmers Association

Peter Comensoli, Treasurer, Central Coast Horticultural Branch

Michael Champion, President, Central Coast Horticultural Branch

We would like to take this opportunity to express our sincere gratitude to our hosts in Holland and Belgium. We are hopeful that we may be able to reciprocate the hospitality extended to us in the near future.



Central Coast Plateau

Tourism Plan

October 2006

Calais Consultants

Central Coast Plateau

Tourism Plan

October 2006

**Prepared by
Satwant Calais
Calais Consultants**

DISCLAIMER

The statements, information, opinions, schedules and forecasts expressed and detailed in this Plan are intended as a guide only. Every care has been taken to ensure that data and analysis are as accurate as possible. The consultants take no responsibility for any errors or omissions in fact or interpretation. Further detailed internal evaluation is recommended before implementation, especially where results are separated from dependencies or newly combined into other alternatives. Such actions will require the new outcomes to be adapted, revised and verified, by the individual(s) administering or implementing the variation.

The document is collaboration between the client and the consultant. All information is based on the best and most recent information collected. But as this document involves various forecasts, which can be affected by a number of unforeseen or unpredictable variables, then should more than 6 months pass it would be good business practice to revise the forecasts in light of seasonality or known changes in the working environment. Even so no warranty can or is given that the results will in fact occur. Neither *Calais Consultants* nor any person involved in the preparation of this document give any warranties as to the contents nor accept any contractual, tortious or other form of liability for any consequences, loss or damage which may arise as a result of any person acting upon or using the document.”



New South Wales
Department of State and Regional Development



This study was supported by the Department of State and Regional Development

Executive Summary

Central Coast Plateau Inc. commissioned the tourism plan with funding support provided by the Department of State and Regional Development, Gosford City Council and the Mangrove Mountain Memorial Club.

The goal of the project was to ascertain the tourism potential of the Central Coast Plateau.

The methodology adopted involved establishing database of all tourism related products, research on tourism trends, site inspections and discussions with operators and key stakeholders and the conduct of a community workshop to discuss the opportunities and determine the level of support for tourism in this area.

The research highlight that there were over 100 tourism products in this area and that it housed two of Australia's best known tourist attractions. There are a number of quality world class nurseries also in this area. In terms of tourism accommodation (non dormitory) it is estimated that there are less than 40 rooms available. This is an issue for the future growth of tourism in this region. The area suffers from a low level of awareness in the marketplace due to a lack of marketing. This lack of marketing is related to fact that small accommodation operators have limited funds for marketing. The area also lacks a sense of place.

On the positive side the area has a number of differential strengths. These include its rural, agricultural and natural landscapes, equestrian facilities, reputation for fine products – citrus, flowers, fresh produce, spring water etc, clean air and its strategic location between Sydney and the Hunter Valley. It is apparent that there is strong community support for an environmentally sustainable and a viable tourism industry on the Plateau.

The Central Coast Plateau Tourism Plan identifies a strategic direction for tourism development in this area having cognizance of the principle that what is developed must be in harmony with the areas natural and cultural values and be inclusive of the communities' needs as well. It outlines 6 strategies and 28 actions which will assist in the development of the tourism industry in the Plateau. These actions are to be implemented over the next 5 years.

Some of the key recommendations include the establishment of a tourism precinct in the Peats Ridge area to showcase the best the area has to offer in terms of arts, crafts, and produce as well as being a cultural and social meeting place for the community; additional tourism accommodation; improved signage; visitor maps; a new Central Coast Plateau Brand which is embraced and adopted by all the key industry sectors in the area and greater collaboration between all levels of Government, industry, investors, operators and community members to achieve this vision.

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1. Introduction

1.1 Background to study

In 2003 two community-planning workshops were held for local community and business members of the Central Coast Plateau and its surrounding districts. Over 220 people attended with wide representation from various government departments and industry groups lending their support.

The purpose of the workshops was for the attendees to collectively identify their vision for the future, address local issues and plan for the future. Topics of discussion included business development, tourism and environmental sustainability. All suggestions, ideas and actions derived from the workshops has been compiled into a document known as the '*Mangrove Mountain & Districts Community Strategic Plan*'. September 2003.

During the workshops the attendees acknowledged the potential to develop tourism due to the area's assets including close proximity to Sydney and Gosford, tourism route from Sydney to the Hunter Valley, its natural beauty and attractions and its potential to allow visitors to experience and observe aspects of rural life.

Since the workshops, a Tourism Action Group was established and has been responsible for implementing the actions contained in the community plan relating to tourism. At the inaugural meeting of the Tourism Action Group it was decided that due to the complexities of the tourism industry, an experienced tourism consultant was needed to identify new product development opportunities and the enhancement of existing tourism experiences.

An application was lodged with the Department of State and Regional Development under the Towns and Villages Futures Program to secure funding for the tourism consultant, which was successful. Additional funding was received from Gosford City Council and the Mangrove Mountain Memorial Club.

1.2 Study Objectives

1. Undertake an audit of tourism products in Mangrove Mountain and surrounding districts.
2. Obtain an understanding of visitor trends to this area
3. Identify opportunities to enhance existing tourism products and experiences as well as the development of new environmentally sustainable products.
4. Provide a written report on the findings including recommendations of product development, required resources and a detailed action implementation plan

1.3 Study Area

The study area is generally known as Mangrove Mountain and is regarded as the hinterland of Central Coast. The study area encompasses Mt White to the south, Kulnura to the north, Somersby to the east and Spencer to the west. The area is basically dissected by Peats Ridge Road – George Downes Drive (Tourist Drive 33) and Wisemans Ferry Road.

For the purposes of this study, the study area is named “The Central Coast Plateau”

1.4 Study Methodology

The approach adopted by the consultants involved the following:

- Compilation of a database of all tourism products in the study area – See Appendix 1
- A number of site inspections and interviews were conducted over 3 field trips. In all 15 interviews and 18 product inspections were undertaken. These interviews gave an insight to issues impacting the current operations of the tourism industry and community attitudes towards this industry and other issues of concern within the Central Coast Plateau.- See Appendix 2
- Meetings were also held with Gosford City Council, Central Coast Tourism, and Tourism New South Wales.

- Desk Research on tourism trends and visitation and previous studies of the area.
- A community workshop held on the 13 June 2006 with over 40 people in attendance. The input from the community representatives has been incorporated in this report. The workshop objectives included:
 - Identify the area's tourism resources and appeal
 - Sharing the latest market research on tourists and what tourists are seeking
 - Assessing the area's capacity and challenges to provide for the visitor needs
 - Identifying an acceptable tourism image for the Central Coast Plateau.
- Review of the draft Central Coast planning Strategy released by Planning NSW in the context of the tourism future of the Central Coast Plateau.

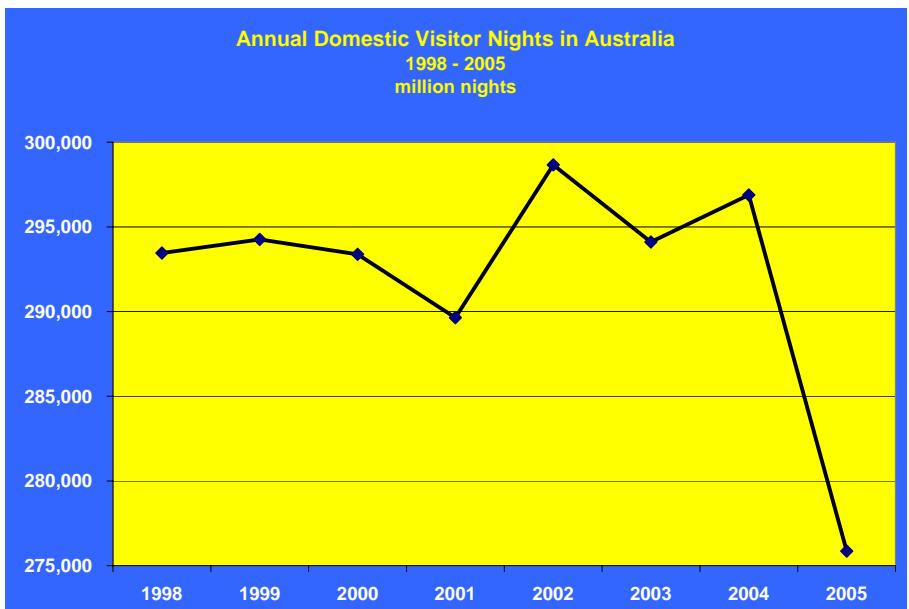
The consultant wishes to acknowledge the assistance and cooperation he received from Sue Verhoek, Strategic Projects Officer for the Central Coast Plateau, Gosford City Council and Beverley Ferrier, Chairperson of Central Coast Plateau Inc in the preparation of the products database, organization of the field visits and the community workshop.

2. Issues for Consideration

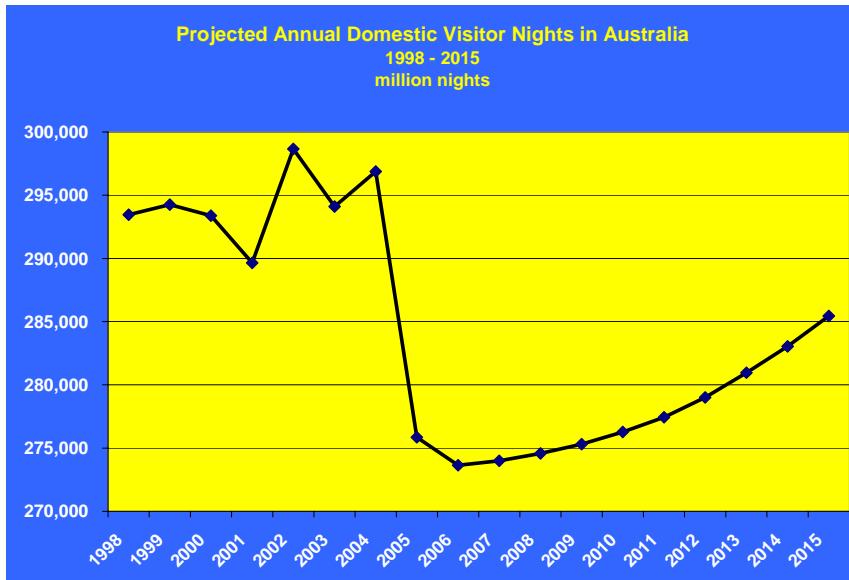
National Tourism Trends

Domestic tourism reached a high point in 2002 with close to 300 million visitor nights. Domestic tourism then declined in 2003, rebounded slightly in 2004, and then fell precipitously in 2005 to just under 276 million nights. This was a 7.1 percent decrease over 2004.

The Tourism Forecasting Committee (TFC) is an Australian Government body associated with Tourism Australia. It is the successor agency to the Tourism Forecasting Council. The TFC provides projections of tourism activity for Australia and has forecast that domestic visitor nights will continue to decline in



2006 to about 273.6 million nights.



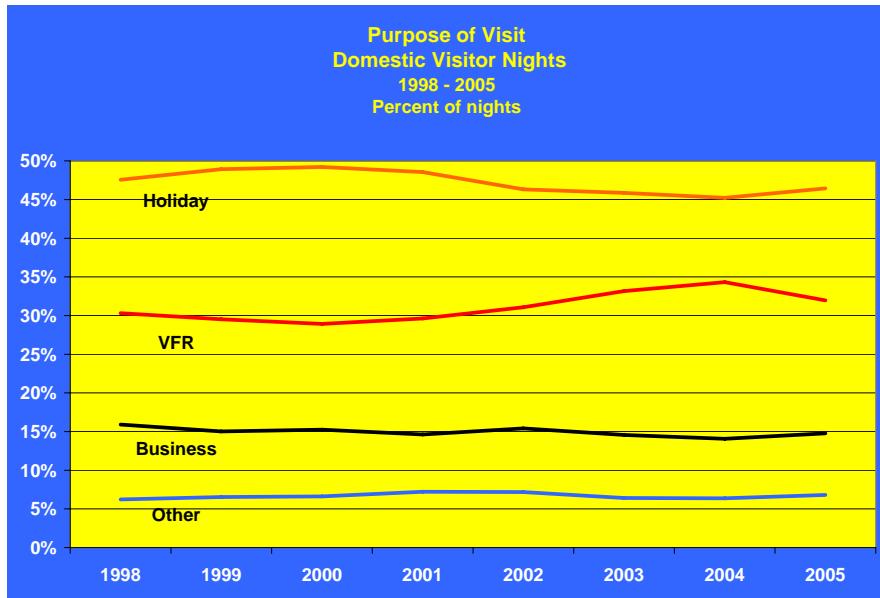
The forecast then anticipates that domestic tourism will grow marginally with visitor nights only reaching the level of 2005 by 2010. It is then expected that the growth rate will accelerate to an average of

2.5 percent per year through 2015. It is projected that the number of visitor nights in 2015 will still be 14 million less than in 2002.

Possible reasons for this recent decline and projected low growth in the future include:

Factors contributing to the decline in overall domestic (interstate and intrastate) travel both nationally and regionally include:

- An appreciating Australian dollar and increasing price competitiveness of foreign destinations compared to domestic destinations with Australians switching from domestic travel to international travel;
- Low cost airlines, in particular Jetstar and also Virgin Blue. The last year has seen ongoing reductions in the price of airfares and increased air access and seat capacity to capital cities and regions with established or developing holiday product. Discount airfares on the eastern seaboard have meant many interstate holiday makers might have been able to travel further afield than they might had otherwise done so and in particular to Queensland
- The lower airfare cost has also extended to the outbound market with many destinations such as New Zealand, Fiji, and Southeast Asia an affordable alternative to domestic travel
- The continually increasing price of petrol coupled with discount airfares has acting as a discouragement to driving holidays and long touring holidays, making flying to a destination relatively more attractive, particularly for short break holidays and VFR travel
- Economic and social factors, such as higher levels of personal and household debt; increased spending on communication, technology, renovations, furnishings, household goods and health have all taken their toll on the leisure spend.
- Busier and changing lifestyles (culture of not taking leave, increase in the uptake of technology/lifestyle leisure alternatives to holidays).
- Changes to the labour market, in particular the casualisation of the labour force, high female participation rates, long working hours and fear of losing jobs. Change in legislation has created fear in relation to security.



In New South Wales the decline in domestic tourism has been even more pronounced. With the exception of 2002, there has been a steady decline since 1998. From 1998 to 2005 the decline was over 13 percent. During the same period Victoria declined 8.3 percent and Queensland increased by 7.5 percent.

The economic value of domestic tourism peaked in 2000 at \$61.2 billion. This has steadily declined to \$55.7 billion in 2005. Even though total visitor nights are expected to decline in 2006, the Committee has forecast that economic value will increase in 2006 and subsequent years. From 2005 to 2009 it is forecast to grow by an average of 4.7 percent per year and by 6.8 percent per year from 2010 to 2015. By 2015 economic value is projected to be \$63.8 billion.

Another significant change has been in the reason for travel. From 2001 to 2004 the proportion of visitor nights spent visiting friends and relatives had increased from 30 percent to 34 percent of all nights. Over the same period the proportion of total nights spent on holiday and leisure declined from 49 percent to 45 percent. In 2005 there was a slight decline in the percentage visiting friends and relatives and a slight increase in those on holiday and leisure purposes.

For the period June 2001 through June 2004 there have been significant changes in the domestic holiday market segments. Over this period the following changes have occurred

- Singles market down by 22 percent
- Double Income No Kids (DINKS) market down by 9 percent
- Older working married couples up by 5 percent

- Parents travelling with children under 6 years up by 12 percent
- Parents travelling with children over 6 years up by 4 percent
- Older working singles up by 12 percent

Even the source of domestic holiday travellers has changed significantly over this period. The number of holiday travellers residing in the major capital cities on the East Coast of Australia has declined whereas regional and non metropolitan residents have had a higher propensity to travel to domestic destinations for holidays. For the period 2000- 2004 the following changes occurred.

- The number of Melbourne residents travelling declined by 10 percent
- The number of Sydney residents travelling declined by 11 percent
- The number of Brisbane residents travelling declined by 4 percent
- The number of other Australian residents (non – metro) travelling increased by 5 percent

However one section of the tourism industry which appears to maintaining its market share is that of the caravan and camping sector. Since 2001 the number of visitor nights spent by travellers who stay in caravan parks has increase from 40.8 million to 41.0 million in 2004. The TRA predicts that the number of visitor nights spent by senior travellers will increase from 15.7 million nights in 2003/04 to 19.9 million nights in 2011.

For those who do drive, the higher prices for petrol and accommodation in recent years have caused a trend toward trips that are of shorter duration, but involve higher expenditure per day. This trend toward shorter, but higher yielding trips is expected to continue over the medium term.

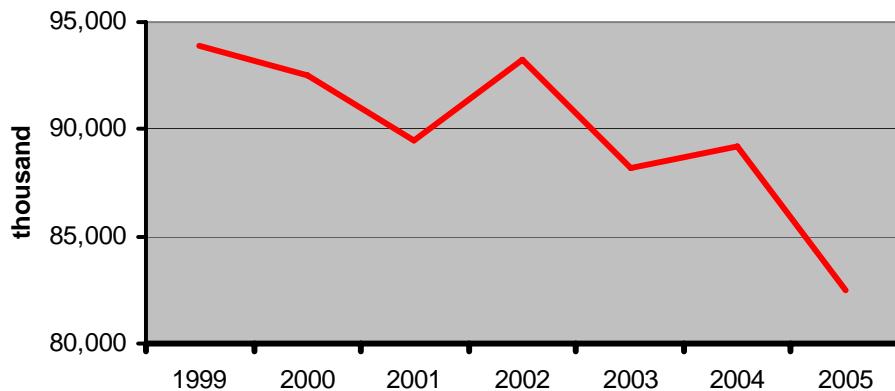
The net impact of the above trends has been – fewer and shorter trips with less spend per trip.

2.2 New South Wales Tourism Trends

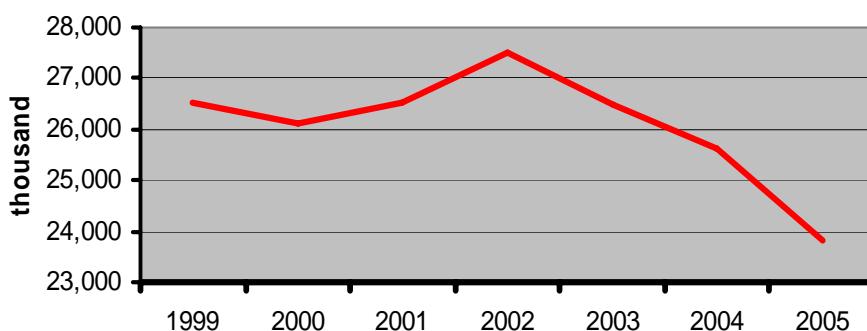
Domestic visitation in New South Wales has experienced a steady decline since 2002 when levels peaked at 27.5 million trips. For the year ended 2005, total domestic visits within the state were 23.8 million, a 13.4 percent decline over the three year period, and a 7 percent decline over 2004.

Total visitor nights also peaked in 2002 at 93.3 million. Over the three years to the end of 2005, total domestic visitor nights declined by 11.6 percent to 82.45 million nights. There was a 7.5 percent drop from 2004 to 2005.

**Visitor Nights to New South Wales
1999 - 2005**



**Overnight Trips to New South Wales
1999 - 2005**

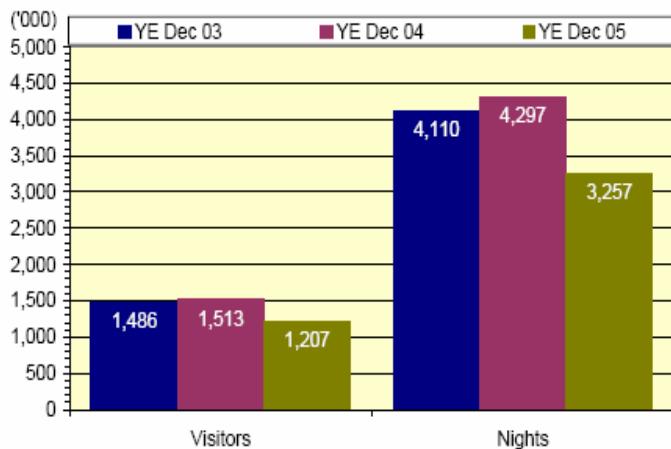


2.3 Central Coast Visitation

Overnight Visitors

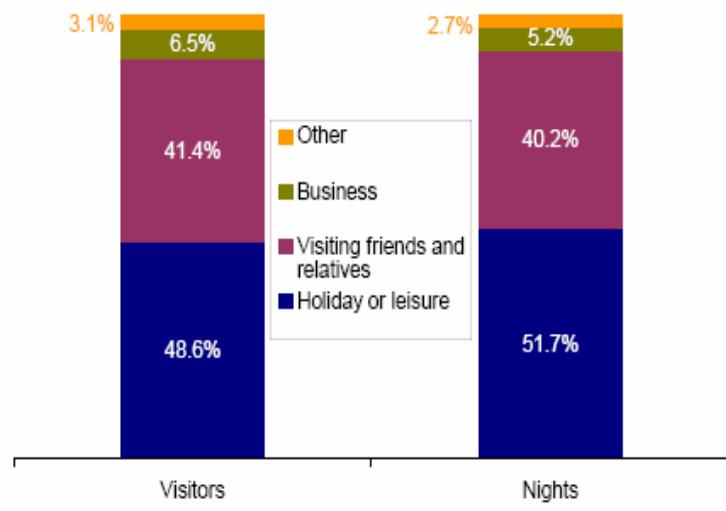
To place into context the value of tourism in the Gosford and Wyong Local Government Areas the following visitor statistics are presented. The data is provided by Tourism Research Australia and Tourism New South Wales and is based on the National Visitor Survey year end December 2006.

Visitors and nights



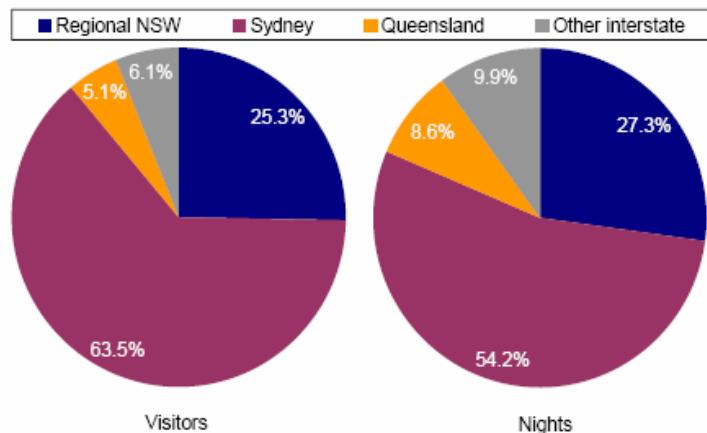
The Central Coast region received 1.2 million overnight visitors to the region in 2005, a decrease of 30% over 2004. The number of visitor nights in the region also experienced a decline of 24% from 2004.

Purpose of visit



The primary reason for visiting the Central Coast is for holidays (48.6%) followed by visiting friends and relatives (41.4%). The visiting friends and relatives segment will only increase with the Central Coast more and more becoming a residential dormitory for Sydney. The challenge from a tourism perspective is to build new accommodation products and attractions to attract visitors who will bring “new money” into the local area economy.

Origin

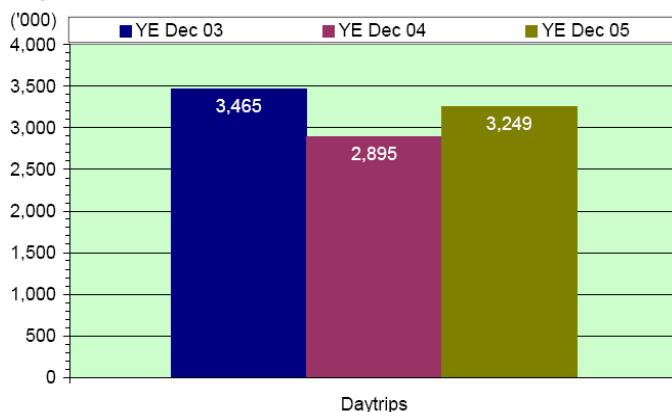


The primary source markets for visitors to this region are metropolitan Sydney followed by regional New South Wales. This appears to be consistent with the anecdotal evidence of tourism operations on the Plateau.

Day Trip Visitors

Domestic Daytrip Travel To Central Coast

Trips



While the level of overnight visitors declined over the past 12 months, the number of day visitors to the Central Coast Region increased by 12.2 % on year end December 2004. This region received 3,249,000 daytrips in 2005.

Activities undertaken by day-trippers include visiting friends and relatives (44.2%) eating at restaurants (35.8%) followed by "go to the beach/swimming" (27.3%) and general sight seeing (16.5%).

36.1% of day-trippers were aged below 35 years, 36.1% aged 35-54, while 28.4% were aged 55 years and above.

In the year ending Dec 2004, a report prepared by Tourism Research Australia suggested that day trippers in Australian regions spent on average \$58 per trip.

Based on this expenditure level, the economic contribution by day trippers to the Central Coast Region is estimated to be approximately \$188 Million.

2.4 Central Coast Plateau Visitation

There are no visitor statistics available for the Central Coast Plateau. A number of individual tourism operators maintain their own database of visitors and these are not available for publication. In our discussions with operators, it is apparent that the visitor types who generally frequent the Central Coast Plateau include:

- Day visitors at specific attractions
- Day trippers – cars, bikies, cyclists and coach based travellers.
- Drive through visitors on their way to or from the Hunter Valley along Tourist Drive 33.
- Special interest visitors to world class agricultural enterprises located in the area
- Overnight visitors to individual accommodation properties
- Visiting Friends and Relatives

It is evident that the majority of visitors are those driving through to the Hunter Valley and day trippers. It is suggested that 95% of all visitors would be domestic markets and about 5% overseas travellers.

Anecdotal evidence from operators on the Plateau suggests that the primary visitor markets would be Sydney and Gosford and Newcastle.

In the context of international markets, the attractions sector – The Australian Reptile Park, Glenworth Valley and the Australia Walkabout Wildlife Park are the primary attractors of the international visitors to the area. Most of these visitors are attraction specific and spend little or no time on the Plateau.

2.5 Central Coast Plateau Tourism Products

With the assistance of Sue Verhoek, Strategic Projects Officer, Gosford City Council and Beverley Ferrier, Chairperson of Central Coast Plateau Inc. a comprehensive database of tourism products on the Central Coast Plateau was prepared. See Appendix 1.

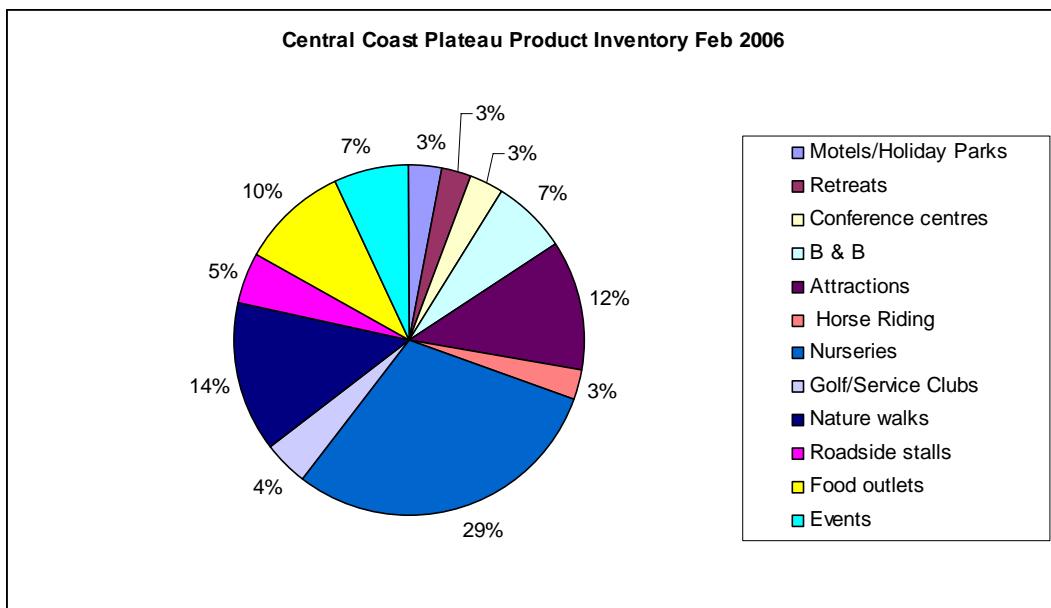
In all there are 101 tourism products as at February 2006.

In terms of tourist accommodation, it is estimated that in the Central Coast Plateau there are 38 guests' bedrooms in 9 establishments - cottages (self contained and B&BS) and motels. The area also has 3 religious and church based retreats with approximately 250 beds dormitory style in this area.

There are 11 attractions ranging from one of Australia's most outstanding reptile parks to pin ball skirmishes to historical attractions and the Mt Penang Gardens.

The area has a good reputation for horse riding opportunities and horse adjustment and caring. Glenworth Valley has an excellent international clientele and reputation.

The biggest product group is the nurseries with over 30 establishments. Many of the nurseries are also world class establishments such the Wildflower Farm, Royale Orchids and many more. Some are open to the public 7 days a week but many are wholesale nurseries and only accessible by appointments. This area has a reputation for fresh farm produce and has about 5 roadside stalls. Unfortunately, only Nanny's Fruitbox is opened 7 days a week.



The area has a limited number of quality food and beverage establishments which are opened 7 days a week. Exceptions being the Villa Sorgenti, Corrugated Café and the restaurants in the two service clubs. Others are opened over the weekends periods – Thursday to Sunday or are mainly takeaways.

2.6 Strategic Issues arising from the Field Trips

The Central Coast Plateau has a number of qualities and attributes including

- Nurseries, citrus, fresh produce
- Nature – peace, tranquility
- Space/green – activities, sustainability
- People – arts, crafts, community working together
- Alternative access to Hunter and proximity to Sydney/Central Coast

The field trips and discussion with operators highlighted some additional issues which need to be considered if this area is keen to establish itself as a tourist destination.

Place Management

- Signage improvement within the study area
- A lack of a sense of arrival.
- Need to develop a sense of place- currently there are a number of neighborhood meeting places scattered through the region- mainly for the benefit of the local community – Mangrove Mountain, Peats Ridge, Kulnara. Opportunity exists to develop a higher level of commercial activity at one of these places.
- Lack of Public amenities – toilets, BBQs.
- Development of a theme which unites the area. This can take the form of signage and/or landscaping

Product Development

- Need for additional experiences to showcase the area's arts and crafts – similar to the Slab Furniture outlet. It is understood that there are a number of very talented artists and craft persons living in this area.
- Potential to value add existing commercial activities such as nurseries. International and national trends highlight a significant growing consumer interest in landscaping, nurseries and gardens.
- The potential to value add the area's reputation as a source of fresh produce for Sydney. Best achieved by encouraging professionally operated stalls similar to Nanny's Fruitbox.

Service Delivery

- More professionalism in the delivery of the visitor experience. Given the scale of the industry, it is imperative that the service levels of all business meet the expectations of visitors. Poor service levels in any single

business will have follow on negative impact on the reputation of the whole area.

Environment Management and Planning

- Balance between resource extraction activities – sand and water and environmental sustainability and incorporation of new sustainable tourism opportunities as local employment drivers.
- The need to review Gosford City Council planning regulations with respect to establishing viable tourism business. While the planning framework allows for tourism development in selected areas, they hinder the viability of business by limiting the scope and scale of activities. There is an opportunity to review these while at the same time maintaining the landscape amenity and environmental values of the area.
- Need to maintain existing ambience of the area and limit large scale development of residential suburbs as is happening on the eastern side of the F3.

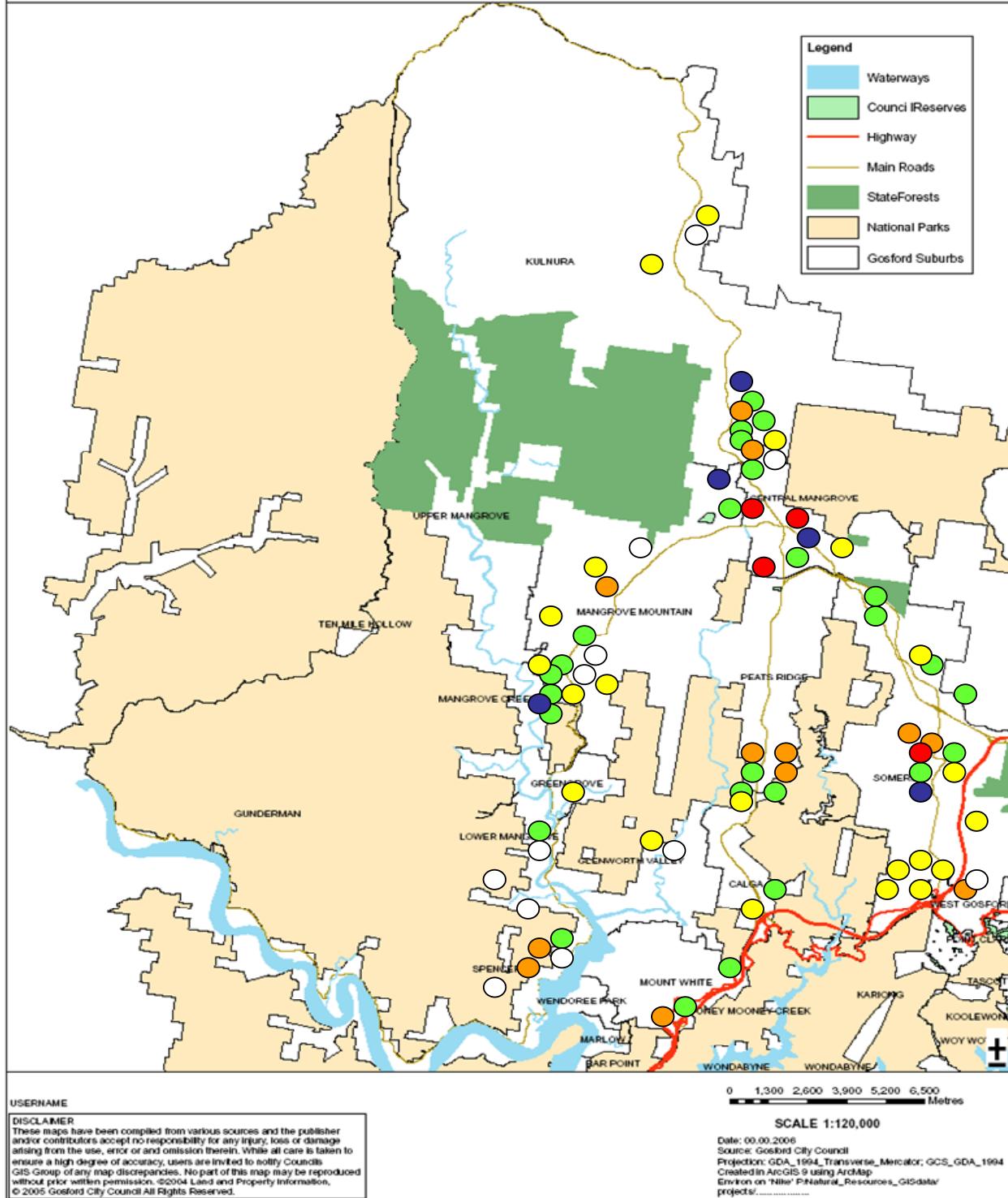
Marketing

- Limited marketing of this area. The Central Coast Visitor Guide, being membership driven, has very limited editorial on this area.
- Lack of cross promotion of existing products in the area.
- Visitor information services lacking
- Strategic alliances with surrounding destinations such as Hunter Valley and the Hawkesbury Heartland
- Marketing- establishment of a brand and greater involvement by Central Coast Tourism in the promotion this area.

2.7 Location Map of Tourism Products

The attached map gives a good helicopter view of the locations of the various tourism products and tourism related products identified under the different product categories. It is noted that there may be some error in the actual location of products. This analysis merely provides an overview of the spatial distribution of tourism products on the Central Coast Plateau.

Location Map of Tourism Products on the Central Coast Plateau



● - Place of interest

○ - Accommodation

● - Fresh produce stall

● - Café/Food/Petrol

● - Nurseries

● - Golf/Service club

The map highlights the following issues

- Only one tourist accommodation along Tourists Drive 33 - Peats Ridge Rd and George Downes Drive. Others are scattered away from the main thoroughfare to the Hunter Valley and region.
- Food outlets are mainly located at the Village nodes - Peats Ridge Mangrove Mt, Kulnara and Somersby
- The biggest tourists attraction node is in the vicinity of the F3.
- Nurseries well represented along Peats Ridge Rd and George Downes Drive
- Road side stalls also mainly located along Peats Ridge Rd and George Downes Drive.
- While the area has vast acreages of National Parks there is limited access for day visitors or tourists to the area.

2.8 Competitors

In considering the tourist potential of the Central Coast it would be prudent to consider areas within the Sydney /Gosford catchments which potentially are competitors to the Central Coast Plateau. On one hand these destinations may be competitors but on the other hand they also provide the Central Coast Plateau area performance benchmarks in terms of service delivery, product presentation, visitor experience and marketing.

These include – Hawkesbury Heartlands, Southern Highlands and Central Coast – east of the F3.

Hawkesbury Heartland (Wiseman's Ferry – St Albans)

The local tourism precinct/area brands itself as the Hawkesbury Heartland, (although it is understood that they are rebranding themselves as Wiseman's Ferry ~ St Albans). The area covers the Lower Portland, Wiseman's Ferry, and St Albans.

In this area, there are 22 accommodation outlets in addition there are 9 dining outlets and there are 5 water-ski/water sports camps along the river.

The majority of accommodation is B & B and self contained cottages.

There are two hotels and 2 houseboat operators. The only large land based accommodation operators in this area include The Retreat at Wiseman's and Del Rio Resort. The Retreat at Wiseman's has 54 rooms plus a few suites with spas and focus on its health, restaurant and golf packages. It also caters for high end conference groups. Del Rio has 36 cabins with 74 rooms and 110 caravan and camping sites. It has plans to double the number of cabins in the near future. St Albans is a historical Village and has a well known Settlers Arms Inn, which attracts hundreds of visitors over the weekend. The area boosts some quality art galleries and craft shops. This area is also part of the Hawkesbury Harvest Trail

project. This project has received a significant level of funding from both the Federal and State Governments and features the sale of fresh food and fruit/vegetable and farm produce from the area directly to the consumer.

Southern Highlands

The Southern Highlands region encompasses the area to the southwest of Sydney. The Southern Highlands stretches inland from the Illawarra incorporating Bowral, Mittagong, Moss Vale, Berrima, Robertson and Bundanoon. There is easy access to the region from Sydney along the Hume Highway through the Southern Highlands and the Princes Highway through the Illawarra. Access has significantly improved with the completion of the M5 and M7 motorways providing expressway access from the CBD and most regions of Sydney. Visitors are attracted to the area because of the sophisticated country experience - the fresh air, the tranquillity, the array of trees and beautiful gardens. The Highlands offer the picturesque countryside as well as mountain ranges, impressive limestone caves and cascading waterfalls. There is a wide selection of accommodation – quaint, charming, contemporary, fashionable, guesthouses, English manors and large country estates. There are also historic villages, excellent shopping and restaurants to suit a range of diners, as well as entertainment for all. The Southern Highlands region has a limited number of attractions. The dominant category of attractions is nature based followed by museums and historic sites, galleries and craft centres. The region also hosts numerous festivals and special events. The most well known are Sea, Food and Sail, Australian Folk Festival, Shakespeare Festival Australia and Florawarra.

Central Coast (west of F3)

The Central Coast is a relatively small region encompassing the area north of Sydney including Gosford, Wyong, and Terrigal. The Central Coast has extensive beaches, natural bushland, national parklands and large inland waterways. Activities include scuba diving, sailing, kayaking, and abseiling, bushwalking, and 4WD tours. The area has excellent access from Sydney on the Pacific Highway. The Sydney CBD is approximately a one to one and one-half hour drive from the Central Coast. The dominant categories of attractions in the Central Coast are the beaches and water related activities. The region also hosts numerous festivals and special events. The most well known are Australian Springtime Floral Festival, and the Terrigal Beach Food and Wine Festival. It is noted that over the recent years the level of residential growth of this region has increased significantly. It has become a dormitory suburb of Sydney.

2.9 Implications for Central Coast Plateau Tourism

The above tourism data, trends product analysis and competitor analysis suggest that while drive tourism is on the decline around Australia and New South Wales, the locational attributes of Central Coast Plateau – closeness to Sydney and proximity to the fastest growing population catchments in Sydney and Gosford - provides positive opportunities to increase the visitation to this area.

In terms of critical mass, accommodation appears to be an issue. The largest volumes of beds are in a dormitory style accommodation located in church and religious retreats. These establishments attract visitors who come to the camps for specific programs and depart immediately thereafter. Their guests generally do not interact with the tourist products in the area. These are point to point visitors. On the other hand, visitors to most of the B & Bs and cottages wish to experience local attractions, galleries and eateries. However there are a limited number of these experiences available in the area.

Hence we have a catch 22 situation. On one hand not much for overnight visitors to experience and on the other, not many experiential products which can sustain themselves in business on a 6 day basis because of the lack of visitors. Market research also shows that consumers are more discerning and expect value and service for their holiday dollar and are seeking authentic and quality experiences. In other words, they are prepared to spend if they can find quality and authentic products and experiences.

The Central Coast Plateau has the capacity to deliver these needs for visitors by being innovative in its product development especially in the accommodation and visitor services sectors. New products need to be economically and environmentally sustainable, well designed and leverage the natural attributes of the area. There are a number of planning issues which need to be considered by the Gosford City Council from both the perspective of the community and the tourism industry. There is a need to develop a sense of place for the area and planning policies which give consideration to the development of viable tourism businesses.

This area needs to be marketed as a special destination within the umbrella of the Central Coast Tourism marketing strategy.

There are existing niche product experiences such as nurseries/gardens which can be upgraded attract high yield domestic markets. Additionally, the drive market segments from the United Kingdom, Germany, and United States may also be attracted by the rural and agricultural experiences offered in the Central Coast Plateau. This area could be developed as an attractive a stopover for visitors to the Hunter Valley.

3. Market Segment Analysis

3.1 Market segment types

There are a range of consumer profile factors available to understand the market:-

- Demographics (gender, age group) also need to be considered.
- Geographic: (where are your visitors coming from) i.e. Sydney, intrastate (within NSW), interstate (within Australia) or international
- Mindset segments:
Pampadours: luxury travellers;
True Travellers: adventure travellers;
Wanderers: touring travellers;
Compatriots: family travellers;
Groupies: peer group travellers.

A powerful way of really understanding consumers is to segment them based on their “mindset”, or state of mind. A substantial amount of research has been done for *Tourism Australia and Tourism New South Wales by Colmar Burton Market Research* on mindset segmentation. The analysis of these market segments formed the basis of the community workshop held 13 June 2006. The workshop explored the relationship between market segments and the tourism products and experiences currently available on the Central Coast Plateau.

For the purposes of this report, a summary of the information provided as background to the segmentation has been included in Appendix 2.

It is important to understand that the descriptions of the mindsets should not be taken too literally – they are a guide and the definitions are not black and white

The participants of the 13 June 2006 workshop were divided into the 5 mindset segment groups and were asked to identify top 5-10 “must see/must do” attractions or experiences for each of the consumer segments. In addition they also highlight some product gaps and product development opportunities in the area.

The tables below summarise the feedback received from all the participants at the workshop.

3.2 Consumer Segment and Product Experience Analysis

Segment	Must See and must do products/experiences	Product gaps and opportunities
Pampadours	Luxury B & Bs; Golf – Green Hill; Horse riding – personal guided treks Nurseries & Gardens Nature – views, vistas, walks	Quality restaurants Spa facilities Retail outlets Local providers – gourmet food Central tourist facility to sell local produce which can be a community cooperative.

Segment	Must See and must do products/experiences	Product gaps and opportunities
Compatriots	Horse riding Quad bike riding Reptile Park Laser skirmishes Somersby Falls Koolang observatory Mangrove Mt Retreat	Family Friendly eating Pub Self contained family accommodation. Farm stay Arts n Crafts centre. Markets Decent public toilets. Central information for tourists. Tourist signs

Segment	Must See and must do products/experiences	Product gaps and opportunities
Wanderers	Lots of walks – <i>but location not identified</i> Local accommodation – <i>but location not identified</i>	Showcasing farm experiences. Specialist berry farms, Citrus farms, Native flower farm – pick your own Public facilities and amenities at Dubbo Gully, Elisabeth Donovan Park, Richard Woodbury Reserve, Craft Creek Reserve. Local Museum Craft Centre – showing local products – pottery, wood turning Outlet for local fresh produce.

Segment	Must See and must do products/experiences	Product gaps and opportunities
True Travellers	Wild bush animal sanctuary Bush tucker & aboriginal sites. Native plant nurseries Yoga & relaxation	Suitable accommodation – motel or caravan park. Need for a hub with a quality café, fruit shops and takeaways, crafts

Segment	Must See and must do products/experiences	Product gaps and opportunities
Groupies	Quality accommodation & camping facilities at Mangrove Mt Retreat and Glenworth. Koolang Observatory Australian Walkabout Wildlife Park Glenworth horse riding Reptile Park. Paint ball skirmishes Golf club	Fresh Produce outlets Bush tucker experiences Aboriginal artifacts Marketing identity for the area.

Given the above feedback, the consultant has attempted to find the best market segment fit with the experiences currently on offer. This analysis was based on the consultants understanding of the quality of products relative to the market competition and experience delivered. The ranking for each segment was relative to each of the following themed experiences:

- Nature
- Food and wine
- Water – river, lake and beach
- Arts/culture /history/crafts
- Events
- Accommodation

Which market segments present the strongest fit with Central Coast Plateau?

Product/ Experience	Segments	Fit				
		Low	High	Low	High	Low
Nature based experiences including wildlife parks	Pampadours	1	2	3	4	5
	Compatriots	1	2	3	4	5
	Wanderers	1	2	3	4	5
	True Travellers	1	2	3	4	5
	Groupies	1	2	3	4	5
Food and wine experience, including fresh produce	Pampadours	1	2	3	4	5
	Compatriots	1	2	3	4	5
	Wanderers	1	2	3	4	5
	True Travellers	1	2	3	4	5
	Groupies	1	2	3	4	5
Arts/culture/heritage/history experience	Pampadours	1	2	3	4	5
	Compatriots	1	2	3	4	5
	Wanderers	1	2	3	4	5
	True Travellers	1	2	3	4	5
	Groupies	1	2	3	4	5
Water Based-rivers, falls	Pampadours	1	2	3	4	5
	Compatriots	1	2	3	4	5
	Wanderers	1	2	3	4	5
	True Travellers	1	2	3	4	5
	Groupies	1	2	3	4	5
Events	Pampadours	1	2	3	4	5
	Compatriots	1	2	3	4	5
	Wanderers	1	2	3	4	5
	True Travellers	1	2	3	4	5
	Groupies	1	2	3	4	5
Accommodation	Pampadours	1	2	3	4	5
	Compatriots	1	2	3	4	5
	Wanderers	1	2	3	4	5
	True Travellers	1	2	3	4	5
	Groupies	1	2	3	4	5

It would appear that the market segments which are best catered for in terms of experiences on offer and overlay the accommodation available are as following order of priority.

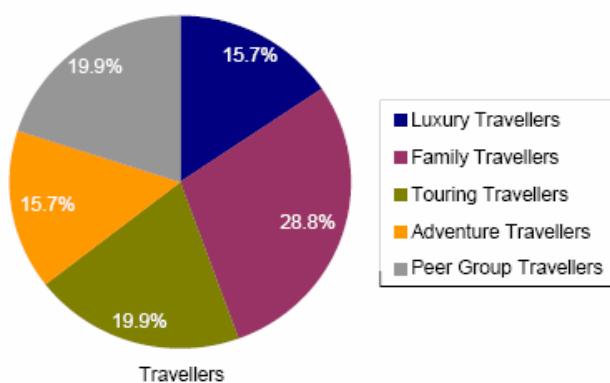
1. Groupies (Peer Groups Travellers))
2. Wanderers (Touring Travellers)
3. Compatriots (Family Travellers)
4. Pampadours (Luxury Travellers)
5. True Travellers (Adventure Travellers)

It is interesting to note that while there are many active things to do for the family market – the reality is that accommodation/food outlets suited for this segment are inadequate. Similarly, the Pampadours and true travellers can be catered by 2 quality accommodation operators, but the meals and experiences available are limited.

Comparison with travel segments to the Central Coast Region.

Tourism New South Wales in their regional tourism fact sheet (2006) suggest that the biggest segment for the Coastal areas is Family followed by Peer Groups and Touring travellers.

Australian travel segments⁽¹⁾



4. Developments Proposed by Private Sector

In the course of the field trips and discussions with existing operators, it became apparent that there were a number of new infrastructure products which are proposed. The projects will be subject to development applications to the Gosford City Council and the Wyong Council.

- Green Hill Golf Course (formerly known as the Springs Golf Course) –35 accommodation units and a new clubhouse
- Plant Mart – retail nursery outlet
- Villa Sorgenti – Upgrade wedding and meetings venue and rooms
- Ongoing upgrades at Australian Reptile Park
- Glenworth Valley – ecolodge potential I(30 - 40 cabins) and school groups accommodation
- Australia Walkabout Wildlife Park – eco-cabin developments
- Koolang Observatory –additional new radio telescope
- Mangrove Mountain Memorial Golf Club – extensions to golf course
- Restaurant, retail and visitor information centre– “Karingal” Mangrove Mountain
- New Gateway Visitor Information Centre at Kariong
- Extension of the Mangrove Mountain IGA Supermarket and shop

5. Draft Central Coast Regional Strategy

In September 2006, the NSW Planning Department through the Minister of Planning, Hon Frank Sartor MLA, released the draft Central Coast Regional Strategy. The Strategy establishes the framework for a number of significant areas which will impact upon the future development of this region. The areas include

- Residential Development
- Economic and Employment
- Environment Management
- Water management
- Regional Infrastructure and Transport

Unfortunately the Strategy does not give any indication to the future options for the Central Coast Plateau area. It has indicated a policy of not encouraging residential development similar to those in Gosford and Wyong on the Plateau. This is a positive direction which needs to be supported. From a tourism perspective, it would be futile to destroy the natural character and rural landscape of the Plateau.

The Draft Strategy also indicates that it needed to address the issue of the extractive industries – sand, stone and water and timber- environmental sustainability and impact on water catchment etc. This study will be undertaken by the Department of Primary Industry and the Department of Planning and the local councils.

Similarly a Regional Conservation Plan is to be prepared in 2007 - 08 by the Department of Planning and the Local Councils.

It is suggested that that it would be in the interest of the tourism operators in the region to also participate in the above planning exercises. This will be best coordinated by Tourism New South Wales and involve Central Coast Tourism Inc and the selection of local operators.

6. Central Coast Plateau Tourism Plan – The Way Forward

6.1 Vision

Preamble

The Mangrove Mountain and Districts Community Strategic Plan developed in September 2003 had the following Vision Statement:

“A Progressive, Diverse, Cooperative, Economically Viable Community”

At the June 2006 workshop, the participants were asked to indicate their expectations and vision for the tourism industry in this area. A range of responses were obtained including:

- Agritourism showcasing local produce and co existing with agricultural business.
- History of plateau
- Support of Gosford City Council for a broader tourism vision
- Separate marketing identity –destination which people come to and not go through. The development of a unified Brand for this area
- Locals working together.
- Sustainable industries
- Sustainable supply of water to underpin farming and rural tourism
- Increase investment in tourism to provide local benefits for the area.
- In 5 years no rezoning – develop within current zones
- Financially viable tourism industry
- Community friendly tourism
- Lifestyle maintained.
- Establish a tourism hub – which can house a number of quality tourist products and a Farmers market. Potential site is Peats Ridge.

Based on the above two inputs the following vision statement is suggested for the tourism industry on the Central Coast Plateau area.

Tourism Vision Statement

“The development of a viable tourism industry which is sympathetic and adds value to the rural, natural and cultural attributes of the Central Coast Plateau”

Tourism Goals:

- ✓ a vibrant community
- ✓ sustainable industries
- ✓ a living environment

6.2 Tourism Objectives

- Develop facilities and programs which will enhance the visitor experience on the Central Coast Plateau.
- Increase market awareness of the Central Coast Plateau as a tourist destination
- Facilitate visitor and community access to tourism services, facilities and attractions.
- Ensure that tourism development is environmentally and economically sustainable and compatible with the rural, natural and cultural values of this region.

6.3 Key Issues Impacting the Objectives

There are a number of important issues which can impact on the development of tourism in Central Coast Plateau area. Some of these issues are outside of local control, however they should be monitored and mitigation strategies put in place. Other issues are local in nature and controllable or manageable by Gosford City Council or the local tourism industry.

External issues which can have an effect are:

- Changing demographics. As the population ages they will desire different forms of leisure experiences and require different forms of accommodation, entertainment and activities.
- Changing travel patterns and desires
- Changing spending patterns – increase spending on household debt, home entertainment, interest
- Fuel prices – regional Australia is seeing a significant downturn in drive travel but the Plateau is close enough to be attractive.
- Uncertain workplace conditions – many Australians not taking holidays.

Internal issues which can have an effect are:

- Fragmented planning – there is a need for better coordination and integration on policies and planning directly or indirectly related to tourism.
- In addition, the Gosford City Council needs to involve Central Coast Tourism Inc. in the strategic directions on council policies impacting tourism development.
- Water supply and management.
- Balance between the impact of extractive industries on the ambience and environmental attributes of the area.
- Growth in retirement and sea/land change- new migration to the area and potential conflict with existing industries.
- Highly seasonal patterns of visitation which cause fluctuations in resource utilisation, employment and general business activity.
- Competition from other regional destinations.
- Continued community support for tourism and recognition of its economic and social contributions to the area.

6.4 Achieving the Vision – Action Plan

Strategy 1

Develop facilities and programs which will enhance the visitor experience on the Central Coast Plateau.

No.	Actions	Lead Agency	Stake holders	Potential Funding Sources	Timeframe	Priority Essential Important Desirable Optional
1.1	Highlight the agricultural strengths of the area by promoting <ul style="list-style-type: none"> • Farmers day • Field days • Branding farm produce, nurseries • Local shops selling local produce – jams, preserved fruits, vegetables, flowers • Local restaurants/cafes using local produce 	GCC	CCT DSARD CCP community Farmers Business community Dept of Primary Industry	Private sector DSARD main street development program. DPI	2007- 08	Essential
1.2	Provide accessible public toilets, BBQ sites, footpaths	GCC, NPWS	Local community groups	GCC State Govt	2007 - 09	Essential
1.3	Provide pet friendly rest areas	GCC		GCC Community.	2008	Important
1.4	Facilitate development of public art using local artists	GCC Dept of Arts & Culture	Community groups	State Govt	2008-09	Desirable

Notes

The above actions capitalise the agricultural strengths of the area in a cost effective manner. The farmers market needs to be of a scale which is manageable and one designed to be different to existing markets in the region. Underpinning all of these activities is a need for the farmers to develop and embrace a Central Coast Plateau brand. The strategy is for this area to develop a reputation for quality fresh produce and products.

The facilities and public art are additional “value adds” or “hooks” for visitors to stop and spend time in this area and increase community pride in the look and feel of the area.

Strategy 2

Encourage the development of tourism infrastructure on the Central Coast Plateau

No.	Actions	Lead Agency	Stakeholders	Potential Funding Sources	Timeframe	Priority Essential Important Desirable Optional
2.1	Create an integrated tourism precinct with a critical mass of tourist related products.	GCC Planning NSW	CCT DSARD TNSW	Private sector DSARD main street development program	2007- 09	Essential
2.2	Facilitate development of viable tourism accommodation subject to environmental sustainability	GCC	DSARD CCT Business Central Coast		2006-10	Essential
2.3	Facilitate the development of art/craft galleries, cottage industries and additional eateries and a country pub within the precinct zone.	DSARD Business Central Coast	GCC CCT	Private sector	2006 -10	Essential
2.4	Encourage program expansions of existing attractions and clubs.	GCC	CCT DSARD	Private Sector	2006 -10	Essential

Notes

Tourism Precinct

One of most critical success factors for tourism growth to this area is the development of a tourism precinct. This will provide a focus for visitors and residents and develop a sense of place for the community. The location of this precinct will also be crucial to its commercial success. The locational factors include:

- Positioned along the main transport spine in this area – Georges Downes Drive
- Accessibility to the F3
- Potential to showcase the product strengths of the Plateau – landscape, nurseries and attractions
- Proximity to existing businesses
- Availability of land for this development
- Provision of a balanced planning framework for developers to minimise their capital risks.

There 3 possible options for this precinct – Peats Ridge, Central Mangrove and Kulnura.

Given the above factors it is suggested that a precinct in close proximity to the existing shops and nurseries at Peats Ridge would be the preferred location option. This location will potentially attract

- Through traffic along the F3 Freeway as a short detour off the Freeway for a rest and recreation stop but within a village atmosphere instead of a fast food outlet
- Traffic heading to the Hunter Valley using Tourist Drive 33
- Day visitors to the Plateau from Sydney and Gosford
- Overnight visitors to the Plateau
- Residents of the Plateau.

If well designed and developed – perhaps utilising energy and water conservation techniques, low impact building techniques like mud bricks etc, this precinct could also be a showcase for sustainable tourism development and building design.

This design development strategy in itself has the potential to attract funding assistance from the Federal Government and potentially establish itself as a unique destination.

Landscaping design associated with the precinct and buildings should also be of a standard that reflects the diversity and quality of the wholesale nurseries in this area.

The proposed expansions to the Green Hill (Springs) Golf Course and new nurseries close to the Peats Ridge village may provide the impetus for this precinct development.

The mix of uses is also crucial for this precinct to be economically sustainable.

The type of retail activity could include,

- Galleries, art and craft shops – pottery, leather goods, glass design etc
- Fresh fruit, flowers and vegetable shops,
- Butcheries and smallgoods
- Antique shops
- Cafes with outdoor sitting
- Country style pub/hotel with outdoor beer garden
- Equestrian related retail

Associated with this could also be public amenities such as barbeques, village green, toilets and car parks. Examples of this style of development include Berrima- Southern Highlands, Mogo and Cobargo on the South Coast. St Albans and Wollombi are other examples.

The establishment of this precinct will be an important stimulus for the economic and social well being of this area. This precinct will provide a sense of place for the Central Coast Plateau.

Tourism Accommodation

The other critical factor is the need for tourist accommodation and an increase in the number of beds in this area – non dormitory style. There will be a need for a blend of accommodation types – nature based ecolodges/equestrian lodges/or resorts within existing golf courses plus bed and breakfasts, retreats and farm stays.

For resorts to be viable as a rule of thumb a minimum of 100 beds would be needed. This provides owners the capacity to actively market both their properties and this destination. Destinational marketing done by the bigger establishments will have flow on benefits for the smaller accommodation houses. Generally, B&B owners have very limited funds for marketing - hence impacting on their viability.

The accommodation strategy proposed leverages the strengths of this area. It also defines a diversity of accommodation choices to attract the high yield markets from Sydney, Newcastle and international visitors.

A key imperative in the provision of accommodation is to ensure that the developments are sympathetic to the environment. The scale of buildings should not be multistorey and should be cognisant of the water management issues facing the Plateau and local traffic impact issues.

To achieve this objective the existing planning framework of the Gosford City Council needs to be revised.

The proposed developments in Section 4 of this report should also be facilitated by the Gosford City Council.

Strategy 3

Improve visitor accessibility to the Central Coast Plateau

No.	Actions	Lead Agency	Stakeholders	Potential Funding Sources	Timeframe	Priority Essential Important Desirable Optional
3.1	Create a sense of arrival in close proximity of the first exit off from F3 with a sign – “Welcome to the Central Coast Plateau” and a list of attractions and services (symbols)	RTA	GCC CCT TNSW	RTA	2008	Essential
3.2	A good tourist roadside Maps of the area at Peats Ridge, Kariong, Somersby, Ourimbah, Crossroads	GCC	DSARD CCT Business Central Coast	Private sector GCC	2007	Essential
3.3	Signs with distances to villages and Hunter Valley.	RTA	GCC CCT	RTA	2008	Important
3.4	Themed Tourist Route like the Grand Pacific Drive.	RTA CCT CCC Wyong Council	HRTO TNSW	Private Sector	2006 -10	Important
3.5	Change Tourist signs along Freeway to highlight the destination “Central Coast Plateau” followed by village names.	RTA	GCC CCT TNSW	RTA	2009	Desirable
3.6	Website for the area once a marketing identity is agreed upon. Links with CCT important	CCT Local community	GCC CCT TNSW	Grants from state and federal Governments	2008	Important
3.7	Greater promotion of the area in the new VIC at Kariong rather than just members only.	CCT	CCT, GCC, Operators	CCT, Tourism operators	2008-09	Important
3.8	Improve signage from the Central Coast Plateau to Somersby.	GCC	RTA CCT	GCC	2008-9	Desirable
3.9	Develop and print tear off maps	GCC, CCT	Operators	Operators, sponsors and GCC	2007	Essential

Notes

The key issue in the instance is agreement on a name for the study area. It is currently known by the villages in the area – Mangrove Mountain, Peats Ridge, Central Mangrove, Lower Mangrove, Kulnura etc. Community agreement is needed on an area descriptor such as “The Central Coast Plateau” This would be the umbrella and overarching name of the area and each village will also continue to have their existing names.

Once this issue is finalised then from a destinational marketing perspective it is easier to market and sign post – refer to recommendations 3.1 and 3.5

Notwithstanding the destinational name issue, there is an urgent need to upgrade signage in the study area. Visitors are not aware of is available and need to seek guidance from locals in many instances. Hence the recommendation of new signs and an updated visitor map of the area.

The major market for this area is the “drive market”. A trend in overseas destinations and lately in Queensland and in NSW is to theme drive routes. This area has one of the oldest tourist drives in NSW – Number 33. To the consumer “Tourist Drive 33” is meaningless and there is no marketing collateral produced by RTA or TNSW on the experiences available along of this drive. An opportunity exists to theme this drive along similar lines of the Grand Pacific Drive – which links Sydney, Wollongong, Kiama and Shellharbour. Preliminary discussions with the Hunter Regional Tourist Organisation and Central Coast Tourism Inc. suggests that they would be happy to work with the respective Councils, local communities to theme this Drive as an alternative route linking Sydney to the Hunter Valley

Finally, a simple immediate action, possibly initiated by the GCC and the CCT Inc is the production of a tear off map of the Central Coast Plateau. This map should be well designed consumer friendly map and have all the tourism and other retail and service businesses listed on it. The map should have made available free of charge in all businesses at the major attractions, on the Central Coast Plateau and at the Visitor Information Centres in this region.

Strategy 4

Establish a destinational marketing strategy for Central Coast Plateau

No.	Actions	Lead Agency	Stakeholders	Potential Funding Sources	Timeframe	Priority
						Essential Important Desirable Optional
4.1	Develop a marketing strategy for the Central Coast Plateau.	CCT	GCC CCT TNSW DSARD DPI	DSARD GCC	2007	Essential
4.2	Develop a marketing Brand for the area which is acceptable to both the agricultural and tourism industries and the community.	GCC	DSARD CCT Business Central Coast DPI	DSARD TNSW DPI	2007	Essential
4.3	Encourage the implementation of the Brand and marketing strategy.	CCT	All Agencies All operators	All Agencies All operators	2009	Essential
4.4	Greater cross promotion and network development between tourism operators and local retail outlets.	Business Central Coast	CCT Operators	Nil	2007	Essential

Notes

This area lacks awareness in the market place. There is an urgent need to have a marketing strategy to market the products within it in a coordinated and integrated manner.

Given the scale of the area on one hand and the world class qualities of the products and produce from the area, it is suggested an integrated branding strategy for Central Coast Plateau be developed. **This brand should not be limited to the tourism industry.** It needs to be inclusive of all the industries within the area. This would include the agriculture- orchards, citrus plantations, flowers, plants, vegetables, primary production – beef, poultry as well as the water extraction industry. The collaborative actions suggested in this objective will generate long term social and economic benefits to this area.

Strategy 5

Improve the look and feel of the Central Coast Plateau

No.	Actions	Lead Agency	Stakeholders	Potential Funding Sources	Timeframe	Priority
						Essential Important Desirable Optional
5.1	Ensure the ongoing maintenance and preservation of the landscape character of the area	GCC	Community	GCC	Ongoing	Essential
5.2	Establish a unifying theme for the main thoroughfares in the area by the planting of Gymea Lilies along the roadsides and the use of local stone.	GCC	Community	RTA GCC	Ongoing	Essential
5.3	Maintain the public art around shelters and upgrade the Old Ridge Milk Bar	GCC	Community	Community sponsorship	Ongoing	Essential
5.4	Upgrade existing car parks at each of the villages	GCC	Community	GCC	2007 - 2010	Important
5.5	Improve the streetscape at the Crossroads junction, Peats Ridge,	GCC	Community	GCC Community sponsorship	2007 – 2010	Important

Notes

The maintenance and preservation of the ambience of the rural landscapes, narrow winding roads, farming and orchards is important to the tourism industry. This is one of the factors bringing visitors to this area. There is an exciting opportunity to give this area its own distinctive feel using a plant species native to the area – Gymea Lily. Community groups and the GCC should be encouraged to plant Gymea Lilies along all of the roads. This distinguishing feature will be a great attraction to visitors.

Opportunities also exist for the community to seek major sponsorships from major companies with an interest in the area to improve key public amenities and streetscapes the crossroads junction, the old ridge milk bar which was a local icon in the past.

Strategy 6

Planning and Management of Central Coast Plateau

No.	Actions	Lead Agency	Stakeholders	Potential Funding Sources	Timeframe	Priority
						Essential Important Desirable Optional
6.1	Review of the Gosford City Council LEP for the Central Coast Plateau to encourage sustainable and viable tourism business enterprises.	GCC	CCT TNSW DSARD	GCC	2007	Essential
6.2	Involvement and contribution to the Regional Conservation Plan.	GCC	CCT TNSW DSARD	GCC	2007/8	Essential

Notes

The current Gosford City Council LEP whilst acknowledging the need to support new tourism enterprises has a number of limitations on density, type of use and location of tourism developments. The focus of the current LEP is on sustainable and density control it is suggested that the focus should also include viability of businesses, employment generation as well as environmental sustainability.

These limitations have a serious impact on the viability of professional and fulltime tourism businesses. The scheme is skewed to supporting tourism activities which are subordinate to the primary industries of the area. Hence employment generative capacity of the existing scheme within the tourism sector is very limited.

The tourism industry should actively participate and contribute to the Proposed Regional Conservation Plan. The protection of the environment is significant to the tourism industry.

7.0 Conclusions

The key issues which need to be answered with respect to the tourism industry in the Central Coast Plateau are as follows:

1. Is there potential for tourism growth on the Central Coast Plateau?
2. Does the local community support growth in the tourism industry?
3. What should be the focus of tourism in this area?
4. What strategic framework should be adopted to encourage the growth of the tourism industry on the Central Coast Plateau?

1. Is there potential for tourism growth on the Central Coast Plateau?

The answer is yes subject to encouraging the appropriate style of tourism development which compliments and enhances the strengths of the Plateau.

The reality is that Gosford City Council Local Government Area is a dormitory residential area for Sydney. The Central Coast Strategic Plan recognises this phenomenon. From a tourism perspective the attractiveness of the Central Coast for tourists and visitors is intrinsically linked with its beaches, coasts and waterways. Increased residential growth will have an impact on the amenity of these resources and impinge on “getaway from it all” holiday mindset which the majority of visitors have. Strategically the Central Coast Plateau has the potential of providing a sustainable future and alternative for the tourism industry in the Gosford LGA.

2. Does the local community support growth in the tourism industry?

At both the September 2003 and June 2006 community workshops, participants reaffirmed the need for an “economically viable community”. The community participants also supported the growth of tourism subject to the following

- Enhancement and co existence with the agricultural industry
- Sustainable both environmentally and economically
- Maintenance of the community lifestyle

3. What should be the focus of tourism in this area?

There are basically 2 options available. The first is organic growth. This has been the approach thus far on the Plateau and the results have been limited. The second is to adopt a strategic approach which has the support of key stakeholders to an agreed framework as outlined in this document. The second approach is the preferred option as it provides certainly to both the investors and the community.

4 What strategic framework should be adopted to encourage growth of the tourism industry on the Central Coast Plateau?

The strategic framework recommended for the Central Coast Plateau tourism involves the following elements:

- Encourage the growth of day visitors to the area and increased expenditure on the purchase of goods and services from the local businesses.
- Increase investment on necessary tourism infrastructure.
- Develop a marketing strategy and a Brand for the Plateau which has the endorsement of both the tourism and agricultural industry.
- Improve the level of collaboration between the key stakeholders at all levels of Government and between the tourism industry, local businesses and the community.

Section 6 of this document outlines 6 specific strategies and 28 actions which can assist in the implementation of the above strategic framework.

APPENDICES

Appendix 1

Tourism Product Database on the Central Coast Plateau as at Feb 2006

Central Coast Plateau - Tourism Inventory		
Accommodation	Description	Location
Woodlands Farm Stay	Reception centre, B&B, - beautiful gardens	Baines Road, Mangrove Mountain
Mangrove Mountain Retreat	Operated by Wesley Mission, cabins, swimming pool-disabled only, conventions, bushwalking, school holiday activities, disabled access	Wisemans Ferry Road, Mangrove Mountain
Christian Country Side Centre	Accommodation, conferences, Christian camps, camping, log cabins	Berecry Road, Mangrove Mountain
Ashram Yoga Centre	weekend retreats, meditation, accommodation	Mangrove Creek Road, Lower Mangrove
Neverfail Holiday Park	camping, cabins, on Hawkesbury River	Morgans Road, Mt White
Spencer Cottage	5 star accommodation, good for families, short-term, access by road or boat	Spencer
Noonaweeda Retreat	5 star accommodation, health spa, B&B	George Downes Drive, Kulnura
Villa Sorgenti	Award winning restaurant Italian/Seafood, conference & party room hire, wedding receptions, motel accommodation - open Mon-Sat 6pm till late, recently renovated	Kowara Road, Somersby
Forest Park Country Retreat	elegant country home- two queen bedrooms, fully equipped kitchen, glorious sunrooms, grass tennis court, BBQ, croquet, boules, exclusive use of the property, mature gardens, stunning views	Forest Road, Kulnura
Kiah Retreat	cattle Farm, cottage -self contained	Kulnura
The Retreat	Self Contained cottage	Lower Mangrove
Green Mans Valley Caravan Park	Camping, accommodation, boat hire	Morgans Road, Mt White
The Farm'	B&B	George Downes Drive, Kulnura
Convention/Conference Centres		
Linton Park Gardens	conference facilities, wedding receptions,	Wisemans Ferry Road, Somersby
Noonaweeda Retreat	conference facilities, wedding receptions,	George Downes Drive, Kulnura
Old Sydney Town	conference, special events	Somersby

Attractions		
Westys	local historical archives, available for tours on request	Wisemans Ferry Road, Somersby
The Slab Hut	locally built bush wood furniture- (stunning furniture)	Peats Ridge Village, Peats Ridge
Australian Reptile Park	Australian Reptiles	Somersby
Central Coast Sands	Sand quarrying- guided tours available	Grants Road, Somersby
Aboriginal Sites	Darkunjung Land Council do guided tours	various sites, primarily, Somersby
Mangrove Dam	Picnic area, observatory, guided tours	Kulnura
The Observatory	Night star gazing, guided talks, educational	George Downes Drive, Kulnura
The Paint Ball Place	10 different fields, up to 150 people, BBQ lunch, bus & coach parking, shower facilities, team building, social and sports groups	Greta Road, Kulnura
First Strike	Laser Skirmish games,	Glenworth valley
Paint Ball Pete's	Team Building, corporate days, birthday and bucks parties	Mt White
Mt Penang Gardens	Contemporary Australian gardens	
Australia Walkabout Wildlife Park	Under new establishment- new products proposed native animals	Peats Ridge
Horse Riding		
Glenworth Valley	Horse riding, camping, skirmish, quad bikes	Mt White
Elcador Equestrian Centre	training, horse spelling	Wisemans Ferry Road, Somersby
Somersby Equestrian Centre		Falls Road, Somersby
Annual events		
The Spencer Cup	Annual event - Sunday of every long weekend	Triangle Island - Spencer
Bloodtree Festival	Annual event- April	Kulnura Oval
Mangrove Mountain Country Fair	Annual event- October	Grounds surrounding Mangrove Mountain Community Hall
Back to Mangrove Historical Displays	Bi-annual event	Mangrove Mountain Memorial Club
Peats Ridge Festival	annual event- dates TBA- targets Sydney and Central Coast visitors- 3 day music event	Glenworth Valley

Jazz festival	Annual event organised by Central Mangrove Public School, music, stalls, kids activities	Glenworth Valley
Mangrove Mountain Arts & Craft Show	Annual event - 1st weekend of November	Mangrove Mountain Community Hall
Nature walks		
Popran National Park	Emerald Pool and creek, 45 min bush walk (medium), can have a guided tour for \$18 per person, toilets, not wheelchair accessible, good signage	Iron Bark Road, Mangrove Mountain
Greengrove	Not accessible by car, 20 min hard walk- very steep, fantastic views, very scenic	Bedlam Creek, Lower Mangrove
Tom McKenzie Park	Pony Club, bush walking easy, medium and hard, waterfall, toilets, bushwalkers paradise	Wisemans Ferry Road, Mangrove Mountain
Dubbo Gully	Need a key to access, guided tours for \$20.00, bushwalks, Fairview Home- big old cedar built home, Gosford Council water catchment, Upper Mangrove Cemetery	Waratah Road, Mangrove Mountain
St Thomas Cemetery	old graves of pioneers, camping, funding for toilets, brochure currently being created	Upper Mangrove
Greengrove Cemetery - St Peter's	3 minute walk from gate, not wheelchair accessible	Mangrove Creek Road
Crafts Creek Reserve	2,000 acre reserve, bushwalkers paradise, waterfall	
Bedlam Creek Reserve	bushwalking, creek, native flowers	Berecry Road, Mangrove Mountain
Ironbark Reserve	Wheelchair friendly, walking trail, bush tucker trail being established - interpretive trail, beautiful bush walking, waterfall, logs for picnics	Ironbark Road, Mangrove Mountain
Elizabeth Donavan Park	Council Reserve, fishing, camping, swimming, no toilets, funding for boat ramp	
John Donovan's Grave	bushwalking, very scenic, lookout	
Somersby Falls	Walks, picnic area, BBQ, toilets, easy access	
Great North Walk	Map Available	
Richard Woodbury Reserve	tables & chairs, picnic area, BBQs, swimming	Mangrove Creek Road- opposite Ashram

Cafes/ Food		
Mangrove Mountain General Store	IGA, takeaway food, outdoor eating, petrol	Wisemans Ferry Road, Somersby
Peats Ridge Service Station & Takeaway	Petrol, mechanical repairs, takeaway food, outdoor eating facilities	Peats Ridge
Corrugated Café	Café. food from local produce, great food, open Wed-Sun breakfast and lunch	Peats Ridge
The Old Oak Pizza	Pizza/pasta restaurant- open evenings Tuesday-Sunday?	Peats Ridge
Somersby General Store	Takeaway, outdoor eating, general store, Internet Café	Wisemans Ferry Road, Somersby
Waterfall CAFÉ	Café, toilet , gardens, café	Mt Penang Gardens
The Hub Café	General store, liquor shop, café, internet café, great food	Spencer
Road Warriors Café	Takeaway, outside dining, internet café	Mt White
Kulnura General Store	Takeaway and café, groceries, bottle shop, Internet Café	Kulnura
One Stop	takeaway food, coffee, groceries	Kulnura
Nurseries		
Marion Grove Nursery	Australian Camellia Specialists- wholesale and open to the public	810 Wisemans Ferry Road, Mangrove Mountain
Scotts Tubes	Big wholesale nursery- can telephone to visit	881 Wisemans Ferry Road, Mangrove Mountain
Old Viola's Place	Advanced nursery	Wisemans Ferry Road and Berecry Road
East Wood Nurseries	Natives, pines, various- happy to have visitors (wholesale)	Pemperton Hill Road, Mangrove Mountain
East Coast Wildflowers		RMB 4420 Kirks Road, Mangrove Mountain
Birnam Wood		2200 Springs Road Kulnura
Bibo Bonsai Nursery	Thurs, Fri 10.00am-5.00pm, sat-Sun 10.00am-4.00pm	Link Road, Peats Central Mangrove
Royale Orchids	Huge Farm Orchards	Breeze Road, Peats Ridge
Fabians Farm	Nursery- open to public Mon-Thurs 8.00am-4.00pm, Fri.- 8.00am-12.00pm	19 Waratah Road, Mangrove Mountain
High Ridge Nursery	Wholesale Nursery	RMB 21 Bloodtree Road, Mangrove Mountain
Bellbrook Nursery	Nursery, Café	Peats Ridge Village, Peats Ridge
Transplant Industries		183 Peats Ridge Road, Peats Ridge

The Wildflower Farm	Wholesale Nursery, guided tours available	Grants Road, Somersby
Southern Cross Orchids	Wholesale Nursery	70 Wisemans Ferry Road, Central Mangrove
Coachwood Nurseries	Wholesale Nursery	Wisemans Ferry Road, Somersby
Kawana Nurseries		400 Peats Ridge Road, Peats Ridge
Joan Anderson Nursery	open to public, free range eggs, jams, variety of plants	Wisemans Ferry Road, Lower Mangrove
Casuarina Grove Nursery	Wide variety of plants	Wisemans Ferry Road, Spencer
Central Coast Bulb Farm		Finns Road, Kulnura
Kulnura Nursery		
Macadamia Farm	Macadamia nuts, free range eggs, avocados- weekends only	George Downes Drive, Kulnura
Pine Lea Nurseries		419 Ironbark Road, Mangrove Mountain
Paradise Plants	Open 2 weekends of the year, wholesale nursery and beautiful gardens (will open an additional weekend for tourism purposes)	Greta Road, Kulnura
Green House Nursery	Tree, shrub and Hedging Plant Specialist	
Rochester's Bonsai & Suisseki Nursery		Kyola Road, Kulnura
Plant Biz		1515 Peats Ridge Road, Peats Ridge
Price's Plants		Rmb 1265 Wisemans Ferry Road, Somersby
Gale Citrus	Specialised in citrus trees	55 Bell Road, Mangrove Mountain
Mt White Nursery	Open to the public - weekends only	
Service Clubs		
Mangrove Mountain Memorial Club	10 hole golf course, restaurant, bar, conference/wedding reception facilities, entertainment, special events such as Melbourne Cup luncheon, bingo, raffles, TAB, BBQ facilities	Halliards Road, Central Mangrove
Mangrove Country Club- home of the big bottle	Chinese restaurant, bowling green, tennis courts, bar, karaoke, pool comps, TAB	George Downes Drive, Central Mangrove

Fruit/Roadside Stalls		
Jenny's Roadside Hut	flowers, gifts, children's clothes	George Downes Drive, Kulnura
Comensolis Citrus Farm	peaches and nectarines	Wisemans Ferry Road, Mangrove Mountain
Little White House	variety of local produce	Wisemans Ferry Road, Mangrove Mountain
Various stalls	Fresh fruit/vegetables/eggs	George Downes Drive, Central Mangrove to Kulnura
The Fruit Box	fresh local fruit and vegetables	Peats Ridge Road, Peats Ridge
Cammerleri's Fruit Stall	Fresh local fruit & veg	Collins Ave, Kulnura
The Big Pumpkin	fresh local fruit & veg, weekends only	Peats Ridge Road, Peats Ridge
Golf Courses		
The Green Hill Golf Course	18 hole golf course, future plans for accommodation, clubhouse and restaurant- prestigious course	
Mangrove Mountain Memorial Club	10 hole golf course- under construction for 18 holes and due for completion in 5 years	
Ancillary Facilities		
Community Facilities		
Mangrove Mountain Community Church	Beautiful Heritage building- great for wedding/christenings, all denominations, belongs to the community	Wisemans Ferry Road, Mangrove Mountain
Mangrove Mountain Community Hall	Available for hire, kitchen facilities, holds 200 people	
Bloodtree Sports Ground	children's playground, sports oval, toilets, canteen facilities, picnic facilities	Bloodtree Road, Mangrove Mountain
Mangrove Mountain Community Technology Centre	Training courses, office supplies, seniors group, printing, photocopying, tourism bureau possibility	Waratah Road, Mangrove Mountain
Spencer Community Centre	Available to hire, BBQ, picnic area, multi-purpose court, beautiful hall	
Kulnura Community Hall	parties/functions hire, owned by Wyong Council	
Mountain Medicine		Mangrove Mountain Village Shops
Somersby Sports Ground	sports oval	
Somersby Community Hall	Hold up to 60 people, kitchen toilets	

Petrol Stations		
	Kulnura General Store	
	Central Coast Tractors	Somersby
	Peats Ridge Service Station	
	Mangrove Mountain IGA	
	One Stop	Kulnura
	Spencer General Store	
Public Toilets		
	Mangrove Mountain	
	Spencer	
	Peats Ridge	
	Somersby (building to start before end of year)	

Appendix 2

List of Operators consulted during the study

Central Coast Plateau

Products Visited and Discussions

Operator/Product	Location
Sam Dominello	45 Euloo Road, Peats Ridge
Mr Ha, Manager The Green Hill Golf Course	Peats Ridge Road, Peats Ridge
Dubbo Gully -tour	Mangrove Mountain
Woodlands Country Stay	Baines Road, Mangrove Mountain
Paul Daly	Mangrove Mountain Memorial & Golf Club
Forest Park Country Retreat	Forest Road, Kulnura
Mangrove Creek Dam	Kulnura
Koolang Observatory	Kulnura
Royal Orchids	Brieses Road, Peats Ridge
Australian Walkabout Wildlife Park	Calga
Karingal Equestrian Centre	670 Wisemans Ferry Road, Mangrove Mountain
Paradise Plants	Kulnura
The Wildflower Farm	Somersby
Villa Sorgenti	Kowara Rd, Somersby
Somersby Falls	Somersby
Mrs Marler	Calga
Barton Lawler	Glenworth Valley
Nanny's Fruit Box	Peats Ridge
Margaret Pontifex	Mangrove Mountain & Districts Community Group

Appendix 3

Market Segmentation

**Research undertaken by
Colmar Burton Market Research
Tourism New South Wales
2000-2004**

Appendix 3: Consumer Mindset Segmentation

Colmar Burton undertook a detail study on consumer segmentation for See Australia (now Tourism Australia)

They identified 5 segments within the Australian market. These were:

- Pompadours – Up Market Travellers
- Compatriots – Family Travellers
- True Travellers – Nature/Culture travellers
- Wanderers – Touring Travellers
- Groupies – Peer Group Travellers

Mindset segments can cut across demographic and geographic boundaries, and provide greater depth of segmentation:

E.g. take two 55 year old married couples whose children have left home. One couple prefers luxury cruises and trips to Europe. The other prefers caravanning around Australia. From a marketing point of view the selection of the type and channel of marketing communications important.

Note that people may switch between mindsets, depending on the circumstance of the holiday

E.g. Sally and James usually prefer to rough it, going camping and bushwalking in national parks, but on their honeymoon they decide to go 5 stars all the way.

The tables below highlight the differences within each segment and between segments, the characteristics of the different segments and some visual representation of the segments.

The third table attempts to distinguish the expectation and activities each segment has on the 5 key holiday activity groupings – nature, water – beach/lake, food and wine, and arts/history/crafts/heritage

Segment	Example 1	Example 2
Pampadours (Luxury Travellers)	<ul style="list-style-type: none"> • Cheryl and Richard, age 50 • Travel to Noose every year in December and stay at the Sheraton • They enjoy eating in quality restaurants, afternoon cappuccinos, shopping on Hastings St, lying by their resort pool reading books 	<ul style="list-style-type: none"> • Sara and Robert, age 29 • Work long hours as corporate lawyers and see holidays as time to indulge and relax • They plan regular weekends away at health retreats, wine regions and secluded nature resorts
Compatriots (Family Travellers)	<ul style="list-style-type: none"> • A family with 2 kids under 10 • Each summer they rent the same cottage by the beach on the south coast • The kids like swimming and fishing 	<ul style="list-style-type: none"> • A family with 3 kids • They travel to Surfer's Paradise and rent a self-contained apartment • They visit theme parks and the beach
True Travellers (Adventure/Cultural Travellers)	<ul style="list-style-type: none"> • Kate and Mark, aged 25 • Going backpacking around the Northern Territory and will particularly visit out of the way places off the beaten track • They will stay in hostels and motels, or try camping in a swag • They'll be sure to eat crocodile and kangaroo 	<ul style="list-style-type: none"> • Alison and Steve, aged 34 • Flying from Sydney to Orange and hiring a car for a weekend to travel around the area • They stay in B&Bs, go wine tasting at the lesser known wineries, and immerse themselves in the local culture • They make an effort to visit local markets, and try all the local food and wine
Wanderers (Touring Travellers)	<ul style="list-style-type: none"> • Marge and Bob, aged 65 • Having recently retired, they have bought a caravan and will spend the next 6 months touring around NSW and QLD at a leisurely pace 	<ul style="list-style-type: none"> • Jan and Phil, aged 55 • They rent a car for a week and do a self-drive tour of historical towns in Victoria • They chat to the locals and seek out visitor information centres
Groupies (Peer Group Travellers)	<ul style="list-style-type: none"> • A group of 6 male friends aged 45 who go away for a boy's fishing and boating weekend • They stay in a large rented house by the water • During the day they fish and sail, at night they cook a gourmet seafood BBQ and sit around drinking wine and beer and smoking cigars 	<ul style="list-style-type: none"> • A bushwalkers club (range of ages) who go on a week's hiking adventure • They hike and carry their tents and packs, camping in the national park • At night they sit around the campfire and toast marshmallows • At the end of the hike they go out for a big night on the town

Mindset Segment	Population % (Domestic)	Spend per day	Description	Accommodation	Transport	Services and Activities
Pampadours	21%	\$172	Up-market; DFY; Indulgent; Female skew; White collar/ professional skew; Use o/s travel as frame of reference; Fashion conscious; Travel in adult couples	5-star Separate from kids Suites	Air Limo	Pools, retail, fine dining, views, wine choice, spas, salons, 24 hr services, FIT tours, personal guides, cocktail bar, casinos, golf, yachts, cruisers, good coffee, patisseries
Compatriots	25%	\$111	Middle market; Female skew; Wanting DFY but forced to compromise; Family focused; Role driven; Activities focused; Budget conscious; Like resorts and don't like camping	3-star+ Self contained cabins, cottages, burés, villas, apartments, motels	Own car Public transport	Water sports, kids clubs, theme parks, takeaway/ fastfood, beer gardens, cinemas, picnic grounds, BBQs, group tours, outdoor activities, greenery, walking trails, RSLs
Wanderers	17%	\$132	Older skew; Adult couples; Empty nesters; Frequent tourists; Off-peak market; Keen observers; Favour difference; Like to potter	3-4 star self contained B&B	Own car, mobile homes, coach, fly/drive	Information centres, maps & guide books, local markets, short walking trails with lookouts, fast photo processing, souvenirs, libraries
True Travellers	17%	\$126	Experimental; Adventurous; Trail-blazing; Want an in-depth experience; Active; O/s orientation;	Camp Sites, B&B Motels	Own car 4Wdrive Mobile Home	Maps and information, trail food, backpacks, guide books, local history, bush tucker, sporting equipment, general stores

			Seek difference and challenge			
Groupies	19%	\$123	<p>Younger male skew; Travel in peer groups; DIY; Peak period travel; Strong repeat visitation;</p> <p>Want party time; Shared activities and reunions; Limited budgets</p>	<p>Shared apartments, camp sites, hostels</p>	<p>Car, train, coach, economy air</p>	<p>Pubs & clubs, night clubs, beaches, fast food, laundromats, big fridges, eskies, cafes,</p>

Experience	Mindset segment	Proposition/Activities
Nature	Pampadours	Seclusion, sounds of wilderness, romance, middle of nowhere, unspoilt, accessible, views and vistas, pampering, walks, World Heritage areas, quaint country
	Compatriots	Easy walking trails, World Heritage area, fossicking, seeing wildlife
	Wanderers	Natural and cultural heritage, driving routes, walking trail, views and lookouts, vistas, waterfalls, fishing, picnicking, bird watching, events
	True Travellers	Treks, 4WD, going bush, physical/mental challenge
	Groupies	Activities e.g. kayaking, bushwalking groups
Water - beach/lake	Pampadours	Exclusive beaches, proximity to quality cafes/restaurants, boat tours
	Compatriots	Rockpools, safe swimming beaches, flora/fauna, whales/dolphins, river/inlet/lake activities, built attractions, boogie boarding, fishing off jetties, sporting activities, catching your own fish
	Wanderers	Rivers, fishing, coastal walks, coastal touring routes, flora/fauna
	True Travellers	Remote beaches and hinterland, accessible flora and fauna
	Groupies	Water based activities, active beaches
Food and wine	Pampadours	Short break, indulgence, romance, boutique wineries, hot air ballooning
	Compatriots	Familiar wines, family restaurants, take away food
	Wanderers	Wine and food education, sense of finding something new, boutique cellar doors
	True Travellers	Undiscovered wineries, meeting the winemaker/chef, local cuisine, fresh produce
	Groupies	Eat, drink and be merry, wine/beer tasting coach tours
Arts/culture/heritage/history	Pampadours	High quality local artefacts, art exhibits, galleries, art shops
	Compatriots	Interactive historical sites
	Wanderers	Heritage buildings, antiques, craft stores
	True Travellers	Local artefacts, historical sites of significance, cultural tours
	Groupies	Tours

Pampadours



Compatriots



True Travellers (Adventure/Culture Travellers)





Industry &
Investment



Economic Profile of Agriculture on the Central Coast Plateau

**Final Report
December 2009**

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Executive Summary

The Gosford LGA and the Central Coast Plateau, where the bulk of agricultural activity is conducted within the LGA, produces a high proportion of all agricultural production in the Sydney Region.

The 2005-06 Agricultural Census shows that the value of production in the Gosford West Statistical Local Area (SLA), which includes the Plateau (where the bulk of agricultural activity in the SLA is situated), was approximately \$92 million, or 14.6% of agricultural production in the Sydney Region.

It also has the highest value of production per hectare in the Region, because of the intensive nature of activity. Furthermore, its share of total agricultural production in the Sydney Region is increasing.

Agriculture is a major source of employment of residents of the Plateau. The larger agricultural enterprises also employ people from elsewhere on the Central Coast.

This doesn't include the horse industry, a major activity on the Plateau but for which there are no reliable statistics on value.

The then NSW Department of Agriculture noted in 1984 that the Plateau is 'part of a small and shrinking total of good quality agricultural land remaining within the Greater Sydney Region and in the Gosford and Wyong Local Government Areas'.

The Report of Gosford City Council's Rural Lands Study Steering Committee in January 1999 stated that 'the Plateau (is) becoming increasingly important as agriculture is being marginalised in the Sydney Basin'.

The importance of the Plateau as a food producing area was again confirmed by the NSW Department of Planning in the Central Coast Regional Strategy 2006-2031. It notes that the western half of the Central Coast region, which includes the Plateau, holds agricultural production and water supply catchments, which must be protected from urban and rural residential uses.

The temperate climate, deep, well drained soil, reliable ground and surface water supply and gently sloping topography are key natural attributes of the district and the proximity to large and growing populations in Sydney and the Central Coast are also major advantages.

The industry is under significant pressure from population growth, residential development and other activities such as sandmining. However, there is strong and widespread support from industry, community and governments for the continuation of agriculture on the Plateau and the protection of the assets involved, especially at a time when the amount of agricultural land in the Sydney Region is reducing and there is increasing focus on food security.

This report aims to contribute to the debate on the future of the agriculture on the Central Coast Plateau by identifying and analysing the range and value of agricultural activities in the district.

The Report shows that chickens for meat, nurseries and cut flowers are the most important industries on the Plateau. Fruit and vegetable production remain important and the horse industry is also an increasingly significant activity.

Producers service a range of markets. A number of local producers have significant export markets and are recognised as world class.

The Central Coast Plateau Tourism Plan identified the nexus between tourism and agriculture. It identified the rural, agricultural and natural landscapes and equestrian facilities and a reputation for fine products such as citrus, flowers and fresh product as key differential strengths for the area.

The findings of this study demonstrate that agriculture on the Plateau is dynamic and diverse and has a number of natural (in particular climate and water supply) and other attributes (especially access to markets and the use of more efficient and sustainable production processes) underpinning this.

With appropriate protections and support, and increasingly efficient production processes, the Central Coast Plateau has the potential to continue to contribute substantially to the economy of the Central Coast and to supplying the food needs of the Sydney and Central Coast Regions.

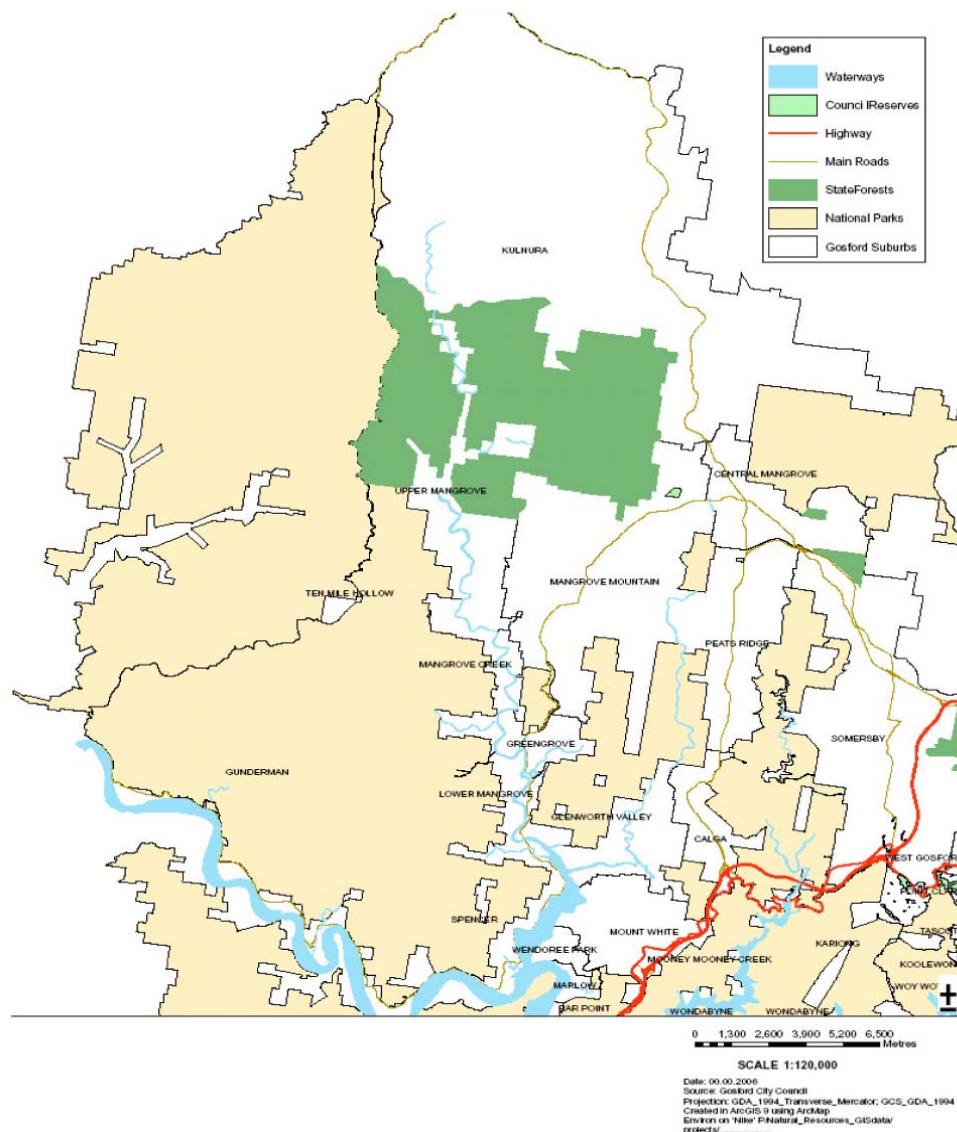
Background

The Central Coast Plateau is a series of raised undulating ridges above the escarpment west and south west of Gosford. The Plateau is part of the rapidly growing population centre of the Central Coast and less than 100 kilometres from the centre of Sydney.

It encompasses the area from Mt White in the south, Kulnura to the north, Somersby to the east, Spencer and, Gunderman to the south west and Upper Mangrove to the west. The area is basically dissected by Peats Ridge Road – George Downes Drive and Wisemans Ferry Road.

It includes the townships, villages and localities of Somersby, Mangrove Mountain, Central Mangrove, Upper Mangrove, Calga, Spencer, Gunderman, Mount White, Peats Ridge and Wendoree Park.

The map at Figure 1 depicts the area.



The Plateau has a long history of agricultural activity. A succession of strategies and documents produced over the last 25 years has highlighted the high agricultural values of the Plateau.

In 1984, the then NSW Department of Agriculture stated,

'The area contains highly regarded agricultural land with a capacity to produce a range of fruits and vegetable crops, nursery plants, chicken meat and eggs. There are also more specialised users....It is part of a small and shrinking total of good quality agricultural land remaining within the Greater Sydney Region and in the Gosford and Wyong Local Government Areas.'

(Source: *NSW Department of Agriculture, Summary Report of the Agricultural Lands of the Coastal Highlands at Somersby, Peats Ridge, Mangrove Mountain and Kulnura, 1984*)

In 1998 the Central Coast Regional Agricultural Group with the assistance of the Central Coast Regional Development Corporation prepared the Central Coast Agricultural Development Plan. This document was a strategic plan for the development of agriculture on the Central Coast Plateau for the period 1988-2002. The Plan aimed to ensure that agricultural production and associated activities were sustainable in the longer term and significant contributors to the regional economy. Unfortunately, this plan was never implemented and is now outdated.

The Report of the Rural Lands Study Steering Committee in January 1999 stated that 'the Plateau (is) becoming increasingly important as agriculture is being marginalised in the Sydney Basin'.

The Plateau incorporates 'significant water resources, agriculturally productive lands and extractive resources as well as important and sensitive environmental, ecological and indigenous cultural areas'.

(Source: *Draft Somersby Plateau Land Use Assessment, NSW DPI, 2005*).

The latter statement is confirmed by the NSW Department of Planning in the Central Coast Regional Strategy 2006-2031, where it notes that the western half of the region, which includes the Plateau, holds agricultural production and water supply catchments, which must be protected from urban and rural residential uses. A key environmental challenge of this includes accepting the value of rural lands as food-producing lands and ensuring and encouraging the long-term protection of these assets.

(Source: *Central Coast Regional Strategy, NSW Government Department of Planning, 2008*)

As early as the 1970s, it became evident that agricultural activities on the Central Coast were coming under pressure by population growth, residential development and other activities such as sandmining.

At a community strategic planning workshop in October 2006, which was attended by approximately 100 community members, it was unanimously agreed that the most pressing issue facing the Plateau was the long-term sustainability and viability of the farming industry of the district. Following that meeting, the Chamber met with industry

organisations to discuss the future of farming and identify issues that were impacting on its future including:

- Competition from imports (especially for citrus and chicken production)
- Increasing infrastructure costs
- Land costs
- Urban development
- Various legislation and regulations.

There is clearly strong and widespread support from industry, community and governments for the continuation of agriculture on the Plateau and the protection of the assets involved.

This is a complex challenge and a cooperative approach is needed if it is to be met. A number of steps have been taken. Of particular importance is the establishment of the Central Coast Future Farming Taskforce, comprising representatives of:

- Regional Development Australia Central Coast
- Industry and Investment NSW
- Central Coast Plateau Chamber of Commerce
- NSW Farmers Central Coast Branch
- NSW Department of Planning
- Gosford City Council
- Wyong Shire Council.

The objectives of the Taskforce are to:

- A. Develop the economic reasons for the Central Coast of NSW being the best place to consolidate agricultural business
- B. Identify and examine the current and future planning issues
- C. Identify what is needed for agricultural development and sustainability on the Plateau

The Central Coast Plateau Chamber of Commerce is addressing point A by constructing an economic profile of the farming industry on the Central Coast Plateau as a means of establishing a picture of the current nature and scale of the industry.

Funding for this project was provided by the Department of Industry and Investment under the Community Economic Development Program and Coca Cola Amatil.

Methodology

Information in this report is drawn from two broad sources:

- Review of a range of publications and publicly available statistics. (Please see Bibliography, Appendix 1).
- Consultations with a number of agencies, businesses and individuals on specific issues. (Please see Appendix 2).

In addition, 25 producers responded to a survey seeking a variety of information on their businesses. While this number of responses is insufficient to statistically valid, selected information, such as markets for products has been incorporated in this report.

General Information on the District

Climate

The Plateau has a temperate climate subject to coastal influence. Maximum rainfall is generally received in summer with a dry period in late winter to early spring. Irrigation is necessary for vegetable, cut flower and nursery plant production and desirable for fruit crops.

Selected information on climate for Kulnura, Mangrove Mountain and Peats Ridge is at Appendix 3.

Water

The Plateau has significant groundwater resources within the thick Plateau sandstone sequence. This supports the majority of agricultural activities, as well as mineral water extraction activities and supplementing residents' domestic water needs.

There is a number of water bottling plants on the Plateau extracting groundwater.

Water Sharing Agreements for the Kulnura Mangrove Mountain Groundwater Resource and Ourimbah Creek Water Source have been established.

The quality and security of water were identified repeatedly in surveys and interviews as key advantages of conducting agriculture on the Plateau.

Soil

The Summary Report of the Agricultural Lands of the Coastal Highlands conducted in 1984 by the then NSW Department of Agriculture identified the Plateau as 'the only significant area of sandy horticultural soils within the Greater Sydney Region; soils which have specific characteristics for crop growth which make them quite valuable'.

It further stated that the Plateau has a deep well drained soils, making it well suited to a large variety of crops which are subject to poor drainage.

In the context of the development of the Sydney Region Environment Plan, an extensive soil capability mapping exercise was undertaken to classify soil classes on the Plateau. Soil classes were based on depth of topsoil, type of parent material and suitability for agriculture. Classes 1 to 4 (and various subclasses) were identified as being "prime agricultural land" and suitable for fruit, vegetables, crops and pastures.

The Survey classified approximately 85% of land to be prime agricultural land.

Topography

The NSW Department of Agriculture has noted that the Plateau is a remnant of a very old, mature landscape with subdivided topography. Slopes rarely exceed 10 per cent while the deep soils are on lands of usually less than 5 per cent slope. These features allow cropping on most areas although care is needed on the steeper slopes to avoid loss by erosion under vegetable cropping.

Land Use

In the Draft Somersby Plateau Land Use Assessment, the then Department of Primary Industries (DPI) analysed the primary and secondary uses of land zoned rural and/or cleared for agriculture on the Plateau. It excluded lands that are not cleared and have not been identified as National Park or native vegetation, which are extensive on the Plateau.

Detailed data from the Assessment is at Appendix 4.

These data demonstrate that almost half of hectares in labelled lots on the Central Coast Plateau are devoted to agricultural activities.

There is a high level of integration between different activities, whereby products of one industry, eg poultry, are used in other industries such as nurseries.

The study also compared the area of land associated with different activities with that identified in the Gosford City Council 1993 Rural Land Inventory. It found that the area of land associated with Extensive Agriculture and Intensive Plants had increased significantly while that associated with Intensive Animals had decreased slightly. The area of land associated with Extractive Industry had doubled in that period.

(Source: *Somersby Land Use Assessment, Draft, Department of Primary Industries, 2005*)

Demographics

Much data used in this Report is only available at the Statistical Local Area (SLA) level, in this case Gosford West. Gosford West incorporates the study area plus the area east of the F3 freeway to Gosford and south to Killcare and Pearl Beach and Patonga, including townships such as Woy Woy and north to the boundary of Wyong LGA.

A very small proportion of land east of the F3 freeway is devoted to agriculture and the majority of this is very small scale in nature.

As at the 2006 Census of Population and Housing, the total population of the Central Coast is just under 300,000, of which just over half reside in the Gosford Local Government Area (LGA).

The Australian Bureau of Statistics (ABS) provides Community Profiles for all the communities listed above, with the exception of Mount White and Upper Mangrove (it is thought these are incorporated within the data for other communities, most likely Calga and Kulnura respectively).

These are derived from the 2006 Census of Population and Housing. The total population of these communities in 2006 was 4089.

(Source: *Community Profiles, Australian Bureau of Statistics, 2009*).

Appendix 5 provides selected Census data on each of these communities.

The Department of Planning predicts population growth for the Central Coast of approximately 4000 per annum over the next 25 years.

The proximity to such a large growing population and to Sydney represents a major competitive advantage for agriculture in the region generally and the Central Coast Plateau in particular.

Industry and Employment

Appendix 5 provides information on employment by industry in the identified communities.

This data shows that agriculture, forestry and fishing is the largest employer in these communities, employing approximately 17% of employed residents.

Other major employers of residents include:

- Manufacturing
- Construction
- Retail trade
- Health care and social assistance
- Education and training.

There is no data available below SLA level for the number of businesses by industry.

The area contains a range of important extractive industry resources. This includes blue metal, clay/shale, sand and cut sandstone. There are a number of quarries on the Plateau which currently supply construction materials to local and regional building markets.

As mentioned above, spring water extraction is a significant activity on the Plateau. No information is available on its size and value.

Tourism is relatively undeveloped on the Plateau. The Central Coast Plateau Tourism Plan completed in October 2006 identified 100 tourism products in this area including three major tourist attractions (Australian Reptile Park, Glenworth Valley and Australia Walkabout Wildlife Park). It noted that there are a number of world class nurseries also in this area.

From discussions with operators, the consultants found that the visitor types who generally frequent the Central Coast Plateau include:

- Day visitors at specific attractions
- Day trippers – cars, bikies, cyclists and coach based travellers.
- Drive through visitors on their way to or from the Hunter Valley along Tourist Drive 33 (Peats Ridge Road and George Downes Drive)
- Special interest visitors to world class agricultural enterprises located in the area
- Overnight visitors to individual accommodation properties
- Visiting Friends and Relatives.

It identified a number of differential strengths of the area, including:

- rural, agricultural and natural landscapes
- equestrian facilities

- reputation for fine products
- clean air
- strategic location between Sydney and the Hunter Valley.

However, the Plan also identified very limited supply of accommodation and a low level of awareness of the areas as significant issues to be addressed.

(Source: *Central Coast Plateau Tourism Plan, Calais Consultants, 2006*)

No statistics are available below the LGA level for the level and value of tourism activity.

A Snapshot of Agriculture on the Central Coast Plateau

Introduction

Information on the structure and scale of agriculture was derived primarily from the 2005-06 Agricultural Census.

As stated above, the Agricultural Census data is only available at the Statistical Local Area (SLA) level, in this case Gosford West. Gosford West incorporates the study area plus the area east of the F3 freeway to Gosford and south to Killcare and Pearl Beach and Patonga, including townships such as Woy Woy and north to the boundary of Wyong LGA. Ag Census data indicates that 98.9% of agricultural production in the Gosford LGA is derived from the Gosford West SLA.

There is limited agricultural activity east of the F3 Freeway and is understood to consist primarily of nurseries and small scale livestock and horticultural activities. It is therefore considered that the Ag Census data for the Gosford West SLA can be relied upon as a good indicator of the general structure and level of activity of agriculture on the Plateau.

This is confirmed by informal advice from the DPI which suggests that agricultural activity east of the Freeway is restricted to a significant nursery in West Gosford and some commercial horticulture in the Matcham Holgate area, the latter of which is located in the Gosford East SLA.

However, it should be noted that, at various times, significant discrepancies have been identified between ABS data and estimates from industry and other sources. Specifically, it has been noted on a number of occasions that Census data tends to underestimate the value of production primarily because of 'simple under-counting in the Agricultural Census; in other words, instances where the Census has failed to record the full extent of agricultural activity on the ground..."

(Source: *Value of Agriculture in the Sydney Region, NSW Agriculture, 2003*)

Furthermore, and this is particularly relevant to the Plateau, the discrepancies tend to be most pronounced in horticulture and intensive horticulture in particular, which happen to be the predominant activities on the Plateau.

This was demonstrated very clearly in the Central Coast Agriculture Development Plan, conducted in 1998, which identified the following variations between ABS and

NSW Agriculture (the latter being higher in all cases) data across the whole Central Coast of:

- \$4.1 mil according to the 1995 Census compared to \$5 mil according to NSW Agriculture for citrus, a difference of 20%
- \$1.1 mil cf \$6.5 mil for stone fruit (600%)
- \$1.4 mil cf \$9 mil for vegetables (640%)
- \$9.6 mil cf \$20 mil for cut flowers and nurseries (21%)
- \$0.4 mil cf \$1.2 mil for egg production (300%).

NSW Agriculture noted that all Councils in the Sydney Region that had carried out Rural Land studies reported values 15-82% higher than the ABS data.

(Source: *Value of Agriculture in the Sydney Region, NSW Agriculture, 2003*)

It is not entirely clear why this is the case. One reason which has been cited is that the Census includes only those enterprises with an estimated farm gate value of production of more than \$5,000 per annum and therefore excludes a number of operators for whom horticulture represents only a small portion of total household income. Another factor cited is that many smaller operators earn a portion of income on a cash basis and therefore do not report it. Finally, it has also been suggested that some producers underestimate their own production, because of concerns about how the information may be used by other agencies such as the Australian Taxation Office.

On the other hand, NSW Agriculture utilises the on ground expertise of extension officers. They use 'a combination of methods to determine the gross value of agricultural production in addition to data from industry associations. Extension Officers specialise in specific industries and have a first hand knowledge of the farms and value of production in their district. By using the actual area of each agricultural enterprise, yields and indicative market prices, the gross values of agricultural production for each enterprise was calculated for the region on a whole of industry basis'.

(Source: *Value of Agriculture in the Sydney Region, NSW Agriculture, 2003*).

Unfortunately, NSW Agriculture data is not available below the LGA level and therefore can't be used to compare with the ABS data for the Gosford West SLA.

The above concerns are partly countered by a recent study on the vegetable industry in the Sydney region conducted by the NSW Department of Industry and Investment with funding by Horticulture Australia Limited. This found 1050 enterprises growing vegetables in the Sydney region, compared with around 850 according to the ABS. However, the study notes that many of these enterprises are very small in scale and therefore not included in the ABS statistics. It concludes that the results of this project also suggest that ABS (2008) Survey Data for the Sydney region is reasonably representative and more accurate than information provided by some industry observers and commentators.

(Source: *Ground Truthing of the Sydney Vegetable Industry in 2008, Department of Industry and Investment, 2009*)

Gross Value of Agricultural Production

A comparison of data from the 2001 and 2005 Agricultural Censuses Expansion shows that agricultural production in the Gosford LGA is significant and expanding. In 2001, total production in Gosford LGA was \$50,922,569 and in 2005, \$93,357,147, an increase of more than 83%. The bulk of this increase is derived from poultry, nurseries and cut flowers.

It is not clear what drove this expansion, but it is possible that 2001 production was adversely impacted by drought and the lingering effects of the Newcastle Disease outbreak.

The increase comes despite a slight decrease in the Total Area of Holding over that time period of about 3%.

(Source: 01-02 and 05-06 Agricultural Censuses)

However, it is interesting to note the apparently contrasting findings of the DPI that the area on the Somersby Plateau devoted to Extensive Agriculture and Intensive Plants significantly increased and between 1993 and 2005. Intensive Animals (primarily chicken production) decreased very slightly over that period.

(Source: Draft Somersby Plateau Land Use Assessment, Department of Primary Industries, 2005).

The Central Coast and the Central Coast Plateau are significant contributors to agricultural production in the Sydney region.

In 2003, NSW Agriculture estimated that, based on information from Rural Land Studies conducted by Councils to that time, agriculture in Gosford LGA represented 8.5% of the value of agricultural production of the Sydney region.

(Source: Value of Agriculture in the Sydney Region, NSW Agriculture, 2003).

However, a review of the 2005-06 Ag Census data indicates that the share of Gosford LGA of total agricultural production in the Sydney region was 14.8%, up from 11.6% as at the 01-02 Ag Census.

It would therefore appear that the Gosford LGA (incorporating Gosford East and West SLAs, the latter including the Central Coast Plateau) are becoming relatively more important in terms of their contribution to agricultural production in the Sydney region. (It is only possible to make comparisons at the Gosford LGA level, as the Gosford West SLA was established after the 2001 Ag Census. As noted above however, the vast bulk of agricultural production in the Gosford LGA is in the Gosford West SLA and it is likely that this has applied for some time).

Table 1 shows a comparison of production per hectare between Gosford West SLA, the Sydney Statistical Division and NSW.

Table 1: Production per Hectare Comparisons

Production per Hectare Comparison			
	Area of Holding (HA)	Total Production (\$)	Production per Hectare
Gosford West SLA	6,661	92,403,611	13,872
Gosford LGA	6,993	93,357,147	13,350
Sydney Statistical Division	103,780	630,137,889	6,072
NSW	62,119,245	9,034,542,039	145

(Source: ABS Agricultural Census 2005-06)

A degree of caution needs to be exercised when viewing these figures. They include all land in holdings, including unproductive land. Actual production per hectare will vary dramatically depending on the nature of the operation. For example, leading intensive horticulture operators estimate production per hectare of \$500,000 per hectare. On the other hand, the production per hectare of many operators would be far below the average shown above and is reflected in the small turnover of many operators as shown in Table 4.

Nevertheless, these data reflect the intensive nature of agricultural production in the Sydney region and the Gosford West SLA. Unlike the Sydney region as a whole, which has a large number of small market garden type operations, the Gosford West SLA has a number of large commercial operations, especially poultry, nurseries and cut flowers which significantly lift the production per hectare above the average for the Statistical Division.

It needs to be acknowledged that these figures do not take into account input costs, value of assets, equity held in those assets and change in value of assets and are therefore not a measure of profitability.

Table 2 below shows the main contributors to agricultural production in the Gosford West SLA.

Table 2: Gross Value of Agricultural Production Gosford West SLA 2005-06

Product/Commodity	No of establishments	Area (ha)	Value (\$)
Meat Chickens	46	N/A	56,598,111
Nurseries	26	96	12,751,701
Cut flowers	24	85	9,609,311
Vegetables	33	276	6,133,164
Fruit	67	681	5,650,330
Eggs	5	N/A	1,241,951
Cattle and Calves	118	3,581	385,718

(Source: ABS Agricultural Census 2005-06)

In terms of overall contribution to the economy, these figures represent only part of the story. As noted in the Central Coast Agriculture Development Plan, the economic contribution is considerably greater than the simple production value, with a multiplier effect of 2 to 3 times the value of production through expenditure of inputs in the form of products and services to support production generally considered realistic.

There is no information available on the Gross Regional Product of the Central Coast, so it is not possible to determine the relative importance of agriculture to the regional economy in terms of output.

Employment

Table 3 depicts the number of employees for all businesses in the Agriculture, Forestry and Fishing Industry Division for Gosford West SLA, including entries and exits between 2003 and 2007.

While it is understood there are a number of Forestry and Fishing businesses in Gosford West SLA, it is considered that this data is a good reflection of the pattern for agriculture.

Table 3: Employment in Agriculture, Forestry and Fishing by size of business, Gosford West SLA

Number of employees	Number of businesses
Non employing	210
1 to 4	39
5 to 19	30

(Source: ABS, *Counts of Australian Businesses, including Entries and Exits, Jun 2003 to Jun 2007, Businesses by Industry Division by Statistical Local Area by Employment Ranges, 2007*)

The predominance of non employing businesses is typical of agriculture and reflects the predominance of family owned enterprises in the district. However, the significant number of businesses with 5 to 19 employees may reflect the significant population of nurseries and cut flower producers.

It is noted that 4 of the 25 respondents to the survey reported that they employ more than 20 staff. This is clearly significantly different to the ABS statistics. The reason for this is unclear.

Appendix 5 depicts employment by sector in the Gosford West SLA, drawn from the Census of Population and Housing. This indicates that 375 residents of Gosford West SLA are employed in agriculture. By comparison, the data at Appendix 4 shows that 311 residents of the relevant communities on the Central Coast Plateau are employed in agriculture.

It should be noted that these statistics show the industry of employment of residents and do not necessarily correspond to the number employed by the industry in the SLA.

Anecdotal evidence is that generally agricultural workers do not tend to travel significant distances to work, so it is assumed that the majority of those listed above are in fact employed in the district. However, it is noted that interviews with a number of leading operators indicated that a proportion of staff travel to work from various locations on the Central Coast and further afield. However, this is a very small sample and may be due to those businesses being seen as good employers and/or paying above market wages.

Turnover

Table 4 depicts the turnover of all businesses in the Agriculture, Forestry and Fishing Division in Gosford West SLA, including entries and exits between 2003 and 2007.

As stated above, while there are a number of Forestry and Fishing businesses in Gosford West SLA, it is considered that this data is a good reflection of the pattern for agriculture.

Table 4: Turnover of Businesses in Agriculture, Forestry and Fishing, Gosford West SLA

Turnover range	Number of businesses
0 to \$25,000	72
\$25,000 to <\$50,000	36
\$50,000 to <\$75,000	36
\$75,000 to < \$100,000	33
\$100,000 to <\$150,000	9
\$150,000 to <\$200,000	24
\$200,000 to <\$500,000	45
\$500,000 to <\$1 million	21
\$1 million to <\$2 million	0
\$2 million to <\$5 million	3

(Source: ABS, *Counts of Australian Businesses, including Entries and Exits, Jun 2003 to Jun 2007, Businesses by Industry Division by Statistical Local Area by Turnover Ranges, 2007*)

Responses to the survey were skewed towards higher turnover, with 6 respondents reporting turnover of more than \$1,000,000 and another 2 with turnover of more \$501,000 or more.

Key Product Analysis

Following is a brief discussion of the major products of the Plateau in order of significance.

Poultry

The poultry industry including chickens for meat and egg production is the largest agriculture sector on the Plateau.

Meat Chickens

All chicken meat producers in Gosford West SLA are situated on the Plateau.

With an output of over \$56.5 million, the Plateau is the largest meat chicken production area in the Sydney Region and is considered by NSW DPI as equal to any other area in NSW.

All operators on the Plateau produce birds on contract to major processors such as Inghams. The largest supplier to Inghams is situated on the Plateau, a profile of whom is below.

The major processors favour areas which are in close proximity to their processing facilities, in this case Sydney and Newcastle.

Inghams has two processing facilities on the Central Coast, viz:

- Chickadee, at Lisarow (originally an independent operator but taken over by Inghams)
- Mangrove Mountain.

Both produce value added products such as roasted chicken meat and premium breast chicken schnitzels, chicken nuggets and sweet chilli tenders, using chickens slaughtered in Cardiff or Sydney.

The Plateau is also situated in close proximity to feed manufacturers in Newcastle and hatcheries in Sydney.

After a slump in the value of production of approximately 26% between the 96-97 and 00-01 Ag Censuses, primarily caused by Newcastle Disease, the value of production measured in the 05-06 Ag Census had increased by approximately 15%.

Graham and Kate Fripp

The Fripps commenced production of stone fruit and kiwi fruit and chicken production at Peats Ridge in 1973. Income was originally split roughly equally between fruit and chicken production.

In 1992, due to a number of factors, including competition from cheap overseas imports, the Fripps opted to concentrate on chicken production. From an original 2 sheds, they have expanded the operation to the current 10 sheds. The operation carries 390,000 birds on an ongoing basis, and turns off an average of 5.3 batches a year, making them the largest supplier to Inghams in New South Wales.

As a secondary operation, the Fripps have about 40 breeder cattle, of mixed Murray Grey/Simmental stock. They sell the cattle in Maitland saleyards and regularly achieve best price in sale.

They pay close attention to constantly improving soil and pasture quality and improving genetics to ensure their cattle are of top quality and to underpin their consistent sales performance.

They consider the Central Coast Plateau an outstanding district in which to conduct agriculture, with the climate, secure water supply and easy access to markets being the primary assets.

Eggs

As shown in Table 2, egg production is a relatively minor activity in Gosford West SLA and the Plateau.

It is understood that the one of the major operators is situated east of the F3 Freeway.

Nevertheless, the number of growers and the level of production increased significantly in the period between the 01-02 and 05-06 Ag Censuses (in 05-06 there were 5 producers and a value of production of approximately \$1.2 million compared with the 01-02 Ag Census which showed 3 growers in the Gosford LGA and production of approximately \$688,000).

Nurseries

In terms of value of production, the nursery industry in Gosford West SLA , with an output of approximately \$12.7 million, is exceeded by only Baulkham Hills North and Hornsby North SLAs in the Sydney Region. The Sydney Region represents about 40% of production value in NSW, so the Gosford West SLA can be considered a significant region for nurseries in the state.

It is understood that, apart from one large operation in West Gosford identified by NSW DPI, that the vast majority of the 26 enterprises identified in the 2005 Ag Census are situated on the Plateau.

The Central Coast Plateau Tourism Plan stated that there were over 30 nursery establishments on the Plateau in 2006 (this includes a number of retail nurseries), including 'a number of world class establishments'.

The majority of the value of production is represented by outdoor production, although undercover production is increasingly significant.

ABS statistics indicate that there has been virtually no variation in the number of establishments between 2001 and 2005 although the value of production increased significantly from approximately \$2.4 million in 2001 to over \$12.7 million in 2005.

This increase is likely due to a number of factors including:

- Impacts of drought in 2001 may have restricted production.
- More efficient production processes
- Improvements in supply chain.

Key markets for products include:

- Wholesale markets, primarily Flemington Markets in Sydney
- Major chains such as Bunnings and Woolworths
- Direct to local retailers.

Paradise Plants

This business developed from the interest in camellias of its owner, Bob Cherry.

His interest developed in the 1960s and expanded such that he established the business in 1970. A holding of 220 acres (89 hectares) was acquired. The nursery has since been separated from the total holding. The nursery is situated on a block of 10 hectares, of which about 6 to 8 hectares is in production.

The nursery produces a range of ornamental trees and shrubs for customers such as Bunnings, Big W, Flower Power and independent retail nurseries, primarily in the Sydney metro and regional area. Most plants are propagated on site. Camellias remain the biggest product line, while others such as photinias becoming increasingly important.

The company is constantly breeding and developing new varieties which are licenced to other producers.

It employs about 30 people in these activities, most of whom are permanent full time.

Paradise Plants has played a key role in a project led by the Department of Primary Industries (DPI) to test whether high quality green tea can be grown on the Central Coast Plateau. Green tea is a form of camellia and Bob Cherry had successfully grown the plant in his garden. Paradise Plants worked with the Japanese company Kunitaro and DPI in the propagation of plants for the trial and the company was also involved in a number of information sessions for potential growers.

Adjoining the nursery is a magnificent garden which is the creation of Bob Cherry. It is open to the public twice a year.

Trading conditions have been difficult for the company in recent years, the drought in particular having a severe impact on demand for its products. However, the company expects that, with developments such as green tea and other new markets such as agritourism, prospects for the future are positive.

Cut Flowers

The Cut Flower industry includes all forms of production systems from outdoor to intensive controlled environment systems. It includes the traditional flower industry (everything except Australian natives and South African proteas) and wildflower growers.

As demonstrated in Table 3, the Cut Flower industry in Gosford West SLA is significant with an output of approximately \$9.6 million. It is understood that the majority of enterprises are situated on the Plateau. The climate allows year-round production of a wide range of flowers.

There is a mix of growers with small production levels and turnover and growers with large to very large production and turnover.

ABS statistics indicated that the number of establishments in Gosford LGA remained steady between 2001 and 2005. In the Sydney Region, only Baulkham Hills North SLA has a higher level of production than Gosford West SLA.

There is no comparative data on the value of production available from the 2001 Ag Census.

Traditional and wildflower growers are both present on the Plateau, including:

- Ramm Botanicals
- Royale Orchids
- East Coast Wildflowers
- The Wildflower Farm
- CARISMATIC (profiled below).

A high proportion of flowers produced are sold on the domestic market, through the Sydney Flower Market at Flemington, Sydney, which is the largest wholesale flower market in Australia and direct to major retailers. There are also a number of flower exporters in the Sydney region who target key markets in Japan, South-East Asia, Europe and North America.

There has been an increase in specialised and targeted flower production on the Plateau in recent years. Operators use sophisticated modern production management systems to control their operations. Undercover production is highly efficient and well suited to cut flower production. More than two thirds of the value of production in 05-06 was represented by undercover production, which ranges from basic igloos to sophisticated controlled systems.

CARISMATIC PTY LTD

CARISMATIC is a member of the Fresh Flowers Group, a family owned company headed by Bill Lynch. The Group has a number of enterprises around Australia integrating flower production and distribution.

The farm was established in 1996. It produces lilies, chrysanthemums and kale at its 40,000 square metres of greenhouses at Peats Ridge. The Peats Ridge facility represents 12% of total lily production in Australia and is amongst the 10 largest lily producers in Australia.

The farm supplies the Coles and Woolworths supermarket chains.

The farm is managed by two young managers with high level specialist experience in horticulture and business management. It employs about 20 full time equivalent staff.

Management is focussed on maximising profitability and productivity and is continually improving production techniques and processes and the skills of its staff. It is involved in the Central Coast Integrated Pest Management Program, which is supported by the Department of Primary Industry.

The availability of water (sourced from rainfall) and easy access to the Group's distribution facility in Sydney were the key reasons for establishing the business on the Plateau and underpin its continuing success and growth.

Vegetables

The vegetable industry includes all forms of production, including traditional field crops, Asian and traditional market gardens, hydroponics, greenhouse, igloos, polyhouses, and controlled environment production.

It is understood that there are a few small scale vegetable producers east of the F3 Freeway, but the vast majority of production in Gosford West SLA is on the Plateau.

As shown in Table 3, the value of production in 2005 in Gosford West SLA was approximately \$6.1 million. There is no data on the value of production available from the 2001 Ag Census.

According to the Ag Census, the area under production in Gosford West SLA increased from 123 hectares in the whole of Gosford LGA in 2001 to 276 hectares in Gosford West SLA alone in 2005.

The reasons for such a significant increase in scale are not known. Anecdotal evidence is that there has been some migration of producers from areas on the fringe of Sydney.

However, there appears to have been a reverse in this trend since the 2005 Ag Census.

Using on ground inspection combined with wireless technologies, GPS, cadastral mapping and satellite imagery, the Department of Industry and Investment found that the total area in vegetables in the Sydney Region in 2008 was 2025 hectares (compared with 3,690 hectares reported in the 05-06 Ag Census and 3827 hectares

in the Agriculture Survey of 2006-07). The area in Gosford LGA in vegetables was 102.7 hectares (compared with 289 hectares reported in the 05-06 Ag Census).

(Source: *Ground Truthing of the Sydney Vegetable Industry in 2008*, P. Malcolm and R. Fahd, Department of Industry and Investment, 2008)

The study showed that greenhouse production represents about one sixth of land in vegetable production in Gosford LGA,. However, it is thought that the proportion of value of production would be much higher because of the intensive nature of production in many enterprises.

It is noted that the study found that there was no land used in the Gosford LGA for hydroponic production of vegetables. However, as noted below, there is at least one major hydroponic production facility at Peats Ridge.

The study found that the average holding in the Gosford LGA was 4.53 hectares, the highest of any LGA in the Sydney region.

Table 6 provides a detailed breakdown of vegetables produced in Gosford West SLA, using 05-06 Ag Census data.

Table 6: Most significant vegetables, Gosford West SLA, 2005-06

	No of establishments	Production (kgs)	Value (\$)
Asian Vegetables	1	1,700	6,733
Beetroot	1	2,000	433
Broccoli	2	27,409	56,919
Cabbages	13	1,143,000	773,606
Capsicums and chillies	11	182,614	312,760
Carrots	4	726,000	201,663
Cauliflower	7	473,000	330,022
Cucumbers	5	357,652	806,597
Eggplants	3	9990	15,985
Fennel Bulb	1	13417	36,627
Garlic	1	1880	22,882
Lettuce	8	752,000	688,366
Parsley	1	43,780	103,320
Pumpkins	5	129,000	90,295
Silverbeet and spinach	6	191,833	575,498
Tomatoes	12	957,000	1,119,169
Watermelons	1	28,000	15,325
Zucchini and button squash	12	328,901	917,633

(Source: ABS Agricultural Census 2005-06)

In order of value of production, the most significant products are:

- Tomatoes
- Zucchini and button squash

- Cucumbers
- Cabbages.

It is noted that data from the 2005 Ag Census data indicates that Asian Vegetables was a very minor activity in Gosford West SLA at that time. However, Bardens has a large hydroponic production facility on the Plateau, the largest in NSW in fact, and it is understood that there are currently at least 2 other enterprises currently producing Asian Vegetables on the Plateau. On this basis, it seems likely that Asian Vegetables would currently have the highest value of any vegetable produced on the Plateau.

Hydroponic production is highly efficient compared to traditional forms of production, requiring less time to grow the product, less land and inputs such as water, fertilisers and pesticides to produce a given quantity.

The high quality water available on the Central Coast Plateau is particularly suitable for hydroponic production.

The majority of vegetables are consumed in the Sydney region (although a significant proportion of Barden's product goes to Queensland). Products are sold through a number of outlets including:

- Direct to major chains
- Flemington Markets
- Farmers Markets on the Central Coast and in Sydney
- At the farm gate (the Tourism Strategy identified 5 farm gate stalls on the Plateau).

Barden Asian Hydroponics

Barden Produce was established in 1989 to supply grocers and supermarkets with a range of fresh products. Initially a providore sourcing products from a range of growers, the company decided, in order to secure reliable supply, to develop its own growing facilities.

It initially considered leasing land on the outskirts of Sydney but decided it was more cost effective to purchase land at Peats Ridge. It purchased 58 acres at auction and commenced operation in early 2007.

The Peats Ridge facility is already the largest producer of Asian vegetables in New South Wales, consistently supplying 60,000 to 80,000 bunches a week to the major supermarkets in Queensland and New South Wales. Its major products are pak choy, choy sum, baby choy sum and Chinese broccoli, as well as coriander and English spinach.

Utilising the latest in hydroponic Nutrient Film Technique technology, water (Bardens estimates that it uses one fortieth of the water required to grow the vegetables in the ground, largely because of the ability to recycle water) and fertiliser usage are minimised while maximising crop outputs to achieve consistently better quality products and minimising impact on the environment, for instance by utilising extremely efficient spraying techniques. There are plans to introduce a greenhouse to produce seedlings on site, further improving production and cost efficiency.

It has the highest level of on farm certification possible, meeting all the requirements of Coles and Woolworths quality systems.

It employs 22 people. Working patterns are highly flexible, reflecting the production and harvesting cycle.

Bardens is also committed to raising consumer awareness and understanding of Asian Vegetables. It has participated in displays at the Royal Easter Show in Sydney and is keen to support in store cooking and storage demonstrations.

Fruit

It is understood that there are a few small scale fruit producers east of the F3 Freeway, but the vast majority of production in Gosford West SLA is on the Plateau.

Table 7 provides a detailed breakdown of fruit produced in Gosford West SLA, using Ag Census data.

Table 7: Gross Value of Production, Most significant fruit, Gosford West SLA, 2005-06

	No of establishments	Production (kgs)	Value (\$)
Citrus	48	6,100,463	3,896,572
Stone Fruit	13	239,390	610,460
Avocados	22	214,434	483,395
Kiwifruit	2	199,516	470,636
Other Orchard Fruit	26	214,434	123,092
Grapes (for wine)	2	69,000	31,257
Other	N/A	N/A	34,918

Source: ABS Agricultural Census 2005-06

Citrus remains by far the most important product, representing more than half of the total value of production in Gosford West SLA in 2005.

Turnover per enterprise for most products is relatively low, with the exception of Kiwi Fruit.

Anecdotal information is that there have significant plantings of avocados in the years immediately prior to the 05-06 Ag Census and since then. Avocados can be produced in conjunction with citrus. They take a relatively long time to reach full production and it is expected that, by the time of the next Ag Census, the value of avocados will have increased significantly and the value of both it and Kiwifruit will exceed that of stonefruit.

The majority of fruit is consumed in the Sydney region. Products are sold through a number of outlets including:

- Flemington Markets
- Direct to major chains
- Farmers Markets on the Central Coast and in Sydney
- At the farm gate
- Exports.

There is some value adding conducted on the Plateau including:

- Agrana Fruit Australia, which produces fruit pastes and purees for dairy products
- East Coast Beverages, which processes primarily citrus fruit from its own orchards and other local growers.

There are also small scale processors of products such as jam.

Tim and Robert Kemp

The Kemp Family has owned land at Peats Ridge since the 1920s and are pioneers of farming on the Central Coast Plateau.

Tim Kemp and his father Robert are the current owners and operators of the 47 hectare farm, known as Meliora Farm. The farm produces citrus fruit (valencia and 3 varieties of navel oranges, lemons, limes, mandarines, tangelos, grapefruit, and tamarillos) and avocados, on about 7 and 9 hectares respectively. Citrus fruit have been grown there since the 1920s, while avocados were introduced to the farm in 1982 and there have been regular plantings since, the most recent being about 2 years ago. The farm also runs a number of cattle, as a secondary activity.

Oranges are grown all year round, valencias from December to March and navels for the balance of the year.

The Kemps have long been leaders and innovators in the industry.

Tim is current President of the local branch of the NSW Farmers Association.

They are great supporters of producers markets. Robert has long recognised the benefits of producers selling directly to customers and attempted to establish a producers' market on the Central Coast in the early 1980s. (The development of the producers markets in Australia is generally considered to have commenced in the late 1990s).

They now sell all citrus fruit at the EQ Village Markets at Fox Studios in Sydney on Wednesdays and Saturdays and at the Farmers and Gourmet Food Market at Avoca Beach on the Central Coast on the first Sunday of every month. They calculate they get a 1000% price premium from selling citrus at the producers markets compared to the Flemington wholesale markets.

A large part of this premium is derived from juicing seconds oranges at the stall, which is sold by the glass to customers. Tim calculates that the price premium derived from juicing the seconds fruit can be as high as 2000%. They commenced juicing oranges about a month after commencing at the markets in November 1999, after Tim spoke to an artisan bread maker who had a juicer which he was unable to use. They purchased the juicer and have modified it since to make it more efficient and easy to use.

While the price premium for avocados at the producers' market is also large, they are still sold primarily through the Flemington wholesale markets, mainly because of the ability to sell large quantities.

The Kemps are also innovative in their approach to farming and use sustainable techniques where possible.

They spray for pests only when required. They use zero turn mowers which minimises the need to spray weeds and 2 to 4 times a year for weeds. They also allow winter grass to grow which again minimises spraying but has additional benefits through the retention of moisture in the soil.

They have bought 300 tonnes of compost sourced from organic landfill at Woy Woy and are experimenting with different ways of using it most efficiently and effectively.

They feed all fruit peel left over from the markets to their cattle, as it is a great feed supplement.

Cattle and Calves

As shown at Table 2, beef production is a relatively minor activity in Gosford West SLA. Furthermore, the average production per enterprise is only \$3,268, indicating that it is at best a secondary and/or hobby activity.

There is at least one Murray Grey cattle stud situated on the Plateau.

Horses

The horse industry, including breeding, training, spelling and recreational is a significant activity on the Plateau.

The Agricultural Census includes limited information on the horse industry.

According to the 05-06 Census, there were 17 horse studs in the Gosford West SLA with an estimated 223 horses at 30 June 2006. This compares with 10 horse studs in Gosford SLA in 00-01, with an estimated 252 horses at 30 June 2001. Therefore, the number of studs increased over that period, but with slightly fewer horses.

The Census indicates a further 26 establishments in Gosford West SLA in 05-06 with 124 non stud horses as at 30 June 2006.

This makes a total population of 347 horses in Gosford West SLA at 30 June 2006.

It is not clear how and whether spelling facilities are accounted for in the ABS statistics. If they are, it seems likely that the relevant number would be significantly higher now, as there are in excess of 100 horses regularly on one property alone, GT Park, which is profiled below.

Anecdotal information and observation indicates that the maintenance of horses for recreational purposes is a significant activity on the Plateau. Again, no statistics are available but it is known that they have a considerable multiplier effect on the economy. Significant quantities of feed and other products are sold by produce merchants and a variety of services are provided to horse owners.

There is no information on the value of the industry in the Ag Census, other than that 40 horses were sold in the 05-06 Financial Year.

An alternative source of information on the horse industry is the Department of Industry and Innovation. The then DPI accumulated considerable information on the industry in the context of the Equine Influenza outbreak in 2007. The DPI found 247 'horse locations' (properties with horses resident on them) in Gosford LGA with a total of 2624 horses.

Some caution needs to be exercised in using these statistics. The Department warns that, although every effort has been made to ensure the reliability of the statistics, there may be a degree of double counting. Nevertheless, it is considered that they represent a far more accurate picture of the population of all kinds of horses in the area.

A map showing these horse locations indicates that most of these locations are on the Plateau. The map is at Appendix 7.

NSW Agriculture stated in 2003 that it is difficult to assign a value to horses.

(Value of Agriculture in the Sydney Region, NSW Agriculture, 2003)

NSW Agriculture stated that 'When values cannot be based upon outputs, then inputs are used as a basis of the industry's worth'. It used estimates by Gordon in 2001 of the costs of maintaining non registered horses of \$2,586 a year and annual returns to the Rural Lands Protection Board (RLPB) to determine a conservative base value of the horse industry in the Sydney region of \$36 million (plus the value of horses on properties under 10 hectares which is not costed or included in returns to the RLPB).

Based on a conservative population of 1312 horses (half those resident in the Gosford LGA during the Equine Influenza outbreak) and a maintenance cost of \$3276 per annum (the base figure of \$2,586 adjusted for inflation of 3% per year since 2001, as derived from the Reserve Bank of Australia), this would translate to an extremely conservative value of the horse industry on the Plateau of \$4,298,000.

GT Park

Racehorses lose considerable condition when competing in races. They generally rest for about 6 weeks between preparations at spelling facilities, restoring condition, energy and strength. These spelling facilities are an integral part of the horseracing industry.

GT Park at Kulnura is one of the leading spelling facilities in NSW. It comfortably accommodates between 120 and 130 horses, although as many as 150 horses were accommodated during the equine influenza epidemic.

The facility was initially developed for spelling in 1981. The Towell family acquired the original 8.9 hectares in 1983. In 1985, they acquired an additional 41.3 hectares and in 2000 a further 16.2.

Mark Towell considers the natural environment of the Central Coast Plateau to be ideal for the spelling of horses. Rainfall is abundant and reliable, so that there is always abundant grass. Drinking water is also secure, horses being watered through 4 bores. The sandy soil is excellent for horses' feet. Crucially also, given the sensitive temperament of racehorses, the area is very quiet and therefore relaxing for the horses.

GT Park has an excellent network of suppliers and service providers available to it. Horse feed, which is a significant cost to the business (Mark Towell estimates that it is approximately \$8/day per horse) is supplied by a local store and veterinary and farrier services are also sourced locally. Complex surgical procedures are generally performed at Randwick in Sydney, which is just over one hour drive away. The facility also uses chicken manure from local chicken producers to fertilise pasture.

These advantages, together with the special feed mix developed at GT Park, contribute to horses at GT Park consistently achieving weight gain of 7 to 10 kilograms a week.

The quality of its service is proven by the fact that Gai Waterhouse, the prominent Sydney trainer, is one of GT Park's major customers, with 30 to 50 of her horses spelling there at any one time throughout the year.

Other

Green Tea

The Central Coast Regional Agricultural Group, which oversaw the development of the Agriculture Development Plan, noted in 1999 that the Central Coast has a long tradition of trialling alternative crops because of its geographic location, range of soils, climatic suitability and proximity to research facilities.

The Central Coast has the ideal climate (humid summers, no frosts in spring) for high quality green tea production. A trial plantation of green tea cultivars was established in 1998 at the Somersby Research Station at Gosford. The quality of tea produced was excellent and suitable for out of season export to Japan (the main production season is spring, which is May in Japan). The trial also found there are no diseases or pests which would adversely affect its production. This potentially creates an opportunity for organic production, which has a significant price premium over conventionally produced green tea.

The Japanese company Kunitaro has a five hectare plantation at Somersby where it is already producing and exporting green tea to Japan. Kunitaro is planning to establish a processing plant on the Central Coast Plateau within the next year. However, this is contingent on sufficient numbers of landholders committing to growing Green Tea. The Department of Industry and Investment understands that the company requires landholders to devote a minimum 5 hectares to production.

The company is quoted in a newspaper article that it would like a minimum of 1,000 hectares in production.

In the same article, the Australian Green Tea Growers Association stated that, depending on the age of the plant, gross income is between \$6,000 and \$12,000 per hectare and in a good season it is possible to conduct three harvests, potentially tripling the yield. The Association notes that the yield is less than many other products such as cattle or cherries, but is less capital intensive than the former and , less risky than the latter. It also has lower labour costs than, for instance, orchards, as the crop is machine harvested.

(Source: *Green tea growers brew up an export crop*, Sam McKeith, *Australian Financial Review*, 26 October, 2009)

Other minor activities

It is understood that there is at least one alpaca breeder situated on the Plateau. It is also understood that there are a number of beekeepers operating on the Plateau. The 05-06 Ag Census showed that there were 18 hives operated by 3 beekeepers in the Gosford West SLA in 05-06.

Diversification

Farm diversification is a valid form of rural adjustment in response to the increased risk and uncertainty that has characterised the Australian farming sector since the early 1980s. It can take a variety of forms. Two types of diversification are commonly recognised: agricultural and non-agricultural.

There is no specific source of information on the extent to which primary producers are diversified. However, deductions can be made on the basis of Agricultural Census data.

The 05-06 Agricultural Census indicates that there were 214 agricultural establishments in the Gosford West SLA in 2005-06. Table 2 shows the number of establishments involved in individual products. The total number of establishments in Table 2 is 319. Comparing these two numbers, we find that up to 105 establishments (the difference between 319 and 214) are producing more than one product. It is necessary to say 'up to' because some establishments may be producing more than 2 products.

One quarter of respondents to the survey produce more than one product.

The other dimension to diversification is in the customer base. Businesses which rely on a limited number of customers for their income can be heavily impacted if they lose one or more of them. ABS statistics indicate that the smaller the business, the more likely that they are to rely on to a small number of clients.

(Source: *Selected Characteristics of Australian Businesses, 2007-08, ABS, 2009*)

Traditional marketing arrangements have made it difficult for commodity producers and especially primary producers to diversify their customer base.

Clearly, producing more than one product is one way of doing this, but using more than marketing outlet is another.

While not statistically valid, virtually all respondents to the survey indicated they had more than one market for their products.

Infrastructure and Services

Telecommunications

Much of the Central Coast Plateau has access to broadband and/or satellite delivered internet. However, improvements are needed in some areas.

Mobile phone coverage is generally good but there are a number of 'black spots'.

Trade Services

There are a number of electricians, plumbers and building contractors located on the Plateau and there are numerous trade service providers based on the Central Coast.

Transport

The Central Coast is linked to Sydney, Newcastle, Melbourne and Brisbane by both the F3 Freeway and the Main Northern Railway. The Plateau is in close proximity to the F3 Freeway and to major railway stations at Gosford and Woy Woy.

There are a number of road transport providers on the Central Coast. The centre of Sydney can be reached in one and a half hours.

City Rail provides frequent services to Sydney from Gosford and Woy Woy. Travelling time from Gosford to Sydney Central train station is around 60 minutes.

The regional airport at Warnervale is suitable for light aircraft.

The Plateau is in close proximity to ports and airports in Sydney and Newcastle. All can be reached within two hours.

There are also a number of large distribution and logistics centres located on the Central Coast.

Financial Services

A comprehensive range of financial services are available on the Central Coast, including both bank and non bank entities.

Professional Services

A comprehensive range of professional services relevant to agricultural businesses is available on the Central Coast including:

- Accountants
- Solicitors
- Agronomists
- Veterinarians.

The Gosford Horticultural Institute at Narara provides extension and research and development support to primary producers. The Institute is to close down but will be replaced by a joint venture between NSW DPI and Newcastle University at the Ourimbah Campus of Newcastle University.

There are a number of Horticultural consultants located on the Central Coast.

Education and Training

The Central Coast has a good range of post school education and training facilities including:

- Wyong and Gosford TAFEs
- An annex of the University of Newcastle at Ourimbah.

Utilities

The major supplier of electricity is Energy Australia.

Domestic, industrial and commercial supplies of gas are available from LPG suppliers on the Plateau and the Central Coast.

A gas pipeline runs through the Plateau and could be accessed if demand warranted.

Other Input Suppliers and Service Providers

A number of rural supply stores are located on the Plateau and the Central Coast.

There are also a number of specialist service providers to the horse industry, such as farriers.

Processors

In addition to the product specific processors identified earlier, a number of large food processors are located on the Central Coast, including large scale operators such as:

- Masterfoods
- Sanitarium
- Sara Lee
- Kelloggs
- Bluetongue Brewery.

These processors have limited or no connection with local producers as they use predominantly pre-manufactured agricultural products such as food essences.

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Appendix 2: People Consulted

Appendix 3: Selected Climate Data

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Appendix 5: Community Profiles Summary Statistics

Appendix 6: Agricultural Employment by sector, Gosford West SLA, 2006

Appendix 7: Location of Horse Establishments, Gosford LGA

Appendix 1

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Appendix 2

People Consulted

Jeremy Badgery Parker, Greenhouse industry specialist, Primary Industries, Department of Industry and Investment

Joanna Blunden, Poultry Extension Officer, Primary Industries, Department of Industry and Investment

Peter Brown, Business Development Manager, State and Regional Development, Department of Industry and Investment

Virginia Brunton, Horticultural education resource officer, Primary Industries, Department of Industry and Investment

Nathan Clackson, Bardens Asian Hydroponics and Committee member, Central Coast Plateau Chamber of Commerce

Andrew Docking, Resource Management Officer, Primary Industries, Department of Department of Industry and Investment

Sam Dominello, Cut Flower Producer and Vice President, Central Coast Plateau Chamber of Commerce

Helen Eves, Community Planner, Gosford City Council

Graham and Kate Fripp, Chicken producers, Peats Ridge

Doctor John Golding, Research Horticulturalist, Primary Industries, Department of Industry and Investment

Bettina Gollnow, Industry Development Officer (floriculture), Primary Industries, Department of Industry and Investment

Tim and Robert Kemp, Meliora Farm

Peter Lipscombe, Glen Ayr Kiwi and President, Central Coast Plateau Chamber of Commerce

David Mason, Urban Agriculture leader, Primary Industries, Department of Industry and Investment

Brian McKelvey, Chicken producer and Committee member, Central Coast Plateau Chamber of Commerce

John Robb and Jeff Thompson, Paradise Plants

Mark Towell, GT Park

Sue Verhoek, Secretary, Central Coast Plateau Chamber of Commerce

Rodger Wilson, Citrus and Chicken producer and Treasurer, Central Coast Plateau Chamber of Commerce

Robbie Wolton, CARISMATIC Pty Ltd

Appendix 3

Selected Climatic Data Various Locations

Kulnura

Statistic Element	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
Mean max temperature (Degrees C)	26.3	25.5	24.4	22	18.1	15.2	15.3	16.8	19	21.7	23.5	26.4	21.2
Highest temperature (Degrees C)	39.4	39	35.4	31.1	25.9	21.7	23.1	25.8	33	35.3	38.4	39.2	39.4
Mean number of days >= 30 Degrees C	6.7	3.9	2.1	0.3	0	0	0	0	0.3	1.7	2.8	7.7	25.5
Mean min temperature (Degrees C)	16.3	16.4	15	12.3	9.5	6.9	5.6	6.6	8.5	11	12.8	15	11.3
Lowest temperature (Degrees C)	10.8	10.1	8.3	4.1	2.1	-1	0.5	-1.9	2.2	4.6	5.6	8.6	-1.9
Mean number of days <= 2 Degrees C	0	0	0	0	0	0.5	1.3	0.4	0	0	0	0	2.2
Mean rainfall (mm)	131.2	169.3	138.1	84	113.4	118.7	51.7	72.9	51.7	87.6	87.4	101	1205.4
Highest rainfall (mm)	425	432.1	406.2	381.2	577	437.8	295.2	534.4	180.1	332.5	300.6	271.1	2040.6
Lowest rainfall (mm)	16.9	12.9	3.5	7.8	0.3	1.8	1.1	3.7	0.8	3.9	5.7	7.7	626.5

Mangrove Mountain

Statistic Element	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
Mean max temperature (Degrees C)	26.7	26.2	24.4	21.6	18.4	15.8	15.2	17.1	20.1	22.6	23.8	26	21.5
Highest temperature (Degrees C)	43	40.6	37.4	31.6	25.2	22.5	25.2	28.1	32.6	35.5	40.1	40.1	43
Mean number of days >= 30 Degrees C	7.8	5.3	2.8	0.2	0	0	0	0	0.7	2.1	4.1	5.9	28.9
Mean min temperature (Degrees C)	16.6	16.9	15	12.1	9.5	7.4	6	6.7	9.5	11.6	13.5	15.3	11.7
Lowest temperature (Degrees C)	9.6	10.6	7.7	2.8	2.2	0.2	-0.1	-0.5	0.8	3.1	3.7	6.9	-0.5
Mean number of days <= 2 Degrees C	0	0	0	0	0	0.6	1.8	1.7	0.1	0	0	0	4.2
Mean rainfall (mm)	98.1	143	121.6	79.6	101.1	102.5	40.7	57.9	73.4	69.4	87.2	80.9	1050.2
Highest rainfall (mm)	191.6	289	329	261	318.8	609.6	93.6	198.8	207.4	260	146	221	1917.8
Lowest rainfall (mm)	20.2	23.8	16	9.6	10.2	0	1	1.2	2	12.4	28.4	0.6	724.6

Peats Ridge

Statistic Element	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
Mean max temperature (Degrees C)	27	26.3	24.6	22.1	19.1	16.4	15.9	17.6	20.5	23	24	26	21.9
Highest temperature (Degrees C)	42.9	40.5	38.9	34.7	26.9	23.6	23.7	28.9	33.3	38.6	40.7	40.8	42.9
Mean number of days >= 30 Degrees C	8.1	5.5	2.8	0.3	0	0	0	0	0.5	2.7	3.9	6.4	30.2
Mean min temperature (Degrees C)	16.1	16.2	14.5	12	9.6	7.2	6	6.5	8.6	10.9	12.8	14.8	11.3
Lowest temperature (Degrees C)	7.9	8.4	6.2	3.7	1.1	0	-0.1	-0.1	0	1.4	4.8	5.8	-0.1
Mean number of days <= 2 Degrees C	0	0	0	0	0	0.7	1.4	1.5	0.2	0	0	0	3.8
Mean rainfall (mm)	117.2	162.6	138.6	127.8	98.1	98	64.6	81	76.6	90.6	107.3	95.1	1258.5
Highest rainfall (mm)	262.4	620	337.9	526	350.8	611.6	226.8	341	215	385.2	283.8	225	2186
Lowest rainfall (mm)	6.2	27.6	22.4	4.8	4.8	3.6	1.2	0.8	2.6	1.2	18.4	9.2	842.9

Appendix 4

Primary and Secondary land use by hectares

Land Use	No of Lots	Total Ha	% Hectares of Total Surveyed Lots
Extensive Agriculture	374	6049	21.5
Grazing	309	4854	17.3
Horse Stud	63	786	2.8
Forestry	2	409	1.5
Intensive Animals	76	1130	4.0
Poultry	74	1095	3.9
Poultry/Vegetables/Market Garden	1	23	0.1
Poultry/Protected Cropping	1	12	0.0
Intensive Plants	396	5612	20
Flowers	2	175	0.6
Vegetables/Market Garden	205	2364	8.4
Market Garden	1	71	0.3
Orchard	159	2613	9.3
Protected Cropping (e.g. greenhouse horticulture)	23	330	1.2
Nurseries	6	59	0.3
Commercial	66	582	2.1
Golf Course	6	203	0.7
General Store	14	19	0.1
Industrial Use	32	52	0.2
Petrol Station	2	12	0.0
Recreation	3	107	0.4
Water Extraction	2	36	0.1
Water Bottling Plant	7	153	0.5
Extractive Industry	64	1085	3.9
Sand Mining	64	1085	3.9
Native Vegetation	547	10757	38.3
Private Reserve	547	10757	38.3
Public Use	28	1239	4.4
Dog Centre	1	3	0
Motor Racing	12	293	1.0
National Park	1	855	3.0
Open Space	1	3	0.0
Regional Park	1	48	0.2
School	6	13	0.0
Water/Sewerage	2	6	0.0
Water Filtration Plant	4	16	0.1
Rural Residential	255	1482	5.3
Dwelling	240	1268	4.5
Horses	15	214	0.8
Urban	88	21	0.1
Urban Area	88	21	0.1
Vacant	17	124	0.4
Cleared Land	17	124	0.4

(Source: *Draft Somersby Plateau Land Use Assessment, NSW DPI, 2005*).

The categories were developed by Ian Sinclair of Edge Planning and the definitions are below:

- *Rural Residential* means a house on a lot that is in a rural environment where the main source of income is from other sources other than the agricultural use of the land. It includes dwellings and recreational horses.
- *Intensive Plants* means the growing of vegetables and ornamental plants for commercial gain using the application of irrigated water and includes market gardening, protected cropping structures, orchards, vineyards, and other similar uses. It includes flowers, market gardens, nurseries, orchards, protected cropping.
- *Intensive Animals* means the rearing of animals using a feeding method other than natural grazing and includes poultry and piggeries mainly.
- *Extensive Agriculture* means the growing of plants using natural rainfall or the rearing of animals using grazing as a feeding method. It includes grazing, horse studs and forestry.
- *Vacant land* is land that is mostly cleared of native vegetation and which does not have any dwellings or other structures on it.
- *Commercial* uses are uses that are used for a commercial or industrial type of use and which do not have any dwellings associated with them.
- *Extractive Industry* means a use that extracts material from the land and includes sand and clay mining and quarrying of sandstone and other stones.
- *Public Uses* mean a use that is commonly used and or operated by a public authority or associated body. It includes community facilities, golf courses and Government owned uses of the land
- *Native Vegetation* means a lot that has no dwellings or structures on it and which has the majority of the land covered in native vegetation.

Appendix 5

Community Profiles Summary Statistics

	<i>Central Mangrove</i>	<i>Kulnura</i>	<i>Mangrove Mountain</i>	<i>Peats Ridge</i>	<i>Somersby</i>	<i>Wendoree Park</i>	<i>Gunderman</i>	<i>Calga</i>	<i>Spencer</i>	<i>Total</i>
RESIDENT POPULATION	304	391	948	248	1251	201	150	299	297	4089
LABOUR FORCE										
Employed	158	198	434	119	501	106	72	135	118	1841
Unemployed	3	9	12	0	21	0	0	3	12	60
INDUSTRY OF EMPLOYMENT										
Agriculture, forestry & fishing	36	26	129	37	31	12	7	21	15	314
Mining	4	0	5	3	3	0	3	0	0	18
Manufacturing	16	35	37	10	47	10	4	9	15	183
Electricity, gas, water & waste services	10	0	3	0	0	0	0	3	3	19
Construction	16	17	19	8	67	9	4	9	5	154
Wholesale trade	3	4	29	3	26	10	5	6	6	92
Retail trade	12	15	27	15	45	8	3	13	6	144
Accommodation & food services	10	3	21	0	17	12	7	9	18	96
Transport, postal & warehousing	7	0	15	3	27	5	6	6	0	69
Information media & telecommunications	4	3	0	0	13	0	0	4	0	24
Financial & insurance services	3	0	3	0	8	3	0	0	0	17
Rental, hiring & real estate services	3	3	0	0	14	3	0	0	0	23
Professional, scientific & technical services	6	15	25	6	41	10	9	6	0	118

	<i>Central Mangrove</i>	<i>Kulnura</i>	<i>Mangrove Mountain</i>	<i>Peats Ridge</i>	<i>Somersby</i>	<i>Wendoree Park</i>	<i>Gunderman</i>	<i>Calga</i>	<i>Spencer</i>	<i>Total</i>
Administrative & support services	3	6	0	0	16	0	0	0	3	28
Public administration & safety	4	9	15	9	20	0	0	3	12	72
Education & training	4	18	34	6	34	5	3	7	15	126
Health care & social assistance	0	19	28	4	38	0	10	21	9	139
Arts & recreation services	7	3	12	6	21	6	0	4	9	68
Other services	4	9	18	0	19	6	7	9	0	72
Inadequately described/not reported	6	13	12	6	12	6	0	3	6	64
Total	158	198	432	116	499	105	68	133	122	1831

Appendix 6

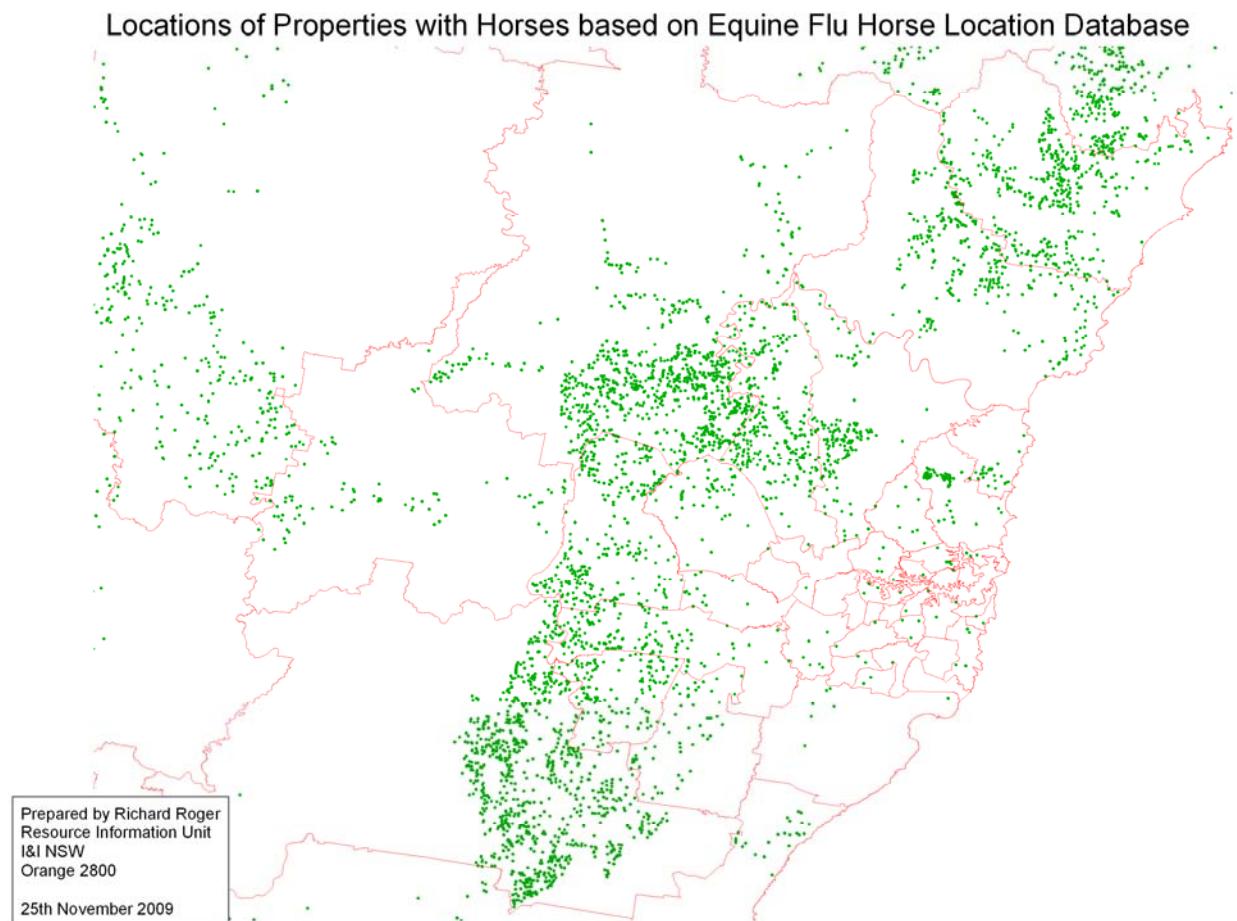
Agricultural Employment by sector Gosford West SLA 2006

Sector	Males	Females	Total
Agriculture, Forestry and Fishing, nfd	4	0	4
Agriculture, nfd	10	0	10
Beef Cattle Farming (Specialised)	10	6	16
Citrus Fruit Growing	21	15	36
Floriculture Production (Outdoors)	31	19	50
Fruit and Tree Nut Growing, nfd	9	4	13
Grain-Sheep or Grain-Beef Cattle Farming	0	3	3
Horse Farming	10	16	26
Kiwifruit Growing	3	3	6
Nursery Production (Outdoors)	16	6	22
Nursery Production (Under Cover)	4	11	15
Other Crop Growing, nec	3	0	3
Other Fruit and Tree Nut Growing	4	3	7
Other Livestock Farming, nec	5	6	11
Poultry Farming (Eggs)	3	8	11
Poultry Farming (Meat)	19	15	34
Poultry Farming, nfd	32	14	46
Sheep Farming (Specialised)	9	0	9
Sheep-Beef Cattle Farming	0	3	3
Stone Fruit Growing	3	3	6
Vegetable Growing (Outdoors)	29	15	44
TOTAL	225	150	375

Source: *Census of Population and Housing, 2006, Industry of Employment, by Usual Place of Residence*

Appendix 7

Location of Horse Establishments, Gosford LGA



Economic Value of the Poultry Meat Industry: Sydney Region.



Final Report



PRIVILEGED AND CONFIDENTIAL

Prepared by:
John Jones
Doublj Consulting
June 2013



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Poultry grower survey participants
Red Lea Chickens Pty Ltd
Representatives of poultry meat growers in the Sydney region

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1. Executive Summary

The purpose of this report is to reveal the economic value of the poultry meat farming and processing industries to the Sydney region. Knowing the economic importance of the industries to local regions will provide key regional stakeholders particularly state governments and local councils the opportunity to change policy direction to align with the industries need for sustainable growth in the Sydney region.

The poultry meat industry in NSW remains the largest producer of chicken meat in Australia whether by farm gate numbers or gross value of processed chicken meat products. In 2011-2012, the Sydney region was a major contributor with 110 poultry farmers/growers (94 chicken and 16 turkey) and four processors. Nonetheless, the Sydney region faces increasing competition and reduced market share from other states and other regions of NSW whose growth continues to Sydney's detriment. Baiada's closure of its Pendle Hill processing plant in 2009 (460 jobs lost) and Inghams closure of their Hoxton Park processing plant and Casula hatchery in 2013 (363 jobs lost) are evidence of processors rationalising operations and moving to other pro industry development regions.

The growth of the national poultry industry continues apace. In 2011-2012 total gross value of poultry meat was \$2.078 million nationally, \$655.8 million in NSW and \$191 million for the Sydney region. However, overall NSW national market share trended downwards compared to rising trends in QLD and SA.

The poultry (chickens and turkeys) growers and processors survey results consisted of quantitative and qualitative information. Grower response rates were low, with only a 13% return rate making it problematic to make estimates with confidence. Nonetheless, the information revealed growers were around 50 years old employed an average of 2.5 people annually, had average annual revenue of \$282,000 (chickens only) and average capital assets of \$1,800,000. They spent an average of \$103,000 on purchases of capital assets and \$102,000 on goods and \$56,500 on services. Of most interest was 64% of capital assets came from the Sydney region whereas 97% of goods and services purchased came from businesses in the Sydney region.

Of the four processors in the Sydney region, three provided invaluable economic information. However, it is important to recognise that only two of these three processors operated chicken processing facilities. On aggregate, processors paid \$59.4 million to growers, purchased \$54.5 million of feed from Sydney region suppliers, spent \$52 million on transport (Sydney and Central Coast), delivered nearly 49 million broilers to grower and company farms and spent \$33.4 million producing broilers. Their processing plants produced 107,000 tonnes of chicken products with \$260 million of sales to the Sydney region. On aggregate, they employed 1183 people (all facilities) with a \$78.7 million wages bill. They spent \$339.5 million on goods and services (for all facilities), all supplied from the Sydney region and their aggregate capital assets were worth \$118 million (sunk costs of \$70.5 million). These figures are substantial portraying an economic magnitude and

importance to Sydney's economy that is exemplary. Participation in the survey by the fourth processor would have appreciably increased the known economic value of the poultry meat farming and processing industries.

Whilst the primary objective of the survey was to gather economic evidence of the industries value, qualitative data captured growers and processors responses to questions affecting growth. Growers believed the future for their industry and business relationship with their processor was good. Alternatively, their dealings with local council and state government departments split between few and numerous problems. Growers were also concerned with urban sprawl, imports, disease and supermarket power and their dealings with processors including payments and negotiating contract terms and conditions. Processor concerns focused on the difficulties of getting council approval of development applications for existing farms or for building new ones and their reluctance to ease punitive restrictions on farming operations. Added to this was their concern regarding the cost and availability of suitable farmland, noise, odour and the threat of increasing urban encroachment on farming lands. These issues are not unique most are common to other agricultural industries. In their submission to the NSW government regarding the omission of any plan for the future sustainability of agriculture in the regional plan for Sydney to 2031, the Agricultural Reference Group¹ (ARG) discusses these issues and their detrimental effects on the sustainability of Sydney's agriculture. Even better, the ARG provides recommendations to resolve the issues that align with those in the poultry meat industries.

The industry must work with the state government and convince them of the industries economic value to regional communities and the dire consequences of maintaining the status quo. Governments state and local must recognise the industries economic value to the region. Poultry farming regulations regarding development approvals and operational restrictions require rationalisation. The right to farm needs precedence over urban encroachment. Allocation of more land suited to chicken meat farming should not be optional but mandatory. Removal of the current impediments is the only solution to ensure the industry achieves sustainable long-term growth. The draft strategy plan for Sydney 2031 indicates state government support of Sydney's agricultural industries. However, without an action plan the government ignores the importance of agriculture. Hence, this jeopardises the poultry industries future long-term sustainability and productivity as a valuable component of Sydney's scarce agricultural land resources. For Sydney's chicken meat farming and processing industries the government moving from supporting to implementing a plan for agriculture is not one option, it is the only option. Equally, the industry itself must become proactive in communicating the benefits it provides communities aside from employment and consumption of locally supplied goods and services. One such benefit is chicken products displaying the RSPCA's paw of approval signaling consumers the industry embraces best practice animal welfare standards.

It is incumbent on all stakeholders to apply their best endeavours and ensure the poultry meat farming and processing industries grow sustainably and maintain their economic position as Sydney's most valuable agricultural producer.

Conclusions derived from analysis and findings of the report lead to the following recommendations.

- Achieving consensus between the poultry meat farming and processing industries and local and state governments is the priority. Governments must recognise the poultry meat industries status as the number one economic contributor to the gross value of agricultural production in the Sydney region. This recognition should be the catalyst for local and state governments to act by rationalising impediments currently restricting sustainable growth of the poultry farming and processing industries in the Sydney region.
- The recent release of the Sydney regional plan to 2031 has proved serendipitous. Especially since the Agricultural Reference Group (ARG) has made a submission (June 2013) on behalf of all agricultural industries in the Sydney region to the NSW government. In their submission, the ARG chronicles all the impediments that face all agriculture in the Sydney region including the poultry meat industry. However, most important is the ARG recommends solutions to these impediments that align with those required by the chicken meat farming and processing industries (refer to section 4.10). The opportunity now exists for the Sydney poultry meat industries to move from a lone voice to become part of a group created specifically to advise the NSW Department of Planning and Infrastructure on all matters agricultural for Sydney's 2013 planning strategy. As a matter of urgency, the NSW PMIC is to communicate with the ARG to determine how the poultry meat farming and processing industries can gain direct, indirect or other representation on/with the ARG.
- It is one thing being number one it is another thing that others know it. A public relations and communications strategy is required to promote and meld the economic and health benefits of chicken meat production. Demand from consumers for chicken meat is ever increasing, as is consumer awareness of carbon food miles, the need to buy goods from local businesses and to purchase chicken meat produced using chickens raised in accordance with RSPCA animal welfare standards. Melding the product benefits of poultry meat (affordable, healthy, versatile, quality and animal welfare) with the economic benefits to the local region (direct and indirect employment and the purchase of locally supplied goods and services) provides an opportunity to change perceptions but most important behaviour of stakeholders towards the poultry meat industries. Regardless of message content, the NSW PMIC is ideally suited to organise implementation of a communications and public relations strategy.

- Sydney's poultry meat farming and processing industries must form a symbiotic relationship to resolve issues within their industries. Continuing dialog with external stakeholders is another requirement. The PMIC should take a lead role in facilitating these requirements through periodical forums, newsletters or other suitable communications mediums for mutual benefit of grower and processor industries and the regional community.

2. Introduction

The purpose of this report is to provide information as to the economic value of the poultry meat grower and processor industries in the Sydney region of NSW. Consequently, this information can be communicated to key regional stakeholders (politicians, communities, state governments and local councils and businesses) to enable them be informed and educated as to the economic value of the poultry meat industry in this region. Therefore, investigation of performance, products, markets, competition or operating conditions regarding the poultry meat processing or farming industries is absent from this report. Also absent is examination of grower-processor contractual agreements², productivity, animal welfare, health and safety or any other operational, community or media related issues. Information of this nature regarding poultry meat processing³ and farming⁴ in Australia is available for purchase from IBISWorld. Alternatively, The Australian Chicken Meat Federation website⁵ provides free access to similar information on their website.

Aside from the thrust of the report being the economic value of the poultry meat industry to local region communities, additional qualitative survey information was gathered. Whilst quantitative economic information provides the financial evidence of the value of the poultry meat farming and processing industries qualitative information is an important adjunct. Qualitative information allows growers and processors provide insights regarding their perceptions and experiences of issues that pose a threat or risk to the ongoing sustainability of their industries. Combining financial evidence and industry commentary of this dimension provides the information required by others to allow them to understand and appreciate the economic value of the poultry meat industry to regional Sydney. In particular, key stakeholders will have an insight into how players feel about the current and future trajectory of their industries.

Once, key stakeholders understand the current circumstances of the poultry industries in consort with their economic value to the Sydney region positive policy prescriptions can be developed and implemented. For example, of greatest concern in this region is the continuing encroachment of urban development on designated poultry meat farming land. Added to this is lifestylers moving adjacent to poultry farms and then complaining about noise and dust. Left unchecked, or more importantly, unchallenged by the poultry meat farming industry Sydney's urban sprawl will burgeon further threatening and ultimately consuming existing poultry meat farms exacerbating the decline of the region's poultry meat farming and processing industries. The subsequent knock on effect of job losses and rising unemployment will cascade to lost economic activity in the Sydney region. Solving these roadblocks, will allow and encourage the Sydney region's poultry meat farming and processing industries to maintain a sustainable growth trajectory. The result will be mutual economic, community and social benefits for the poultry meat industries and Sydney's regional economy.

3. The Project

3.1. Objective

The objective of the research project was to develop, distribute and communicate to the NSW PMIC the results of a survey into the economic value of the poultry meat industry in the Sydney region.

3.2. Management

Doublj Consulting managed the project on behalf of the NSW PMIC. Doublj Consulting and the NSW PMIC acknowledged and agreed to the framework and limitations of the research survey prior to commencement of any grower and processor meetings and distribution to the nominated regions of any grower or processor survey questionnaires.

3.3. Activities

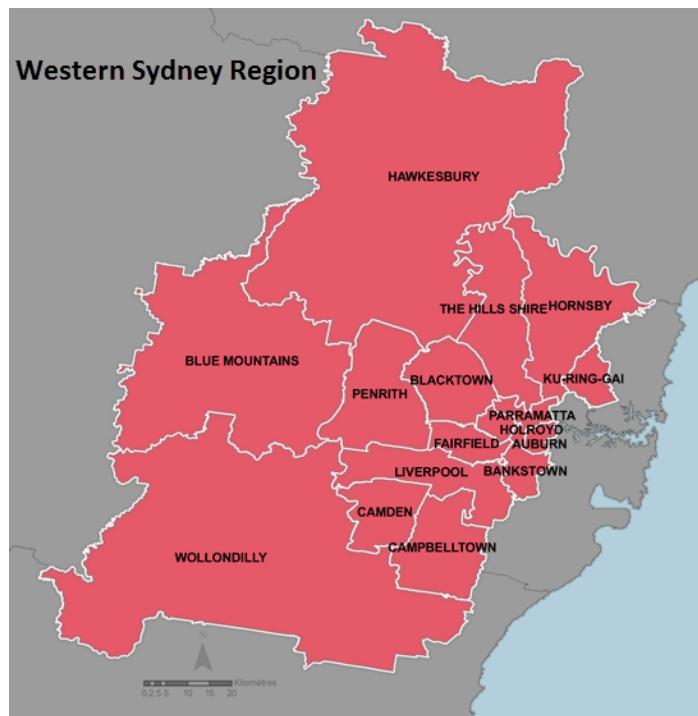
The NSW PMIC and Doublj Consulting agreed to implementation of the following activities,

- Project planning
- Preliminary work
- Development, preparation and distribution of all survey documents
- Analysis of survey results
- Production of a report conveying survey results
- Presentation of the report to the PMIC

3.4. Designing the Survey

3.4.1. Survey Population

The survey population encompassed poultry meat processors and growers in the Western Sydney region that agreed to participate in the survey and operated any type of facility engaged in the production and/or processing of poultry meat sold to consumers.



3.4.2. Gathering Data

Primary data

- Grower and processor surveys explained privacy and information confidentiality was in accordance with appropriate government legislation.
- Gathering financial quantitative data in relation to costs incurred by poultry farmers engaged in operating poultry grow out farms including,
 - Labour
 - Revenue
 - Assets
 - Goods
 - Services
- Included gathering financial quantitative data in relation to costs incurred by processor organisations operating various facilities engaged in the production of poultry meat and associated products sold to consumers.
- Financial quantitative data gathered from the survey was aggregated to include:
 - Employment (types and numbers)
 - Economic value of poultry meat farms
 - Economic value of processor company's operations
- Included non-financial qualitative data of a general nature gathered from processors and growers.

Secondary data

- Includes data accessed from existing sources including the Australian Bureau of Statistics (ABS) and the Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) and any other reputable government and/or non-government source.

3.5. Conducting the survey

- The NSW PMIC provided Doublj Consulting with contact information for poultry meat growers and processors operating in the Western Sydney region.
- Promotion of the survey to processor and grower populations would be required to encourage participation by explaining the purpose and benefits of the survey.
- Distribution of poultry meat growers' surveys would be via Australia Post. Any further distribution of grower surveys would use the most appropriate available medium (post, fax or email).
- Processors would receive surveys via email sent to a nominated employee.
- There would be no growers or processors face-to-face interviews for gathering survey information.
- Implement strategies to encourage grower and processor participation.

3.6. Project Variations

- Turkeys were not included in the original project consultancy brief submitted to and accepted by the NSW PMIC. However, at the initial meeting between NSW PMIC representatives and Doublj Consulting the NSW PMIC requested turkeys also be surveyed at no additional cost to the NSW PMIC. Doublj Consulting agreed to this variation.
- The NSW PMIC had requested the grower's survey be limited to include only three to four nominated chicken and turkey meat growers in each of the three nominated regions. Doublj Consulting considered this request prone to sampling and non-sampling bias and selection error. Consequently, to mitigate bias and error, survey distribution would be to all growers based on grower contact information supplied Doublj Consulting by the NSW PMIC.

3.7. Survey Limitations

- The survey only included growers and processors (that agreed to participate) in the Western Sydney region.
- Gathering of grower financial information was limited to:
 - labour
 - revenue
 - assets

- goods
- services
- The gathering of background information regarding the poultry meat farming and processing industries was limited to meetings between Doublj Consulting, the NSW PMIC, the NSW Farmers Federation, growers and processors.
- This research project's focus is on capturing poultry meat industry economic value information relating to the Western Sydney region. Therefore, the following is excluded from this report,
 - Historical analysis of the poultry meat industry
 - Discussion on the future of the poultry meat industry within NSW

3.8. Report Limitations

The survey results, associated analysis and discussion relates solely to the Western Sydney region.

4. The Poultry Industry

4.1. Overview

In 2009, E-generation Marketing released a watershed report⁶ into the economic worth of the chicken meat industry in the Northern Rivers, Tamworth and Hunter regions of NSW. Unlike the 2009 E-generation Marketing report that focused solely on the chicken meat industry, this report includes turkeys and chickens (poultry). Moreover, this report contains no comprehensive macro (external environment) and micro (regional/local environment) analysis of the regional or national poultry meat industry. Other entities including E-generation Marketing and IBISWorld have provided substantive analysis of the poultry meat farming and processing industries. E-Generation's 2009 report revealed the economic value of the chicken meat industry in selected NSW regions. Conversely, IBISWorld's report on Australian poultry meat processing¹ (2013) and poultry meat farming² (2012) provide authoritative market based insights regarding: activities; performance; products; markets; competitive landscape; major companies; operational activities; key statistics. Furthermore, the IBISWorld reports analyse poultry meat processing companies that operate in the Western Sydney region namely Baiada, Cordina, Inghams and Red Lea.

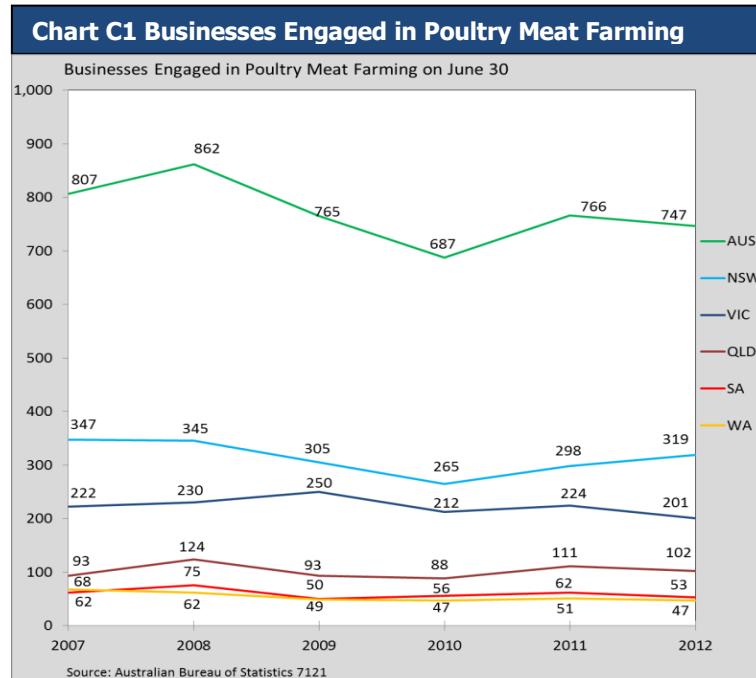
In addition, Cordina Farms has made submissions to the Australian Government's Department of Agriculture, Food and Fisheries (DAFF) as well as to NSW government departments including the Department of Trade and Investment. These submissions emphasise the major role chicken poultry meat farming and processing industries play and the actions required ensuring the long-term viability of these industries in the Western Sydney region. However, this can only happen if governments promote growth for the poultry meat industry leading to more jobs and sustainable local and regional economic growth. Among Cordina Farm's submissions, of particular note is the concise synopsis submitted to the Metropolitan Strategy Review, NSW Department of Planning⁷ (2011) explaining the economic value of the chicken meat industries to the Western Sydney and Central Coast regions. This submission highlights the positive contribution made by the chicken meat industry and the resultant negative economic consequences if the chicken meat industries were to exit these regions. Along with this and subsequent submissions, Cordina expounds major concern for the state government's lack of an integrated agricultural food strategy inclusive of the need to promote and encourage growth of the chicken meat farming and processing industries in the Western Sydney region. The economic consequences of this includes lost competitiveness resulting in reduced production, employment and food security, lost export opportunities, increased logistical costs and increased risk of supply chain interruptions. The result is the decline of Western Sydney's poultry industries. Rounding out the submission Cordina offers a strategy to obviate the continuing deterioration of the chicken meat industries in the Western Sydney region. Aside from this, Cordina Farms has previously submitted the company's response to the NSW Government's proposed "New Planning System for NSW – Green Paper

Submission⁸ (2012). This document reiterates the chronic issues proving problematic for the future growth of the poultry meat industry in the Western Sydney region. As evidence of this, the submission provides an example case study detailing the foibles of a chicken grower's application for development approval to build additional infrastructure to increase growing capacity. Considering the foregoing, this report focuses on gathering and exhibiting economic information collected from surveying poultry meat growers and processing companies.

Nonetheless, prior to discussion of the survey results some preparatory examination is required regarding the poultry industry. Unfortunately, whilst the ABS provides detailed information about growing and processing chicken meat confidentiality arrangements prevent the ABS from providing turkey meat information. Discussions with ABS representatives revealed that all turkey production statistics are confidential as are chicken meat production statistics for Tasmania, South Australia (SA) and Western Australia (WA). For this reason, following discussion and analysis focuses primarily on the Australian chicken meat industry in New South Wales (NSW), Victoria (VIC), Queensland (QLD) and where available data SA and WA. However, and although the Hunter and Central Coast regions are included in a separate economic value report, there are occasions where available information allows discussion and analysis of certain aspects of the poultry meat industries in the Hunter and Central Coast regions whose inclusion is considered appropriate as all processors have operations in these regions.

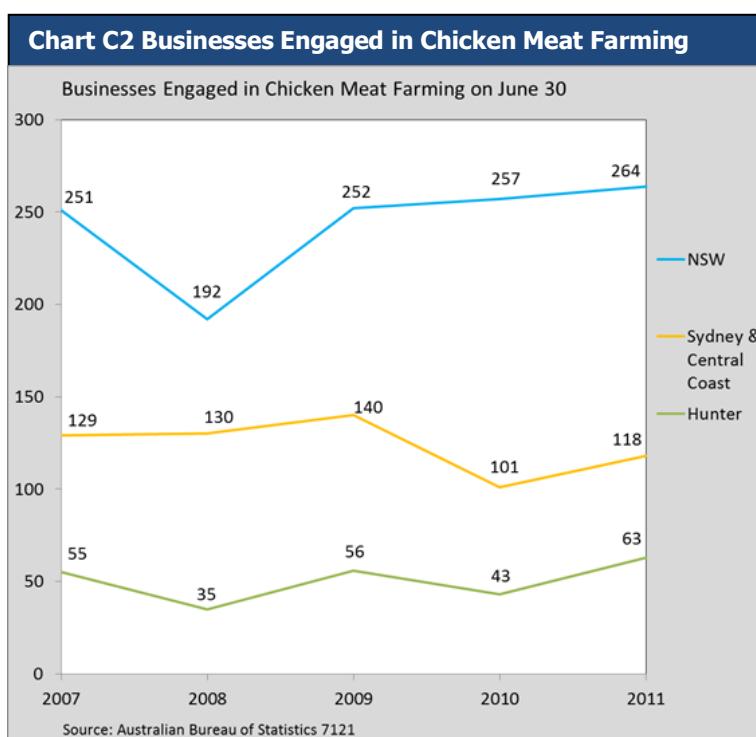
4.2. Businesses

Poultry meat farming includes various breeds of Galliformes (chickens and turkeys), Anseriformes (ducks and geese) and game birds (quail, pheasants, squab). Yet, chicken meat grow-out farms supply the bulk of poultry meat sold in Australia. This is not to say that other poultry meat growers, especially turkey meat growers, do not make a valuable contribution to the poultry growing and processing industry. In fact, by comparing charts C1, C2, and table T1 there were



approximately 45 turkey farming businesses in NSW. Nonetheless, due to the lack of existing statistical information regarding production of turkey meat, discussion concentrates on chicken meat.

Chart **C1** presents a snapshot of the number of businesses nominating poultry meat farming in Australia from 30 June 2007 to 30 June 2012 as their primary business. It shows from 2007 to 2012 there was an overall decline in the total number of poultry meat farming businesses in Australia. Comparing 2012 to 2007, the number of poultry meat businesses fell in Australia by -7.4%, in NSW by -8.1%, in VIC by -9.5%, in SA by -14.5% and WA by -30.9%. Conversely, QLD rose by 9.7%. Anecdotal reasons for the declining figures vary including processor consolidation, growers leaving the industry, processor companies increasing numbers of company owned farms and corporate chicken meat grower entities such as Proten and Rural Funds Management (RFM) increasing their industry footprint.



Regardless, chart C2 shows NSW and The Hunter bucking the national downward trend with chicken meat businesses increasing while the Central Coast follows it.

As there were no figures available for the Hunter, Central Coast or Western Sydney regions in the 2011-2012 period the figures in chart C2 are for the period 2007 to 2011. Over this period, the average number of chicken meat farming businesses in the Hunter was just over 50 or 20.7% of all

chicken meat farming businesses in NSW. Likewise, on average there were approximately 123 chicken meat farm businesses in the Western Sydney and Central Coast regions or 50.8% of the total number of NSW chicken meat farming businesses. In other words, 71.5% of all chicken meat farming businesses in NSW was located in the Hunter, Central Coast and Western Sydney regions. This is economically significant. Prior to conducting the economic survey anecdotal information suggested the majority of these businesses supported their regional economies by purchasing goods and services from local suppliers. The purpose of the survey was to attempt to confirm the validity of this anecdotal information.

Contrary to historical information table T1, (derived from processor records) reveals 246 poultry meat grow out farming businesses in the Hunter, Central Coast and Western Sydney regions during 2011/2012. Of these 202 were chicken meat growers and 44 turkey meat growers. Chicken meat growers comprised 82% of farms whose primary business was growing chickens compared to 18% for turkey meat growers. Coincidentally these ratios do not significantly conflict with the percentage of chicken meat businesses versus non-chicken meat businesses calculated from historical sources.

Table T1 Poultry meat Farming Businesses (2011-12)				
Region	Processor Contracted to	Poultry Farm Business Type	Farm Business Types per Processor	Total Poultry Farm Businesses per Region
Hunter	Baiada	Chicken	44	75
		Turkey	26	
	Red Lea	Chicken	5	
C.Coast	Baiada	Chicken	12	61
		Turkey	2	
	Cordina	Chicken	20	
	Inghams	Chicken	23	
	Red Lea	Chicken	4	
Sydney	Baiada	Chicken	12	110
		Turkey	1	
	Cordina	Chicken	43	
	Red Lea	Chicken	39	
	Inghams	Turkey	15	
			TOTAL	246

4.3. NSW Production 2001-2012

The 2009 economic worth of the chicken meat industry report (Jones & Kriz) revealed that compared to other states NSW production of chicken meat was declining. Subsequent to this section, statistical analysis is referenced on a national versus all state basis from 2006-2007 onwards. However, this timeframe is insufficient in adequately depicting the decline in the NSW poultry meat industries. Henceforth analysis of NSW production over the past decade (2001-2012) in this section provides a longer-term view of the declining production of poultry meat industries in NSW.

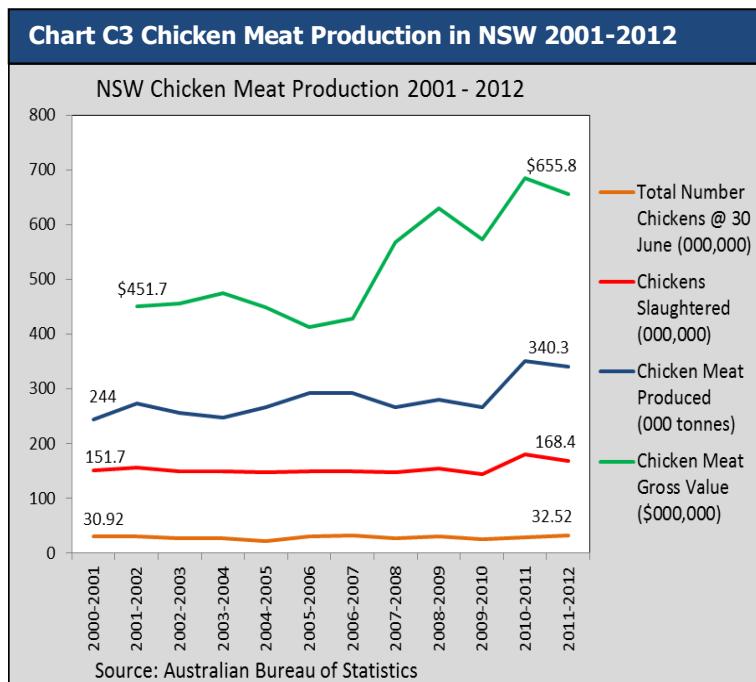
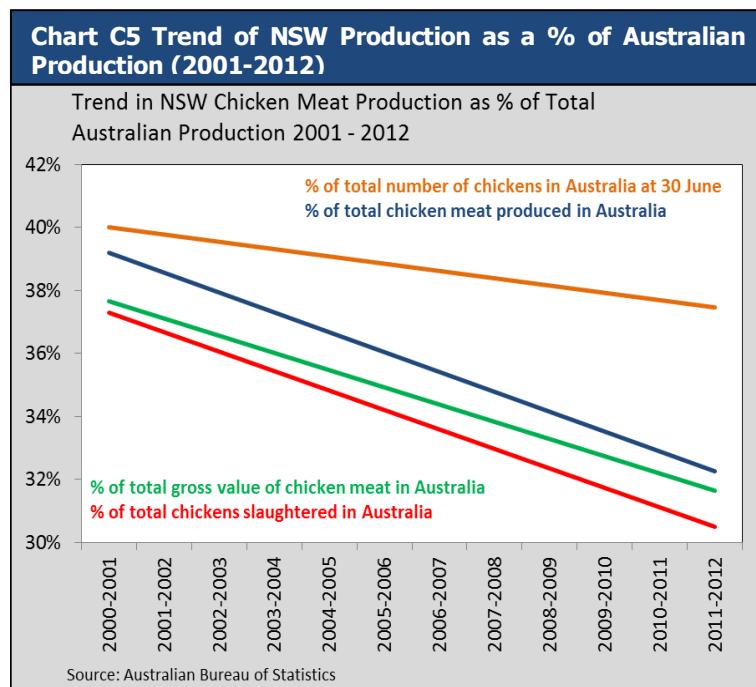
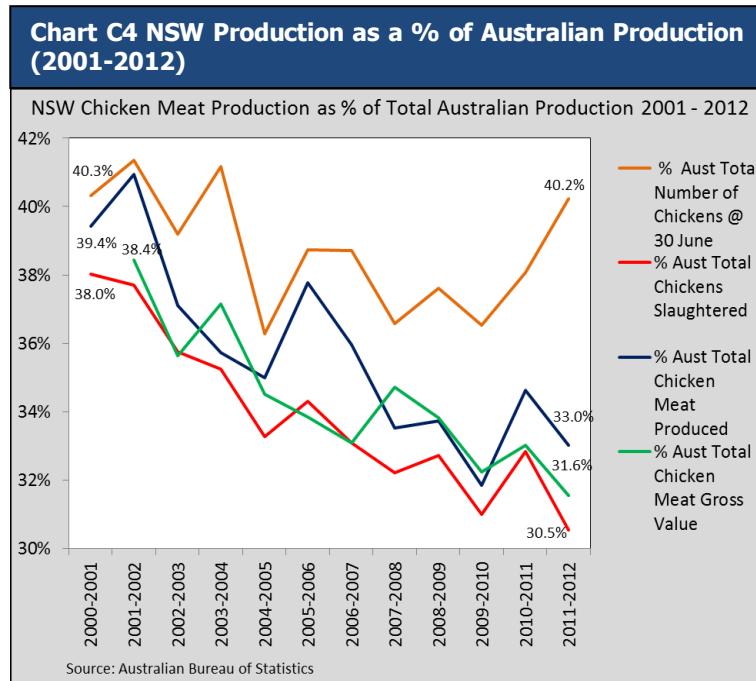


Chart C3 depicts graphs indicating four key measures of production over the period 2000-2001 to 2011-2012 (except total number of chickens - 2001-2002 to 2011-2012). Over this period the four graphs represent, stock take of chicken numbers (on June 30), the number of chickens slaughtered, amount of chicken meat produced; gross value of chicken meat. From June 30 2001 to June 30 2012, the total number of chickens on grow-out farms rose from 30.92 million to 32.52 million up only 1.6 million (5.2% or .47% p.a.).



declining.

Over the same period, chickens slaughtered rose from 151.7 million to 168.4 million up 16.7 million (11% or 1% p.a.). The amount of chicken meat produced was up from 244,000 to 340,300 tonnes up 96,300 tonnes (39.5% or 3.6% p.a.). Improved nutrition, breeding, husbandry and health of flocks would all contribute to this increase. The gross value of chicken meat rose from \$451.7 million to \$655.8 million up \$204.1 million but when inflation adjusted, the increase was approximately \$55.8 million (12.3% or 1.1% p.a.). These figures indicate an industry treading water in NSW showing no appreciable growth. However, these figures do not reflect the real plight of the NSW chicken meat industries. Comparison of the State's production as a share of the total national production should provide a perspective of why the NSW chicken meat is in real terms

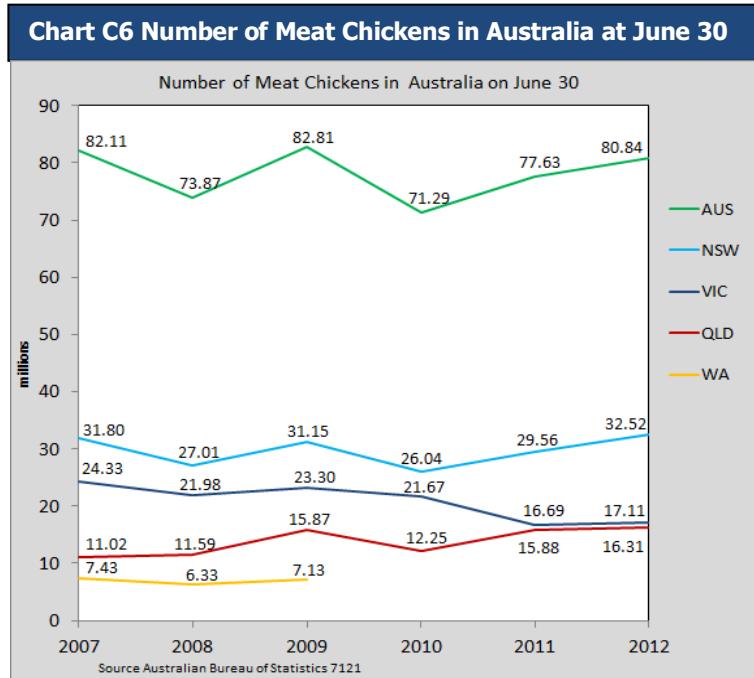
Chart C4 shows the NSW share of national chicken meat production over the period 2000-2001 to 2011-2012. The total number of chickens at June 30 2012 was slightly less (-.1%) than 2001 however, this figure does not reflect the trend over the period (chart C5). In the same period, total chicken meat production fell from 39.4% to 33% (-6.4%). The number of chickens slaughtered fell from 38% to 30.5% (-7.5%) and gross value of chicken meat fell, from 38.4% to 31.6% (-6.8%). Chart C5 represents the data from chart C4 as trends. This chart provides clear evidence of the decline of NSW share of national chicken meat production over the 11 years from 2001 - 2012.

This decline is directly attributable to production growth in competitor states of QLD and SA. Jones and Kriz chronicled this decline over the period 1998 – 2008 in their 2009 economic report into the regional NSW chicken meat industry. Subsequent analysis of ABS information has a reference date of 2006-2007 with analysis of chicken meat production viewed from a national, state and regional (when available) perspective. Although analysis will reveal a slight improvement in NSW production as a share of total Australian production, overall the NSW trend remained negative.

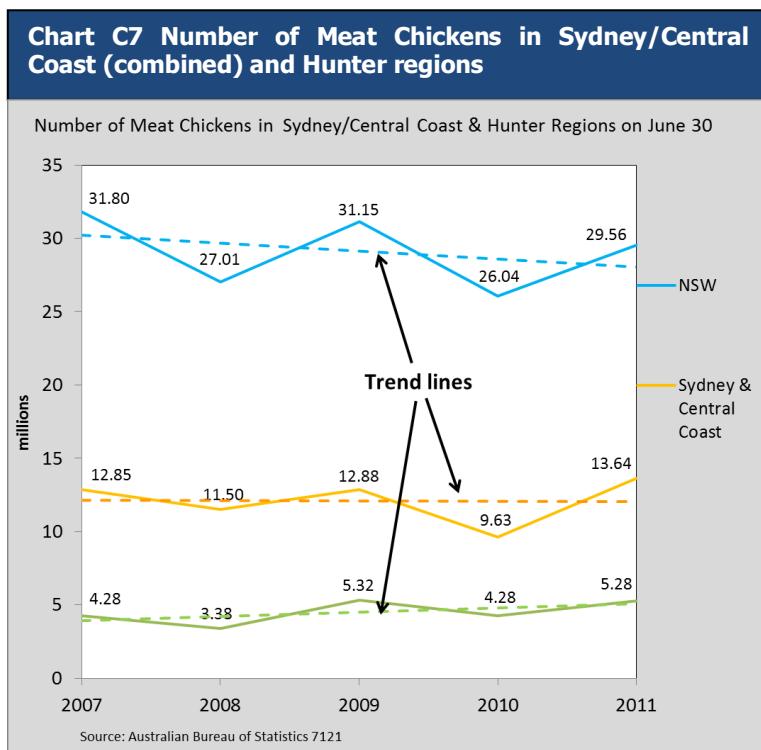
4.4. Numbers

Chart C6 shows the total number of meat chickens held on Australian grow-out farms on 30 June from 2007 to 2012. On 30 June 2012, there were 80.84 million meat chickens on Australian commercial grow-out farms compared to 82.11 million on 30 June 2007, an aggregate fall of 1.27 million or -1.5%.

Of significance over this period was Victoria's substantial fall in its share of the total number of broilers in Australia from 24.33 million (29.6% in 2007)¹ to 17.11 million (21.2% in 2012) down -8.4%. Conversely, QLD increased from 11.02 million (13.4% in 2007) to 16.31 million (20.2% in 2012) up 6.8%. NSW rose slightly from 31.8 million (38.7% in 2007) to 32.52 million (40.2% in 2012) up 1.5%.



¹ Percentages in the format (xx.x% in yyyy) represent a States percentage of the total national number for a given year.



Interestingly and although not shown on chart C6 due to only having records for 2007 and 2012, SA's broiler numbers as a share of the Australian total rose from 6.57 million (8% in 2007) to 8.44 million (10.4% in 2012) up 2.4% nationally but up 28.6% (5.7% p.a.) on its own state based performance. Last, WA's share fell slightly from 7.43 million (9% in 2007) to 7.13 million (8.6% in 2009) down -44% but as no figures were available after 2010, these results are problematic.

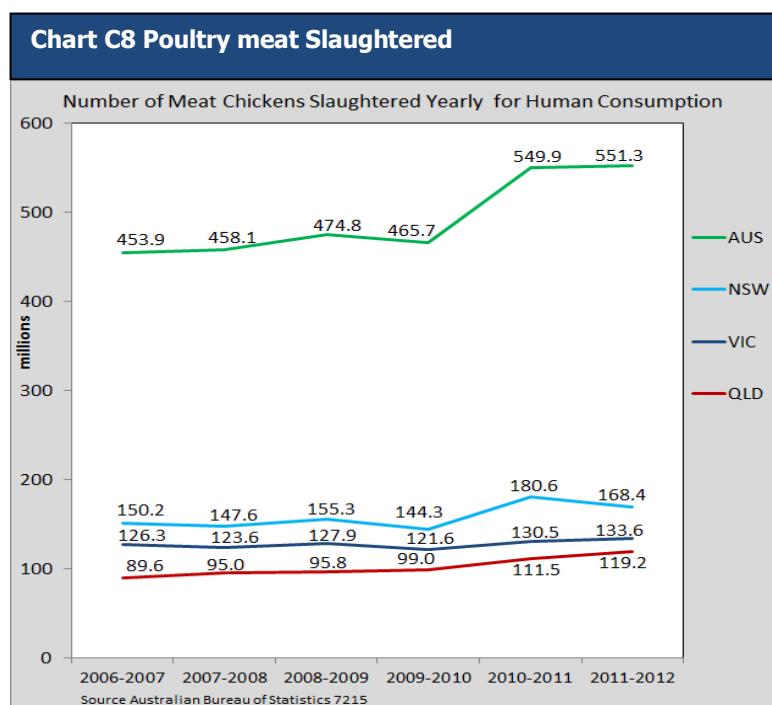
Comparing total on farm broiler numbers on 30 June in 2007 to 2012, QLD was up 48%, SA up 28.6% and NSW up only 2.3% while VIC fell dramatically by -29.7%.

Chart C7 reveals during this period, and as a share of total Australian broiler numbers, NSW broiler numbers fell from 31.8 million (38.7% in 2007) to 29.56 million (38.1% in 2012) down -.6%. Contra wise, Sydney and the Central Coast bucked this trend with a combined slight increase in broiler numbers from 12.85 million (15.65% in 2007) to 13.64 million (17.6% in 2011) up 6.2%. Surpassing this was the Hunter region rising from 4.28 million (5.2% in 2007) to 5.28 million (6.8% in 2011) up 23.6% (5.9% p.a.). These figures are significant. They indicate despite various problems facing the poultry industry, chicken meat growers in the Sydney, Central Coast and Hunter regions increased the number of chickens held on farms as opposed to the remainder of NSW where aggregate on farm numbers fell.

4.5. Slaughtered

The previous section provided annual census figures of chicken numbers held on grow-out farms. However, this is not the case when reviewing the number of chickens slaughtered. From 2007-2012, chicken slaughter numbers were only available for Australia NSW, VIC & QLD with the exception of 2006-2007 with slaughter numbers available for Western Sydney and Central Coast (combined) and Hunter regions.

Chart C8 shows over five years Australia's total chicken slaughter rose from 453.9 million (2007) to 551.3 million (2012) up 21.5%. Although NSW numbers rose from 150.2 million (33.1% in 2007) to 168.4 million (30.5% 2012) up 12.1% the share of the Australian total fell -2.6%. Victoria's numbers also rose from 126.3 million (27.8% in 2007) to 133.6 million (24.2% in 2012) up 5.7% but like NSW their national share fell -3.6%.



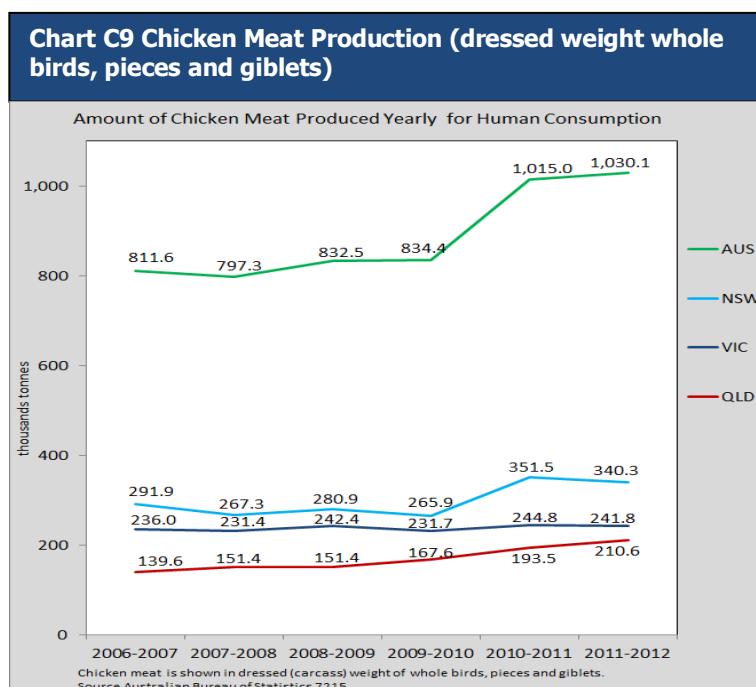
From available figures, QLD was the standout performer having risen from 89.6 million (19.7% in 2007) to 119.2 million (21.6% in 2012), up 33% and national share up 1.9%. The missing link here is the confidential SA and WA numbers. However, the combined SA, WA slaughter can be estimated if the Tasmania slaughter is discounted (on average estimated at 1% of the total Australian annual slaughter over the period). Since no chickens are slaughtered in the ACT or NT the estimated aggregate chicken slaughter figure for SA and WA rose from 87.8 million (19.3% in 2007) to 130.2 million (23.6% in 2012) up 48.3% with the national share up 4.3%. These and QLD figures are substantial, indicating considerable growth of Australian chicken meat farm output in QLD, SA and to a lesser extent WA at the expense of NSW and VIC. Reverting to figures available only for 2006-2007, the Hunter region slaughtered 33.3 million (7.3% in 2007). Western Sydney and Central Coast combined slaughtered 66.4 million broilers (14.6% in 2007). When combined these figures represented 22% of the national slaughter in 2007 more than QLD and more than SA and WA's estimated combined slaughter. Moreover, these three regions represented 66.4% of the total NSW slaughter for 2007.

4.6. Production

At the 2013 Department of Agriculture, Fisheries and Forestry ABARES Outlook 2013 conference ABARES chief economist Dr Harris said:

"Projected growth in chicken meat production over the medium term is largely in response to increased consumer demand, as retail prices are expected to remain substantially lower than for beef, lamb, and pork. By 2017-18, chicken meat production is projected to be around 1.2 million tonnes compared to an estimated 1 million tonnes for 2012-13."⁹

If, as prognosticated over the next 5 years chicken meat production increases 20% then which regions are most likely to succeed in taking advantage of this economic opportunity. While, an answer here would be speculative the information contained in chart C9 provides an indication of the current Australian production landscape.



Discounting Tasmania, Australia's total chicken meat production corresponds to the total dressed carcass weight of all chicken meats processed from all grow-out farms in NSW, VIC, QLD, SA and WA. Unfortunately, due to confidentiality turkey and chicken meat production figures for SA and WA were unavailable.

In the five years from 2007 to 2012 Australian total chicken meat production rose from 811,600 to 1,030,100 tonnes

(up 26.9%). Although over the same period NSW production rose 16.6% from 291,900 (36% in 2007) to 340,300 tonnes (33% in 2012) as a proportion of total national production it fell nearly -3%. Victoria's production rose only 5800 from 236,000 (29.1% in 2007) to 241,800 tonnes (23.5% in 2012) up a scant 2.5% with a resultant -5.6% fall in national production. Conversely, QLD production rose from 139,600 (17.2% in 2007) to 210,600 tonnes (20.5%) up 50.9% but more importantly its share of national production was up nearly 3.3%. Confidentiality again prevented recorded figures for SA or WA. Irrespective a combined SA and WA production estimate can be determined using the same discounting methodology used to calculate slaughter numbers resulting in aggregate SA and WA production up 64.8% from 144,100 (17.75% in 2007) to 237,500 tonnes (23.1% in 2012) and their combined share of national production up 5.3% over the period.

The figures for QLD and estimated figures for SA/WA are even more interesting after calculating the average dressed weight of a chicken carcass. Despite substantially increasing their chicken slaughter numbers over the five years from 2007 to 2012, the estimated average dressed carcass weight of a chicken produced in QLD is 1.66kg and SA/WA 1.7kg. This is less than produced in NSW 1.9kg and VIC 1.87kg. Considering this, if QLD and SA/WA had increased the average dressed carcass weight of their chickens they would have had an even greater share of national chicken meat production (as measured by weight) that could have further impinged on NSW production statistics.

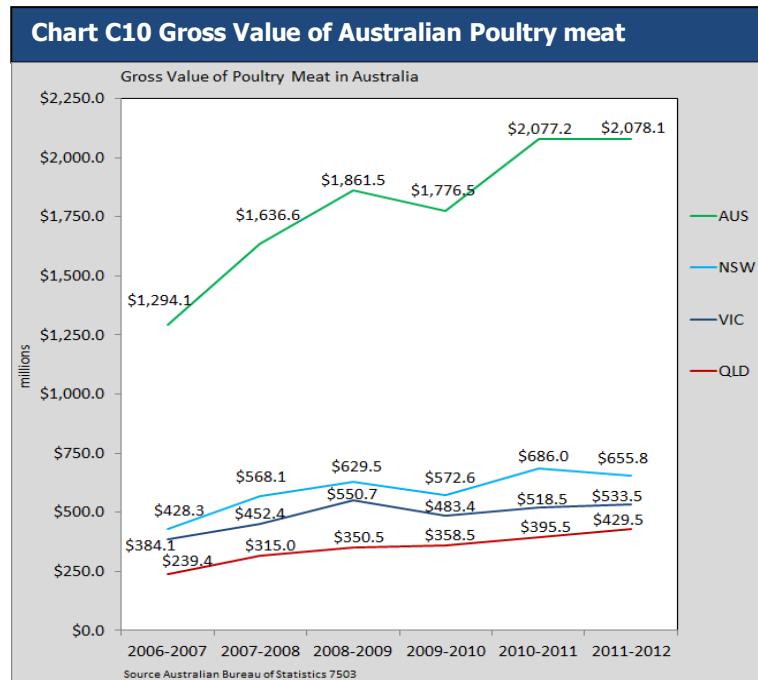
4.7. Gross Value

The ABS¹⁰ uses the following ingredients to calculate the gross value of an agricultural commodity by multiplying price and quantity estimates,

- Poultry price information from Non-ABS sources (marketing authorities and industry).
- Price is the average unit value of a commodity attained in the market.
- ABS provides quantity data.

Chart C10 shows the total gross value of poultry in Australia from 2007 to 2012. In the previous section information available related to chicken meat production whereas here only poultry information was available excepting 2007- 2008 which is chicken meat information.

From 2007 to 2012, Australia's total gross value of poultry meat rose from \$1,294.1 million to \$2,078.1 million (up 60.6%). In NSW gross value was up



substantially at 53.1% from \$428.3 million (33.1 % in 2007) to \$655.8 million (31.6% in 2012) but its proportion of the national gross value still fell -1.5%. VIC gross value was also up 38.9% from \$384.1 million (29.7 % in 2007) to \$533.5 million (25.7% in 2012). Nonetheless, this translated to an overall -4% decline in its share of national gross value. If the gross value of poultry products increased markedly in NSW and VIC from 2007 to 2012, yet both states still suffered falls in their national share then what states benefitted. Yet again, it was QLD and SA/WA. The gross value of QLD poultry rose appreciably from \$239.4 million (18.5% in 2007) to \$429.5 million (20.7% in 2012) up 79.4% with its share of gross value nationally up just under 2.2%, a dynamic performance. Again, the gross value figures for SA and WA was unavailable except for SA in 2012 with a gross value of \$289.2 million representing 13.9% of the national gross value. Despite this, previous methodology can be used to estimate the combined gross value of SA and WA which rose from \$242.3 million (18.7% in 2007) to \$459.3 million in 2012 (22.1%) up 89.6% representing a 3.4% increase in their combined share of Australia's total gross value of poultry meat. Once again, while NSW and VIC share of national gross value decreased QLD and SA/WA (estimated) increased.

In light of the continued decline in NSW gross value of poultry meat, it is important to review the performance of the Hunter, Central Coast and Western Sydney regions

depicted in chart C11. Recent regional poultry output figures further consolidate the importance of these three regions to the NSW poultry industry as depicted in the trend lines.

According to ABARES, in 2010-2011 the poultry meat industry was a stellar performer regarding total agricultural output for the Newcastle and Lake Macquarie region and the Hunter Valley region. In the Newcastle and Lake Macquarie region, poultry meat was the best performer with total gross production value of \$13 million¹¹ (45% of total agricultural output for Newcastle and Lake Macquarie region).

In support was

a commendable second place to cattle and calves for the poultry meat industry in the Hunter valley region with total gross value production of \$83 million¹² (25% of total agricultural output for the Hunter Valley region). In aggregate, these two regions produced poultry meat with a gross value of \$96 million representing approximately 35% of all agricultural production for the two regions combined.

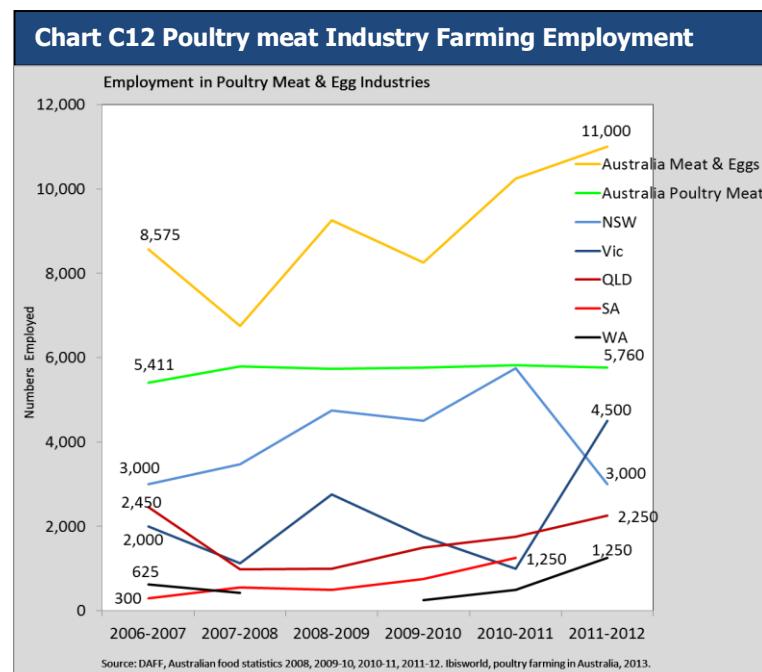
Chart C11 also shows poultry meat production in the Greater Sydney region (includes the Central Coast) was no less of a performer in 2010-2011. In fact, according to ABARES it was the leader with total gross value of agricultural output of \$298 million¹³. This represented 40% of the total gross value of agricultural output for the Greater Sydney region (\$745 million). According to ABS figures, Central Coast poultry meat had a gross value of \$107 million representing 14.4% of greater Sydney's total agricultural gross output and 15.6% of NSW total poultry gross output. Subsequently Sydney region's poultry farming gross value of production was \$190 million or 25.5% of greater Sydney's total agricultural output by gross value and 27.7 % of total NSW gross value of poultry meat production. Using ABARE 2010-2011 figures it is estimated the Hunter, Central Coast and Sydney poultry regions produced 57.4% (\$394 million) of the total gross value of NSW poultry meat. Although this figure is significant, it includes all poultry not just turkeys and chickens. Nonetheless, chicken and to a lesser extent turkey meat comprised the great majority of this production. These figures provide evidence as to the poultry industry's economic value to these three regional economies.

When considering the future need to promote and grow the poultry meat industry this economic information could prove invaluable in prosecuting a case for supporting and growing the industry in the three regions. Supporting the industry in the Hunter, Central Coast and Western Sydney regions is vital to abating the ongoing threat posed by competitor states especially QLD and SA whose expanding poultry industries provide their local regions continuing economic growth at the expense of the Hunter, Central Coast and Western Sydney regions of NSW.

4.8. Employment – Poultry Farming

Employment information for the poultry meat industry at a state level was unavailable excepting for national figures provided by IBISWorld. Chart C12 indicates total employment rose from 5411 (2006-2007) to 5760 (2011-2012) up about 6.5%.

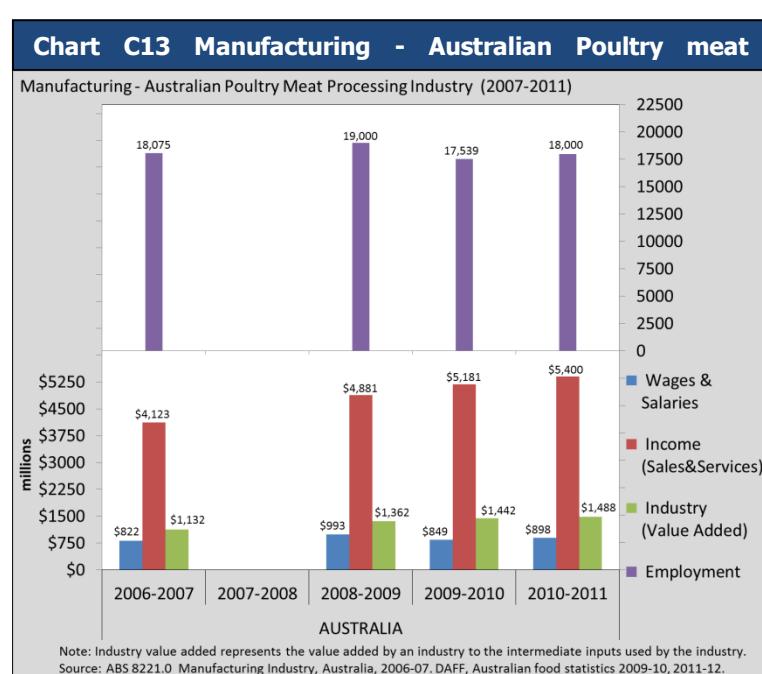
The remaining information in the chart contains total employment for both the poultry meat and egg industries. This chart has been included for information purposes only.



4.9. Manufacturing – Poultry Processing Inputs - Outputs

Chart C13 represents inputs (employment, wages and salaries) and outputs (revenue from sales and services and industry value added production) for the manufacturing sector of the Australian poultry meat industry.

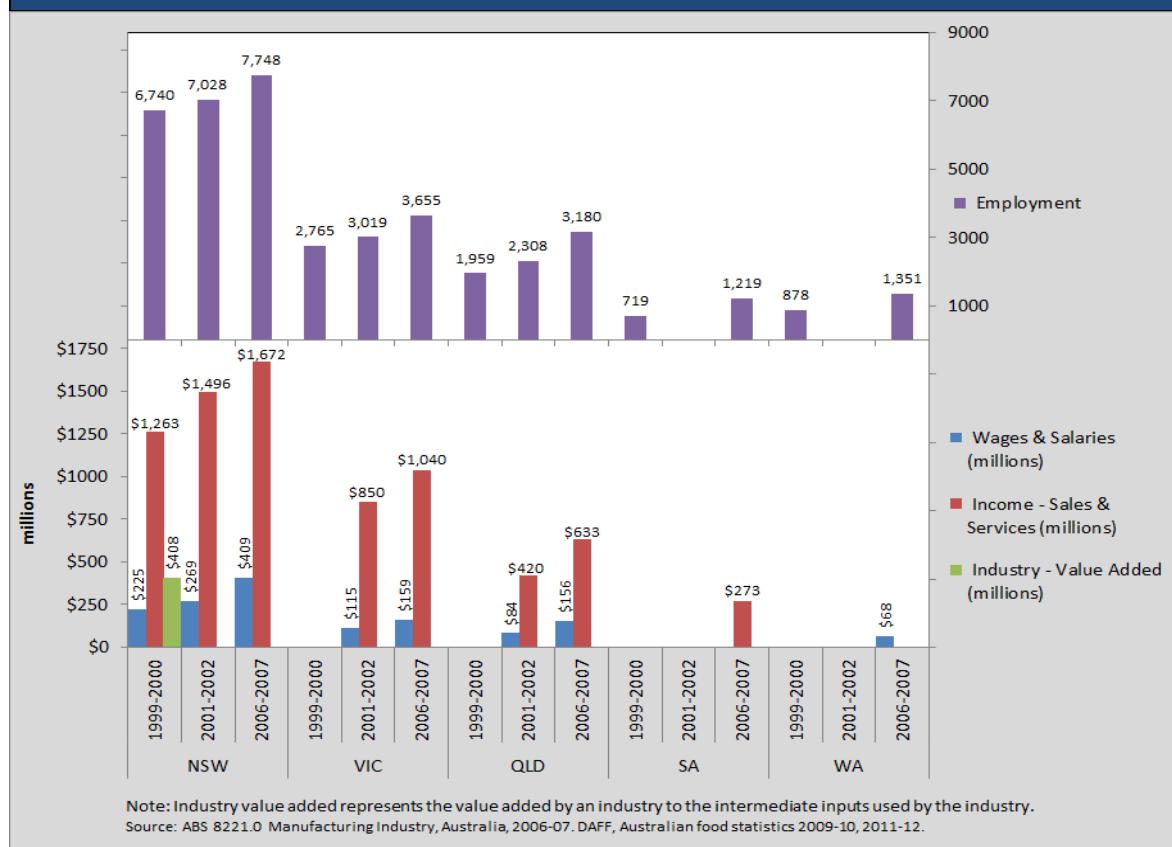
Over the period 2006-2007 to 2010-2011, employment in the poultry processing industry fluctuated. By mid 2007, 18,075 people were employed. This



number rose by 5.6% to approximately 19,000 (2008–2009) before falling 5.3% to 17,539 (2009-2010) then rising again by 2.6% to 18,000 (2010-2011). On aggregate over four years, employment was flat. Wages and salaries followed a similar trajectory. Total wages and salaries rose from \$822 million (2006-2007) to \$993 million (2008-2009) up \$171 million (20.8%) only to fall to \$849 million (2009-2010) down \$144 million (-14.5%) then rise again to \$898 million (2010-2011) up \$49 million (5.8%) resulting in a 12.1% aggregate increase in total wages and salaries. Opposing this trend was processor revenue from sales and service. Over two years, processor revenue rose from \$4,123 million (2006-2007) to \$4,881 million (2008-2009) up \$758 million (18.4%). The following year saw a reduced annual rise to \$5,181 million (2009-2010) up \$300 million (6.2%) then another rise to \$5,400 million (2010-2011) up 4.2%. This translates into cumulative processor revenue of 30.9% over four years. Finally, processor added value. In 2006-2007 processor value added output was \$1,132 million rising to \$1,362 million (2008-2009) up \$230 million (20.8%) over two years. This upward trend continued reaching \$1,442 million (2009-2010) up \$80 million (5.9%) and \$1,488 million (2010-2011) up \$46 million (3.2%). Over four years processor value was up 31.5%. Over the four years, employment, wages and salaries (inputs) were virtually flat. Conversely, outputs trended up albeit industry value added production only marginally compared to revenue from sales and services.

The foregoing information over the period 2006-2007 to 2011-2012 provides an

Chart C14 Economic Value of the States Poultry meat Processing (manufacturing) Industry



encouraging overview of the Australian poultry processing industry. Outputs are increasing while inputs are stable indicating increased productivity and efficiency.

Previously, analysis of state centric information has balanced analysis of national poultry meat data. The problem here is that the ABS only conducts agricultural census every five years. Thus, the most recent state based statistical information available appears in chart C14. Unfortunately, this information does not correlate with that depicted in chart C13. Nonetheless, as the most recent state based information available it is worthy of discussion.

Table T2 Manufacturing - State Poultry Processing				
Performance Poultry Processed Food Industry (Selected States)				
	INPUTS		OUTPUTS	
	Wages & Salaries (% Variation) (2001-2002 to 2006-2007)	Employment (% Variation) (1999-2000 to 2006-2007)	Income - Sales & Services (% Variation) (2001-2002 to 2006-2007)	Industry - Value Added (% Variation)
NSW	52.0%	15.0%	11.8%	N/A
VIC	38.3%	32.2%	22.4%	N/A
QLD	85.7%	62.3%	50.7%	N/A
SA	N/A	69.5%	N/A	N/A
WA	N/A	53.9%	N/A	N/A

state inputs and outputs. However, a limited comparison is considered.

Over six years SA leads employment growth at 69.5% closely followed by QLD at 62.3% then WA at 53.9% while NSW employment increased 32.2% and VIC 15%. This could simply mean employment as an input to production versus outputs of sales and valued added was contained in NSW and VIC allowing for efficiencies in outputs of sales and valued added. Alternatively, these figures indicate increased production in QLD, SA and WA at the expense of NSW and VIC. This latter scenario correlates and validates information presented previously in charts C4 and C5. Although table T2 shows similar trends for wages and salaries and revenue from sales and services this data is only available for NSW, VIC and QLD making further comparison problematic. For this reason table T2 provides a guide to the performance of the states regarding manufacturing of poultry meat products. Current state centric poultry meat manufacturing information would have enabled detailed comparison to determine the better performing states. Therefore, further research is required into the productivity of each state's poultry meat manufacturing once the ABS releases the results of the next agricultural census. This will greatly assist in further prosecuting the case involving the economic value of the poultry meat industry in the Hunter, Central Coast and Western Sydney regions.

Table T2 (derived from chart C14) provides a brief state based analysis of the poultry food manufacturing industry from 2001-2002 to 2006-2007. Employment, wages and salaries input trends are up significantly as is the trend for output revenue from sales and services. Unfortunately, the absence of figures for industry value added production outputs prevents comparative analysis of all

4.10.Exports

The Australian Government Department of Agriculture, Fisheries and Foresteries (DAFF) ABARES¹⁴ forecast poultry exports will be \$46.5 million in 2013-2014 and reach \$53.6 million by 2017-2018.

Chart C15 displays the total value of Australian poultry (includes all types of fowl and game birds) exports to APEC and ASEAN trading blocs and individual countries.

Chart C16 displays the total value of each states contribution to Australia's total exports of poultry meat. Analysis of this information is absent, as the purpose is not to dwell on how much Australia has exported in the past or may in the future. Rather, it illustrates the opportunity for the poultry industry (that should exist) to grow outside Australia's border at a rate greater than historical figures represent.

ABARES's projection of poultry meat exports by volume indicates an increase from 33,600 tonnes (2011-2012) worth \$39.7 million to 42,500 tonnes (2017-2018) worth \$53.6 million seems conservative, representing aggregate annual growth in export value of \$2.32 million.

Already one of the Western Sydney region processor companies exports value added products. The geographical proximity of existing poultry meat processors to the Sydney and Newcastle shipping terminals provides these regions a competitive advantage over other poultry meat regions from reduced logistical costs (mainly transport). Regardless, as

Chart C15 Processed Poultry Exports – Australia - Asia

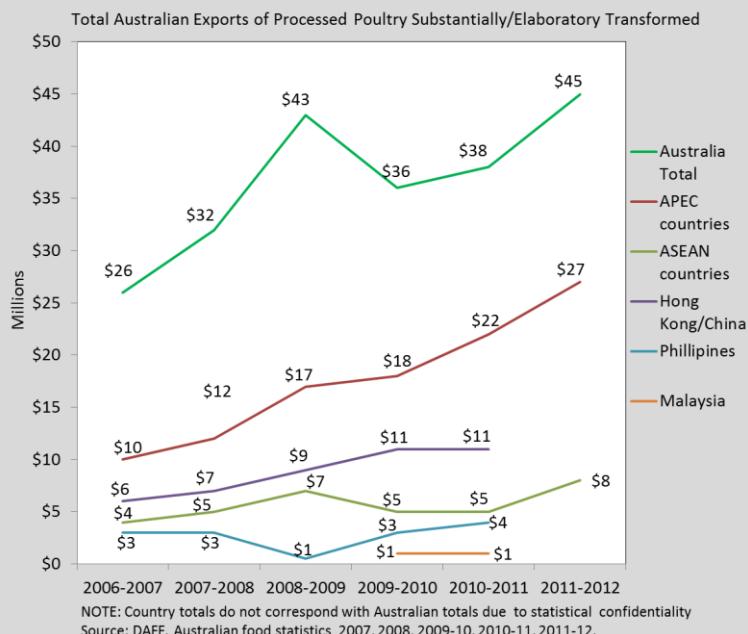
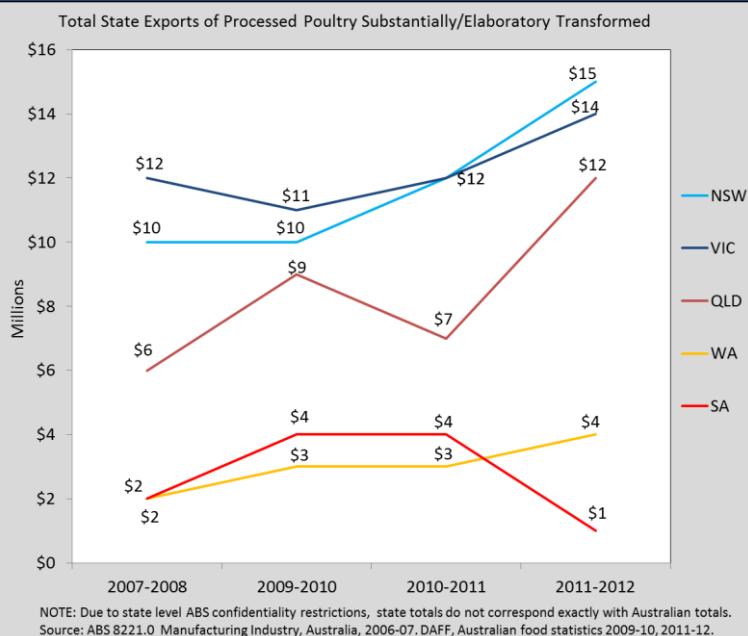


Chart C16 Processed Poultry Exports – All Australian States



global populations increase so does demand for high protein nutrition. This provides the poultry meat farming and processing industries in the Western Sydney, Hunter and Central Coast regions the opportunity to increase export sales of value added poultry meat products. However, squandering this opportunity is inevitable without government support and encouragement.

4.11. Regional Perspective

Although the recent release of the Sydney 2031 metropolitan strategy by the NSW government identified the importance of Sydney's agricultural industries it failed to provide a plan as to how the agricultural industry would benefit. As Sydney's 2031 planning strategy is a consultative document, it requested submissions from interested parties. One submission came from the ARG². The ARG's review of Sydney's 2031 planning document identified issues affecting Western Sydney's agricultural industries omitted from the planning proposal. This table identifies arguments the ARG raised in their submission as supporting evidence to the importance of agricultural industries production to Sydney's regional economy. These arguments relate directly to Sydney's poultry farming industry.

Issue raised by ARG affecting Sydney's agricultural industries	Issues Apply to Sydney's poultry farming industry
Amongst others, the chicken meat farming industry was the leading agricultural industry in the Sydney region for farm-gate production value.	Yes. <i>Sydney's poultry meat farming industry is the best agricultural performer by gross value.</i>
Maintaining agricultural land for economic development, food security, production of healthy agricultural products (poultry meat) and importantly bio-security should be a priority.	Yes. <i>Sydney's south-west is a suitable agricultural area for poultry farms.</i>
The threat from urban sprawl is such that agriculture (hence poultry production) would cease resulting in negative effects including, <ul style="list-style-type: none"> Increased food prices and reduced quality. Jobs lost in the poultry food processing industry and businesses that supply goods and services to this industry. 	Yes. <i>Urban sprawl and lifestyle neighbours concerns Sydney poultry farmers.</i>
Recommendations by ARG to improve Sydney's agricultural industries	Recommendations Apply to Sydney poultry farming
Keep existing farms	Yes. <i>All these recommendations apply.</i>
Local councils need to remove impediments to development approvals allowing farm expansion hence increased production capacity.	
Standardise development application procedures across government regimes	
Review excessive regulations currently stifling productivity	
Replacement of land already lost to urban encroachment with allocation and zoning of more agricultural land providing the opportunity for new participants to enter the industry	
Permit farm land to be utilized to maximum capacity	

² The Agricultural Reference Group (ARG) is an agriculture industry, local government and local food interest group formed to assist the NSW Department of Planning and Infrastructure (DP&I) to obtain advice on agricultural issues regarding the development of a *Metropolitan Strategy* for Sydney

This submission by the ARG is timely as the recommendations fit with the requirements of the poultry meat farming and processing industries namely increased productivity and cost efficiency. That can only happen if all stakeholders are supportive of the poultry meat farming and processing industries.

5. The Survey

5.1. Previous Surveys

The 2009 E-Generation Marketing report into the economic worth of the NSW Chicken Meat Industry surveyed the chicken meat growing and processing industries in the Northern Rivers, Tamworth and Hunter regions. Economic information from this 2009 report formed the basis of a follow up communications strategy¹⁵ aimed at developing working relationships between the chicken meat industries and key regional stakeholders (government, business, community and political representatives). Achieving this was contingent upon developing a communication strategy. This strategy would facilitate key regional stakeholders be informed of the benefits afforded communities in promoting and developing their regions poultry meat industries. The objectives of the communications strategy were to create,

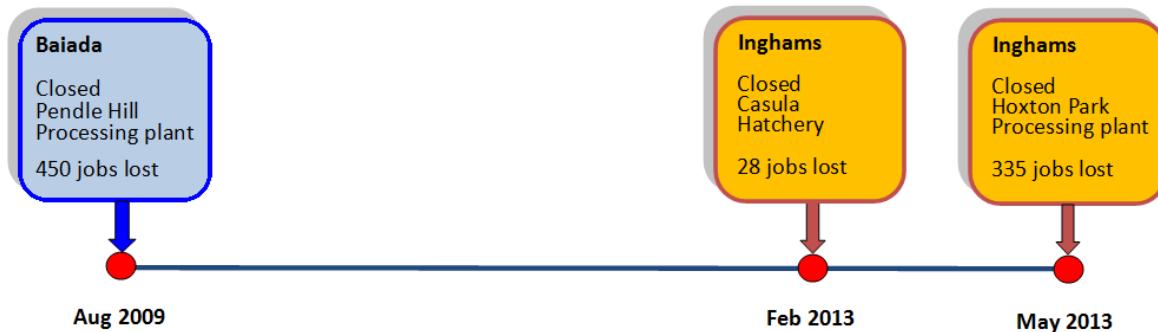
- An industry peak body of key regional stakeholders and poultry meat industry representatives.
- An incorporated poultry meat grower's body.
- A Central North Poultry Innovation website.

The Tamworth region implemented the strategy that subsequently (from available anecdotal evidence) proved successful.

5.2. Regional Issues

Although the success of the Tamworth economic study was a factor in the NSW PMIC's decision to conduct another economic survey, of significance were various issues of concern in metropolitan Sydney. Of greatest concern in the Sydney region was lack of support attended the industry by government entities. Poultry meat farmers were having difficulties getting councils' approval for development applications for on farm infrastructure. Conversely, councils were not only allowing urban and small lifestyle developments that encroach on or near poultry meat farm land but were also imposing restrictions on poultry farming operations resulting from complaints by farmers 'new' neighbours. These anomalies prevented growers from building new infrastructure to improve efficiencies and offset rising costs. In turn, the inability of poultry meat farmers to grow their businesses hampered growth of processors facilities. If left unresolved the cumulative effect of these issues threatens the viability of the poultry farming industry in the Sydney region. The spectre of the exit from the Sydney region of the poultry meat

farming and processing industries is of concern. Over the past few years, processors have closed large production facilities in the Sydney region migrating production to other states and NSW regions. This timeline shows these closures.

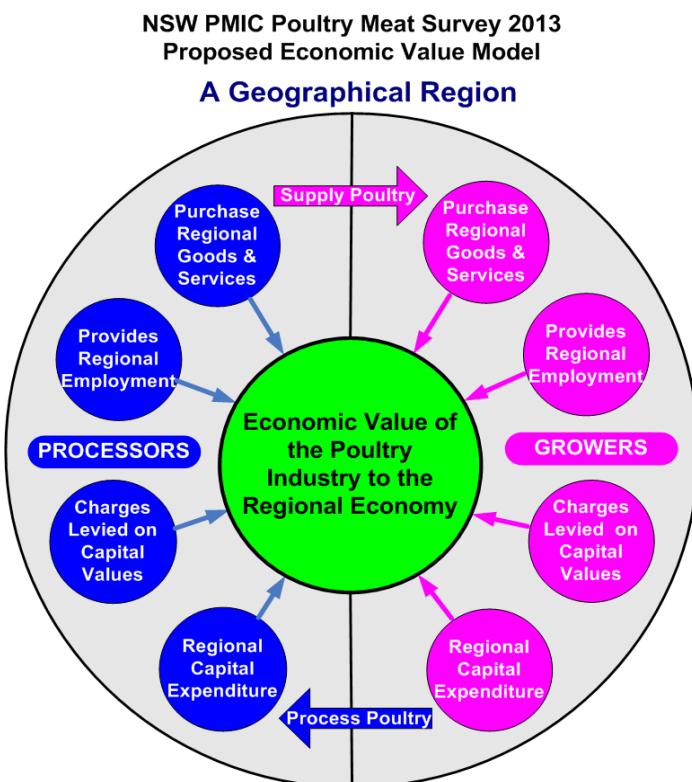


This ongoing threat to the future survival of the poultry meat farming and processing industries in the Sydney region proved crucial to the PMIC's decision to proceed with a survey to gather and a report to exhibit evidence of the economic value of these industries to the Sydney's regional economy.

5.3. Development

A mandatory requirement specified by the NSW PMIC was the industry level aggregation of economic information gathered from poultry meat farmers that grow broilers and turkeys subsequently harvested by processors who in turn manufacture poultry meat products for sale to consumers. Achieving this outcome required development of a model (appendix 1) representing the goods and services consumed by growers and processors in the poultry meat value chain. The model depicted here formed the basis for development of grower and processor survey instruments.

The grower's survey consisted mainly of questions designed to capture financial information regarding the costs involved in operating a commercial poultry meat farm. This would require growers to access their business records that may not be readily available. This posed a problem as to the most appropriate method to distribute the survey. A telephone survey would be time consuming and violate grower anonymity. Web and email distribution options were not viable due to



varying levels of grower computer knowledge and skills. Faxing the survey was unsuitable as many growers had legacy fax equipment making distribution unreliable. Direct mail out was the only viable survey distribution and return option.

The design and development of the processor surveys was problematic. Value chains varied between processors with some processors organisations being vertically integrated and others not. This required a different approach to development of unique processor surveys albeit ones that still maintained the basic tenet of the economic value model. Regardless, all processor surveys developed were in accordance with the economic model. Surveys were distributed and returned via email on the proviso that all processors financial information was in strict confidence.

5.4. Content

All grower and processor surveys included explanation of the following,

- On whose behalf the survey was being conducted (NSW PMIC)
- The purpose of the survey
- What information would be gathered
- How this information would be used
- The importance of the information provided
- Maintenance of participant confidentiality
- Instructions as to completing and returning the survey

All grower surveys required information be provided solely for the 2011/2012 financial year based upon questions in relation to,

- Grower details
- Farm and grow out statistics
- Labour consumed
- Revenue generated
- Value of capital assets
- Value of goods and services purchased
- Grower comments

This report primarily provides an economic insight into the poultry meat industry. Financial information is the focus of discussion and where relevant, quantified by estimates.

5.5. Promotion

The following list outlines steps to promote the benefits afforded grower participation in the survey,

- On farm meetings with grower representatives designed to garner support and enable them communicate the purpose, outcomes and benefits afforded growers from survey participation.

- Introductory letters distributed to the grower population in the Sydney region.
- All survey questionnaires contained an introduction section explaining the purpose and benefits of survey participation.
- Follow up requests to grower representatives enlisting their support by communicating to their members the importance to them of completing and returning the survey.
- The support of the NSW Farmers Federation by promoting the survey during,
 - Ad hoc visits to growers farms
 - Grower and grower representative meetings
- Enlisting processor representatives to encourage growers to participate in the survey
- Distribution to growers of post survey letters reiterating confidentiality of grower financial information along with various other reasons why growers should complete and return their surveys.

5.6. Distribution

Table T3 Economic Value Survey Distribution and Return Statistics (Sydney region)							
Region	Grower Type	Surveys Distributed	Total Surveys Distributed	Surveys Returned	% Surveys Returned per Poultry Type	Total Surveys Returned	% Total Surveys Returned
Sydney	Chicken	85	100	9	10.59%	13	13.0%
	Turkey	16		4	25.00%		

Table T3³ lists grower type, distribution and return rates of the survey in the Sydney region. Distribution of the survey questionnaire to chicken and turkey growers in the Sydney region was by Australia Post in accordance with grower contact information provided to Doublj Consulting by the NSW PMIC. As communication of the survey's importance permeated the region growers that did not receive or had lost or disposed of their survey contacted Doublj Consulting requesting dispatch of another survey.

³ Of the 16 turkey growers 15 had their turkeys processed in the Sydney region while one had theirs processed in the Hunter region.

6. The Results

6.1. Sydney Region – Poultry Meat Farming

6.1.1. Growers Response Rates

From a population of 100 (85 broiler and 16 turkey growers), 13 surveys were returned with one incomplete leaving an effective survey return rate of 12.1%. Of the 85 broiler growers 9 (10.6%) returned completed surveys while 16 (25%) turkey growers returned completed surveys. The low survey response rate made statistical analysis of the survey information problematic as the number of responses was outside the required minimum statistical 90% confidence level with an accuracy of $\pm 20\%$. Therefore, unless otherwise stated poultry grower information presented in this section provides a guide to the economic value of the Sydney region's poultry farming industry.

6.1.2. The Growers

Grower profiles were included in the survey questionnaire in order to provide a context to the survey's objective of collecting economic data. Table T4 provides this information. Although the average age of chicken growers was older than turkey growers the difference was only 2.3 years resulting in an average age of 49.4 years. This aging profile is impaired further as only 23% of poultry growers plan to pass the farm on to family members while 15% plan to sell whereas 56% of chicken and 75% of turkey (61.5 % of poultry) growers have no planned future for their business.

Table T4 Grower Profiles				
Sydney Poultry Grower Details				
Growers role	Description	Totals		
		Chicken	Turkey	Poultry
Owner grower	7	4	11	
Farm Manager	2	0	2	
Authorised rep	0	0	0	
Other	0	0	0	
Growers average age	50.6	48.3	49.4	
Succession plan	YES	2	1	3
	NO	7	3	10
Succeeded by	Family members	2	1	3
	Non Family members	0	0	0
	Sell	2	0	2
	Unknown	5	3	8

6.1.3. The Farms

Table T5 Farm Profiles				
Description	Chicken Farms		Turkey Farms	Poultry Farms
	Tunnel	Conv	Conv	All Types
Number of farms owned/managed	2	9	4	15
Average number of sheds per farm	3.5	3.0	5.5	3.7
Average area of sheds per farm (m ²)	5497	4092	7616	5219
Average number of batches per year per farm	5.3	5.2	2.4	4.5
Average number of birds per batch	106825	65795	43500	65320
Average number birds per m ² per farm	19.0	16.0	5.2	N/A
Average mortality rate per farm	4.5%	5.2%	9.9%	6.4%

Although Table T5 combines aggregate and average grower survey data it has limitations due to the low number of poultry grower survey respondents. Discounting mortality rates, more accurate information is available in section 6.3.3 regarding chicken meat owner grower farm capacity and production levels. However, as the processor that contracts all Sydney region turkey growers did not participate in the survey, the only turkey farming production information available comes from the growers survey and is presented in table T5.

Table T5 contains discernible differences between chicken and turkey meat farms. Compared to broiler growers on average the turkey growers surveyed have more sheds per farm providing greater total floor area thus grow out capacity. However, there are reasons for this. On average the annual number of batches turkey farmers receives is less than half that received by broiler farmers due to the longer grow out period required for turkeys. Comparing conventional grow out shed capacity of turkeys versus broilers indicates turkeys require at least three times the floor space of their broiler cousins. Another factor is turkey mortality rates are approximately twice that of broilers (refer table T5) due to them being more difficult to rear than broilers.

6.1.4. Employment

	Chicken	Turkey	Poultry
Average weekly hours worked (grower & family)	89	77	86
% of growers surveyed that employed non contract (full time, part time or casual) OR contract labour	66.7%	75.0%	69.2%
% of growers surveyed that employed non contract (full time, part time or casual) AND contract labour	11.1%	0.0%	7.7%
% of growers who employed non contract labour (full time, part time or casual)	66.7%	25.0%	53.8%
Average number engaged as non contract labour (full time, part time or casual) <i>(Applies only to those growers that engaged employees)</i>	2.0	4.0	2.3
% of growers who employed contract labour	11.1%	50.0%	23.1%
Average number engaged as contract labour <i>(Applies only to those growers that engaged contract labour)</i>	6.0	3.0	4.0
Total cost of all labour	\$365,643	\$30,000	\$395,643
Average cost of all labour	\$60,941	\$15,000	\$49,455

Table T6 indicates of the 13 poultry meat growers (9 chicken and 4 turkey) that returned surveys six chicken (66.7%) and three turkey (75%) growers (69.2% of poultry growers) employed either non-contract or contract labour⁴. Conversely, only one chicken (11.1%) and no turkey growers, employed non-contract and contract labour. In addition, six chicken growers (66.7%) and one turkey grower (25%) representing 53.8% of poultry growers employed 12 and four people respectively as non-contract labour. Employment on a contract basis resulted in one (11.1%) chicken and two (50%) turkey growers, employing six and six people respectively (12 total).

Averages reveal six (66.7%) chicken growers each used two non-contract labour employees but only one turkey grower averaged using four contract labour employees. Conversely, one (11.1%) chicken grower averaged six contract employees while two (50%) turkey growers averaged three between them.

Comparing labour costs reveals a large disparity between chicken and turkey growers expenditure. Chicken grower labour costs for 2011/2012 were \$365,643 over twelve times the \$30,000 turkey farmers spent on labour. Calculating a range for total employment numbers and labour costs for turkey grower is not feasible but using a confidence level of 90% with an accuracy of $\pm 30\%$ it is estimated chicken meat growers incurred labour costs of \$2.67 - \$4.96 million\$ although applying caution to these estimates is advised.

⁴ Non contract and contract labour includes anyone who was paid wages, salary or fee for services including growers and their family members.

6.1.5. Revenue

Table T7 Gross Revenue		
Description	Chicken	Turkey
Estimated average gross annual revenue	\$ 282,324	\$ 614,000

It would appear from table T7 compared to growing chickens growing turkeys is lucrative except that one of the turkey grower's

annual revenue was statistically classified an outlier. In this case, the assumption is the turkey grower revenue is valid. Nonetheless, the value has biased (distorted) the average of both turkey grower's revenues and poultry growers given only three of the four turkey growers provided revenues as opposed to revenues provided by all chicken growers (9). Caution should apply when considering these figures. Processor survey results later in this report provide accurate chicken growing revenues identified as grow out fees paid to growers.

6.1.6. Capital Assets

Table T8 Capital Assets			
Description	Chicken	Turkey	Poultry
Growers that purchased capital assets from Sydney region	66.7%	N/A	58.3%
Total cost of capital assets purchased from Sydney region	\$270,650	N/A	\$720,650
Average value of capital assets purchased from Sydney region	\$45,108	N/A	\$102,950
Total value of on farm capital assets used solely for growing poultry	\$14,850,000	\$3,260,000	\$18,110,000
Average value of on farm capital assets used solely for growing poultry	\$2,121,429	\$1,086,667	\$1,811,000

Poultry meat growers must invest in capital assets as required by their processor. Poultry farm capital assets (sheds, water, feed, electrical systems and other machinery and equipment) represent sunk costs and as such are not readily sold or disposed. Capturing capital asset values provides an insight into the major investment growers make in their farms. Just as important is capturing the cost to supply, build and/or install capital assets. Table T8 indicates the total value for those growers that provided capital asset values at just over \$18 million. Using the average of capital asset values per farm (\$1.8 million) it can be estimated the total value of all capital assets on poultry meat farms (survey population 100) in the Sydney region as being in the range of \$139 - \$259 million ($\pm 30\%$). The bottom value in the range may be conservative although caution is advisable regarding the upper estimate value due to the low degree of accuracy.

Regardless of type, capital asset items must be supplied/built/installed/commissioned by business entities external to the poultry meat farming industry. Table T8 indicates 58.3% of poultry growers purchased capital assets from Sydney region suppliers at an average

value of \$102,950 per grower (note: as only one turkey grower purchased capital items confidentiality excluded this value being included in the table). It can be estimated that the total value of capital assets purchased from the Sydney region across all growers surveyed falls in the range \$4.6 million to \$8.6 ($\pm 30\%$). Caution is advised regarding these estimates due to the low degree of accuracy.

6.1.7. Goods and Services

Grower purchases of goods and services were the main thrust of the survey. As opposed to the one off (usually) large expense of capital assets the costs of goods and services purchased is ongoing to ensure production of poultry meat continues successfully on a daily basis.

Compared to average capital asset purchases of 63.7% from the Sydney region poultry growers

purchases of goods (96.3%, table T9) and services (98.6%, table T10) were over 50% greater from

Table T9 Goods Purchased

Description	Chicken	Turkey	Poultry
Growers total cost of goods purchased	\$745,716	\$480,000	\$1,225,716
Average cost of goods purchased	\$82,857	\$160,000	\$102,143
Average % of goods purchased from Sydney region	96.1%	96.7%	96.3%

Table T10 Services Purchased

Description	Chicken	Turkey	Poultry
Growers total cost of services purchased	\$456,282	\$165,000	\$621,282
Average cost of services purchased	\$50,698	\$82,500	\$56,480
Average % of services purchased from Sydney region	99.4%	95.0%	98.6%

the same region. This figure is a marker of the Sydney region's ability to supply nearly all poultry grower's capital goods and services requirements as opposed to only supplying about two thirds of grower's capital asset requirements.

Also 100% of poultry growers and 75% of turkey growers supplied information on goods and services expenditure. Applying 90% level of confidence at $\pm 30\%$ margin to the average poultry goods purchase of \$102,143 it is estimated that total goods purchased by all Sydney region poultry growers would range between \$7.6 million - \$14 million. Likewise, services purchased would range between \$4.3 million - \$7 million. Again, caution is advised regarding these estimates due to the low degree of accuracy.

6.1.8. General Comments

In this last section, survey participants responded to four statements and three questions. Table T11 indicates to what degree they agreed or disagreed with each of the four statements.

Table T11 General Comments Q1 - 4

Statement	Description	Response	Totals	%
1	The chicken/turkey meat industry in the Sydney region has a good future.	Agree	12	92.3%
		Disagree	1	7.7%
2	In the past year, I have had few problems dealing with regional shire/local council/s regarding chicken/turkey related issues.	Agree	7	53.8%
		Disagree	6	46.2%
3	In the past year, I have had few problems dealing with state government departments regarding chicken/turkey related issues.	Agree	6	46.2%
		Disagree	7	53.8%
4	I have a good business relationship with the processor company that supplies my chickens.	Agree	12	92.3%
		Disagree	1	7.7%

Respondents indicated their degree of belief in each statement by selecting from a modified six point Likert scale consisting of these descriptors 'definitely agree', 'generally agree', 'slightly agree', 'slightly disagree', 'generally disagree' and 'definitely disagree'. Responses were aggregated providing results as shown in table T11. For statement one 92.3% of responses identified the future for their industry in the Sydney region as being good while responses to statements two and three were uniformly split between few or numerous problems with councils and state government departments. The responses to statement four overwhelmingly indicated good business relationships between growers and their processors. Growers' responses to questions five, six and seven offer an insight regarding reasons for negative responses.

Table T12 General Comments Q5

Q5. What do you consider as being the main threats/risks to the sustainability of your chicken meat business in the Sydney region?

Processors		
Contract terms & conditions (e.g grow fees, labour requirements, grower tenure), growing chickens on processor owned farms		4
Business restrictions		
Reduced profitability due to increasing input costs of capital & other goods & services including: utilities (water, gas) - development costs (e.g shed construction, capital works) - energy (electricity, fuels) - Litter, repair & maintenance of infrastructure		2
Government		
Local council - rules & regulations (e.g planning/operational/reporting requirements/restrictions)		1
Social/Community/Media		
Neighbour complaints		1
Demographics		
Geographic (urban development/encroachment)		7
The Industry		
Power of major supermarket chains over processors, imports, disease (bio-security)		7
	Total Responses	22

Question five (table T12) revealed (unsurprisingly) 32% of responses nominated urban encroachment on poultry meat farms as the primary risk. Another 32% thought industry related risks such as the power of supermarket chains over processors, the threat of imports and disease from bio security failures were of greatest risk. Notably 18.2% of responses indicated grower processor contractual issues as being problematic. Surprisingly, only 9% of responses identified rising input production costs as impinging on profit margins. Of the remainder, only 4.5% mentioned council related regulations/restrictions and another 4.5% noted neighbour complaints as problematic.

Table T13 General Comments Q6	
Q6. What issues (if any) affected your chicken meat business?	
Environmental	
Odour	1
Processors	
Contract terms & conditions (e.g grow fees, labour requirements, grower tenure), negotiating power over grower fees, not paying growers on time	5
Social/Community/Media	
Bad publicity (Adverse media coverage)	1
The Industry	
Animal Welfare (RSPCA, other groups)	1
Total Responses	8

Question six (table T13) asked growers to nominate issues affecting their business. This resulted in a majority of responses (62.5%) indicating grower processor contractual issues of greatest concern to their businesses. However, this contradicts responses given for statement four where previously 92% of responses indicated grower-processor business relationships were good. The remaining 32.5% of responses indicated odour, adverse media coverage resulting in bad publicity for the poultry meat farming industry and animal welfare were issues of concern.

The final question (table T14) invited growers to provide comments on any other issues.

Table T14 General Comments Q7	
Q7. Do you have any other comments?	
Processors	
Contract terms & conditions (e.g grow fees, labour requirements, grower tenure)	2
Business restrictions	
Reduced profitability due to increasing input costs of capital & other goods & services including - Utilities (water, gas) - Development costs (e.g shed construction, capital works) - Energy (Electricity, fuels) - Litter - Repair & Maintenance of infrastructure	1
Government	
Local Council - Good relationship between grower & Council Rules & regulations (e.g planning/operational/reporting requirements/restrictions) State/Federal Government - should provide subsidies to the processors to assist in reducing production costs	3
The Industry	
Power of major supermarket chains over processors	2
Total Responses	8

As for question 5 of greatest concern to 37.5% of respondents was government related issues including local council regulations and production restrictions, poor grower/council relationships and a request for state government to provide industry subsidies. A further 25% thought grower-processor contract issues were problematic and another 25% believed supermarket power over processors was an issue. Only 12.5% believed rising production input costs were of concern.

The overarching matter of grower concern repeated in each of questions five, six and seven were grower-processor relationships mainly in relation to contractual issues. Of next concern and reoccurring in all three questions were industry related issues related to supermarket power, imports, animal welfare and disease (bio security). Government issues came third regarding (among other things) council regulations/restrictions and grower council relationships. Last, urban development was encroaching on farming land.

6.1.9. Summary of General Comments

Table T15 General Comments Q7					
Issue Category	Q5	Q6	Q7	Issues per category	% Issues per category
Processors	4	5	2	11	27.5%
The Industry	7	1	2	10	25.0%
Demographics (urban development, neighbours)	7	1	2	10	25.0%
Government (state, local)	1	0	3	4	10.0%
Business restrictions	2	0	1	3	7.5%
Social/Community/Media	1	1	0	2	5.0%
Total issues per question	22	8	10	40	100.0%
% of growers that provided responses per question	100.0%	46.2%	53.8%		

Table T15 summarises responses to questions five, six and seven for those poultry growers that returned surveys. The intention here is to identify and invite comment on the issues of most prominence to Sydney poultry growers. Of most concern to Sydney region growers, were processor grower relationships. Any perceived or real grower-processor relationship issues require resolution as it is incumbent on the poultry farming and processing industries to ensure maintenance of the processor-grower dyad. The NSW PMIC can play an important role in facilitating the processor-grower relationship be mutually inclusive not exclusive to the benefit of both poultry farming and processing industries. Of next importance are industry related issues (imports, disease, animal welfare groups and power of major supermarket chains over processors). Imports and disease are ongoing issues between governments and poultry industry peak bodies while market power of major supermarkets is an ongoing issue between processors, their

customers and consumer regulators. However, animal welfare is increasingly becoming a community issue that processors have acknowledged by placing the RSPCA's paw of approval logo on particular product lines. Next were issues of urban development encroaching on poultry farming land and lifestyle neighbour complaints followed by adverse government legislation resulting in local governments obstructing development applications and restricting on farm production. These last issues are ongoing and need resolving by governments needing to recognise the economic value of the poultry farming industry to their local regions by taking actions to remove the regulatory, operational and land development hurdles restricting poultry farming industry growth. The last issue discussed here relates to rising input production costs eroding profit margins due mainly to rising energy, utilities, fuels and capital costs resulting in reduced profit margins for poultry meat growers businesses. Resolving all these issues is critical to the future long-term sustainability of the poultry meat farming industry requiring the attention of the NSW PMIC to facilitate a communications strategy within its charter to address poultry meat industry issues.

This completes the survey results of the poultry meat growers in the Sydney region.

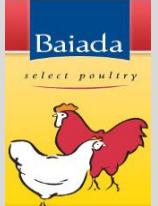
6.2. Sydney Region – Poultry meat Processing

6.2.1. Processors Response Rates

Onsite meetings were conducted with Baiada, Cordina (Cordina Farms and Summertime) and Red Lea executives prior to survey distribution by the PMIC and Doublj Consulting. Explanation of the surveys purpose, benefits and distribution methodology were successful in getting agreement from all three processors to participate. It was not possible to organise a meeting with the fourth processor, Inghams Enterprises, due to its recent sale to TPG Capital plus animal welfare issues arising at one of its processing plants. Despite this, Inghams initially agreed to participate in the survey only to later reverse their decision. Inghams non-participation was regrettable given anecdotal estimates put the value of their Sydney region operations between \$360 million to \$440 million. Regardless, the survey proceeded resulting in the gathering of invaluable economic information from participating processors. However, this information came with the caveats of financial confidentiality and anonymity. Aggregation of all financial survey information provided confidentiality and assigning each processor substitute identities (processor A, B or C) provided business anonymity. Thus, the only instance in this report where processor business names appear is in Table T15.

6.2.2. Processor Facilities – Sydney Region

Table T16 Processor Facilities

			
Head Office 421-427 Flushcombe Road Blacktown NSW 2148 (PO Box 882 Blacktown NSW 2148)	Head Office Cordina Farms 55 Mandoon Road Girraween NSW 2145	Head Office 642 Great Western Highway Pendle Hill NSW 2145	Head Office 203-209 Northumberland St, Liverpool NSW 2170
Primary & further processing facility (address same as Red Lea head office)	Primary & further processing facility (address same as Cordina head office)	Company Broiler Free Range Farm	Broiler further processing facility Lot 64, Benson Rd Ingleburn, NSW. 2565
Company breeder farm 285 Finns Road Menangle NSW 2568	Hatchery 30 Cumberland Road Greystanes NSW 2145	Factory Outlet Shop 13-15 Amax Ave Girraween NSW 2145	Broiler breeder farm 475 Badgerys Creek Rd Badgerys Creek NSW 2171
Table T16 lists the various facilities operated in the Sydney region by each processor organisation during the 2011/2012 financial year. Although Inghams did not participate in the survey, their facilities are listed to indicate the diversity and importance of their operations especially to the economy/s of the south western areas of the Sydney region.		Birling Avian Laboratories 975 The Northern Rd Bringelly NSW 2171	Appin broiler complex 345 Appin Rd, Appin NSW 2560
	Head Office Summertime 26 - 28 Crosslands Road Galston NSW 2159	Hatchery 1 Luddenham Farm 2907 The Northern Rd Luddenham NSW 2745	Turkey primary processing plant Rockford Rd Tahmoor NSW 2573
	Primary & further processing facility (address same as Summertime head office)	Hatchery 2 Marsden Park Hatchery 54 Vine St Marsden Park NSW 2765	Turkey breeder farm Remembrance Dr Bargo NSW 2574
			Broiler distribution centres Lurnea & Hoxton Park.
			Product development & weigh label facilities Hoxton Park.

Since the only company that processed turkeys in the Sydney region was Inghams, their non-participation in the survey meant no processor related turkey information was gathered. Farm production of turkey meat in the Sydney region has previously been discussed.

Of the three processors that participated in the survey all operated chicken meat production facilities in the Sydney region but only two operated chicken meat processing facilities. Subsequent sections provides information regarding processor operations in relation to,

- Broiler Production
- Breeder farms
- Feed (purchase and manufacture)
- Transport
- Hatcheries
- Processing (chicken meat production)
- Employment
- Goods and services (consumption of)
- Capital assets
- Processor comments

6.2.3. Broiler Production

Table T17 Broiler Production	
Broiler farm production - Owner/growers and processors (chicken meat only) All processors combined in the Sydney region	
Description	Totals
Total payments to all broiler owner/growers	\$30,428,198
Total number of broiler growers	94
Total number of day old broilers delivered to all owner/grower and processor farms	48,552,205
% of broilers delivered to owner/grower tunnel farms	28.3%
% of broilers delivered to owner/grower conventional farms	6.8%
% of broilers delivered to owner/grower free range farms	64.8%
Total number of all types of owner grower and processor sheds	399
Total floor area for all owner/grower shed types (m ²)	520,684

Table T17 shows processor payments to all broiler growers represented 51.2% of total payments to broiler meat growers in all three regions surveyed. In other words, Sydney region grower payments exceeded total payments to the Hunter and Central Coast combined.

On average, each grower received approximately \$323,700 while the total number of sheds in the Sydney region represents 23.6% of the NSW total (all turkey/broiler contract grower farms, processor broiler farms and independent contract broiler farms). Applying a mortality rate of 5.2% (calculated from the Sydney region grower's survey) to the 48,552,205 day old broilers delivered to all farms and assuming all broilers harvested reach the processing plant alive, leaves 46,027,490 to be processed. Since these figures are for the 2011-2012 financial year, a direct comparison can be made with the total number of broilers (168,400,000 refer Chart C8) slaughtered in NSW over the same period. The result is the Sydney region provides 27.3% of NSW's total production, a significant number.

6.2.4. Breeder Farms

Table T18 Breeder Farms	
BREEDER FARMS In the Sydney region	
Description	Totals
Total cost to produce all broiler eggs	\$2,864,651
Total number of broiler eggs produced	5,558,112

Table T18 represents the production costs and eggs produced for a processor breeder farm in the Sydney region. The total cost represents the amount paid by the processor to Sydney region suppliers of goods, services and labour.

In turn, suppliers would most likely have spent the majority of this revenue in the Sydney region. However, processors can have their own broiler breeder farms and hatcheries spread across various NSW regions or only have hatcheries and no breeder farms. Processors can also buy in day old broilers if demand exceeds hatchery production. Processors use a mixture of these strategies to ensure the chicken meat market and consumers have reliability of supply and quality of product.

6.2.5. Feed (purchase and manufacture)

Table T19 Feed – Purchased and Manufactured

FEED - Supplied from Sydney, Hunter and other NSW regions. Consumed by owner/growers or processor owned broiler and breeder farms in the Sydney region	
Description	Totals
Total cost to purchase and manufacture all broiler and breeder feeds	\$109,525,198
% of all broiler feed purchased and manufactured for consumption by all owner/grower and company broiler and breeder farms	77.5%
% of broiler feed purchased from a competitor processor company from other regions in NSW	39.8%
% of broiler feed purchased from independent suppliers within the Sydney region	49.8%
% of broiler feed manufactured by a competitor processor company/s in another region	10.4%
Total weight of all meat chicken broiler and breeder feeds purchased and manufactured (tonnes)	283,635

Of all inputs consumed in growing chicken meat, feed is critical. Without consistency in feed quality and timely delivery to broiler grow out farms, chicken meat farmers would not maintain the growth rate and production quality required by processors.

Table T19 reveals all three processors combined spent \$109.5 million on chicken feed in 2011/2012. Of interest is 77.5% (\$84.9 million) of all feed consumed in the Sydney region was supplied by an independent Sydney manufacturer and a processor manufacturing feed in their own mills in another region. In addition, 39.8% (\$43.6 million) of all feed purchased was supplied by a competitor processor not surveyed with feed mills located outside the Sydney region. In this case, processors purchasing feed from any region outside of Sydney would incur increased transport costs. Processors that purchased 49.8% (\$54.5million) of their total requirements from Sydney's independent feed suppliers would incur less transport costs and a smaller carbon footprint. This figure is important, as this is the total amount spent by two processors on feed supplied from the Sydney region. The remaining 10.4% of feed consumed was by a surveyed processor supplying its own Sydney region owner growers and company broiler farm from its own feed mill in the Hunter region.

6.2.6. Transport

Table T20 Transport	
TRANSPORT Aggregated for all three processors in the Sydney region	
Description	Totals
Estimated range of total transport costs for the Sydney region	\$38,000,000 -\$43,800,000
% of contractor transport used by processor A & C	100.0%
% of contractor transport used by processor B	97.2%
% of own company transport used by processor B	2.8%
Total weight of all poultry feeds transported to owner/grower and company broiler farms in the Sydney region (tonnes)	224,526

Only two processors separated their transport costs into individual regions. The other processor aggregated Sydney and Central Coast transport costs. Therefore, table T20 contains actual aggregated transport costs for two processors and estimated transport costs for the third processor in the Sydney region.

region. Of the two processors that did provide individual region transport costs, one attributed 78% of transport costs to the Sydney region and the other 75%. Another item of note in table T20 is two processors each contracted out 100% of their transport requirements while the other 97.2%. Consequently, private businesses provided virtually all transport services accredited to the chicken meat farming and processing industries. Discounting one processor's own fleet transport costs (2.8%) the economic value to the Sydney region of private contract transport services used by the chicken farming and processing industries in the Sydney region \$38 -\$43.9 million, a significant amount.

6.2.7. Hatcheries

Table T21 Hatcheries	
HATCHERIES Aggregated for all three processors in the Sydney region	
Description	Totals
Total number of day old broilers supplied to all owner/grower and own company farms	48,552,205
Total cost to produce and/or supply day old broilers to owner/grower and company farms	\$33,442,835

Between them, processors operated four hatcheries in the Sydney region.

However, the total number of day old broilers supplied to all Sydney region grow out farms

shown in table T21 does not represent the total number of day old broilers produced at all Sydney hatcheries which could not be calculated as some processors hatcheries have reached production capacity. Hence, grow out farms demand for day old broilers, exceeds the capacity of some Sydney hatcheries to supply. Processors obviate this demand shortfall by purchasing day old broilers from other processors or supply day old broilers from their other hatcheries outside the Sydney region. Nonetheless, at 64% the Sydney region consumes the majority of day old broilers supplied to grow out farms with the remaining 36% distributed between the Hunter and Central Coast regions. When all is considered, the total cost of \$33.4 million to produce day old broilers is a significant

injection into Sydney's regional economy allowing local businesses to sell their goods and services to the industry but just as important providing residents' employment opportunities.

6.2.8. Processing

Table T22 Processing Plants

PROCESSING PLANTS Aggregated for those processors in the Sydney region	
Description	Totals
Total sales of chicken meat in NSW	\$317,615,916
Total operating costs for all processing plants	\$144,670,047
Number of broilers processed per annum (calculated from total average weekly production)	49,816,000
Amount of chicken meat processed per annum (tonnes) (calculated from total average weekly production)	107,432
% of total NSW broiler production sold to all customers (Sydney region)	82.5%
% of total NSW broiler production sold to all major and minor grocery chains (Sydney region)	15.5%
% of total NSW broiler production sold to all other retail outlets (Sydney region)	26.9%
% of total NSW broiler production sold to all wholesalers (Sydney region)	40.1%

As their name implies, processors process poultry. Of the three processors surveyed, only two operate processing facilities in Sydney. Inghams decision to not participate in the survey was regrettable as even though the company had recently closed its Casula hatchery (Feb 2013) and its Hoxton Park processing plant (May 2013) Inghams still operates a value added chicken meat processing plant at Ingleburn and a turkey processing plant at Tahmoor. The combined economic value of these plants would have added considerable economic evidence to the value of the poultry industry in the Sydney region especially with regard to the gross value of turkey production.

Despite this setback, participating processors have provided information as to the value of the industry especially in Sydney's west and south-west regions. Table T22 contains some headline numbers of which the gross value of production is notable. Just two Sydney based processors managed to convert 49.8 million broilers (29.6 % of total NSW slaughter production and 9% of total Australian slaughter production) into \$317.6 million of gross value added chicken meat product (48.4% of total NSW gross value added poultry meat and 15.3% of total Australian gross value added poultry meat) at an average carcass weight of 2.16kg. This is even more notable given the NSW and Australian figures are for

all poultry meat not just chickens. An added bonus was an increase of 6.8% over the gross value of poultry meat recorded for the Sydney/Central Coast in 2011/2012 (one Sydney based processor surveyed obtained all their chickens from the Sydney and Central Coast regions while the other obtained the majority from Sydney, less from the Central Coast and some free range from the Hunter). From the figures it appears production efficiency is keeping pace with consumption having increased over 400%¹⁶ from 10.5kg per capita (1969-1970) to 43.9kg per capita (2010-2011). Unlike other industries in Australia that are in decline despite government subsidies, Sydney's chicken meat industry is growing in spite of minimal support from governments of all persuasions.

Previous sections analysed various components of the chicken farming and processing industries value chains. Discussion followed as to the economic value of these various components. While their combined value to the Sydney regional economy is appreciable, table T22 provides evidence of just how valuable. Combined operational costs of \$144.7 million provided a sizeable fillip to Sydney's economy. Doubling this figure may have been possible if Inghams Ingleburn chicken processing plant and their Tahmoor turkey processing plant had been included in the study.

Investigation thus far has revolved around the importance of the chicken meat industry to the Sydney region. Countervailing this is the importance of the Sydney region to the chicken meat farming and processing industries. Evidence of this comes from table 22 indicating all customer types in the Sydney region were responsible for 82.5% of total combined sales. This figure is further dissected to show 15.5% of customers are major and minor grocery chains, 26.9% are all manner of retail outlets (fast food chains, small goods chains, restaurants, delicatessens, caterers, others) and the largest customer group are wholesale meat suppliers (butchers, small goods, distributors, direct to consumer online).

6.2.9. Employment

Table T23 Employment	
EMPLOYMENT	
Aggregated for all three processors in the Sydney region	
Description	Totals
Total wages and salaries	\$78,770,657
Total number of employees	1,183
% of total employees processor A	34.8%
% of total employees processor B	54.2%
% of total employees processor C	11.0%
% of total employees female	44.3%
% of total employees male	55.7%

As opposed to processors requiring various goods and services supplied to the industry by private, government or semi government firms, processors need employees. Table T23 provides details of the total number of people employed by all three processors in all the facilities they operate in the Sydney region. In

particular, the table depicts processor B as the largest employer with 54.2 % (641 employees) followed by processor B with 34.8% (412 employees) then processor C 11% (130 employees). Although processors provided numbers by employment type this information is not provided here. Some gender bias appears in the results with males (55.7%) outnumbering females (44.3%). Aside from this, the \$78.8 million paid employees, as wages and salaries is a significant figure as the majority of employee wages and salaries are subsequently spent in the local economy. The loss of any of these processors as major employers especially during the current uncertain economic climate would have grave economic effects on Sydney's south-west region.

6.2.10. Goods and Services Consumed

Table T24 Goods and Services Consumed		
GOODS and SERVICES CONSUMED Aggregated for all three processors in all their facilities in the Sydney region		
ANSZIC DIVISION	Standard Industry Categories	Goods & Services Expenditure
C	Manufacturing.	\$119,045,702
D	Electricity, Gas, Water, Waste.	\$8,855,214
E	Construction	\$9,776,268
F	Wholesale Trade	\$3,746,026
G	Retail Trade	\$2,087,053
I	Transport, Postal, Warehousing	\$39,233,907
J	Information Media, Telecommunications	\$416,057
K	Financial and Insurance	\$6,450,191
L	Rental, Hiring, Real Estate	\$6,831,248
M	Professional, Scientific Technical	\$3,862,120
N	Administrative and Support Services	\$43,313,955
O	Public Administration & Safety	\$2,284,398
P	Education, Training	\$1,005,887
S	Other Goods/Services	\$92,656,283
TOTAL		\$339,564,309

Thus far, uncovering the economic value of the chicken meat industry in the Sydney region has involved dissecting processor operation facility by facility. Whilst this allows detailed analysis, an overarching view of the industry provides a succinct summary of just how valuable to a regional economy an industry is. Table T24 provides this snap shot of the chicken meat processing industry.

Each row in table T24 represents a division of the Australian and New Zealand Standard Industrial Classification (ANZSIC)¹⁷. Using ANZSIC divisions allows classification of information concerning how businesses in various industries operate, for example division D electricity, gas, water and waste. ANZSIC's structure of division, subdivision, group, class codes and titles groups together different types of activities a business (a business unit in ANZSIC) engages in at an industry level allowing the ABS to standardise the gathering, evaluation and distribution of industry economic data. Analysis of industry economic data then reveals industries structures and performance for comparison against other businesses grouped under the same broad economic umbrella (for the poultry meat processing industry this is manufacturing). While the ABS uses this approach to produce and report data about Australian businesses, here it reveals the aggregate expenditure of all three processors on goods and services supplied by other industries businesses. These goods and services are inputs consumed by processors in the production of value added chicken meat products.

The intention here is not to drill down to the base level of what business type supplies which good or product rather it is to provide aggregated economic evidence of the value to Sydney's regional economy provided by the poultry (chicken) meat industry. Put simply (leaving aside other poultry type producers/processors not included), if the processors that provided the economic information in table T24 were to vanish from the Sydney region then \$339.5 million would be lost to the region's economy plus \$78.7 million dollars of wages and salaries (table T23). This would also mean the demise of Sydney's poultry farming industry if not immediately then shortly after. Applying input/output analysis would show lost economic activity (especially jobs) would be amplified as the 'knock on' effect cascaded down the value chain affecting businesses in all industries that supply the suppliers of goods and services to the chicken meat industry. One need only use the motor vehicle industry in Australia as an example of the ramifications of such an outcome for Sydney's poultry farming and poultry processing industries.

6.2.11. Capital assets

As part of the survey questionnaire processors provided information as to the value of their capital assets. Due to each processor using

Table T25 Capital Assets

CAPITAL ASSETS
Aggregated for all three processors in the Sydney region

Description	Totals
Capital assets includes all: Property (land values), buildings, plant and major equipment.	\$118,047,955

variations in their accounting procedures, it was not possible to separate capital asset values into individual components. Nonetheless, the sunk costs of buildings, plant and major equipment outweighs the land values that processors facilities inhabit. Leaving aside the processor that does not operate a processing plant in Sydney if the two remaining processors vacated their current processing facilities it is estimated they would only get market value prices for the land their facilities of \$37.4 million, insufficient to cover their sunk costs of \$48.4 million.

6.2.12. Processor comments

The final section of the questionnaire required participants provide comments to questions regarding their relationships with government and growers. Their responses (table T26) indicate that dealings with local councils were cordial providing few problems. Relationships with the state government departments however varied. One processor indicated having problems when dealing with state government departments the others had none. Responses to the next question indicated processors had good business relationships with growers which is at odds with a number of grower responses that suggesting the opposite.

Table T26 General Comments Q1-3

GENERAL COMMENTS Q 1 - 3							
Description	Definitely Agree	Generally Agree	Slightly Agree	Slightly Disagree	Generally Disagree	Definitely Disagree	
Q1. In the past year, our company has had minimal problems dealing with local council/s.	1	2	-	-	-	-	
Q2. In the past year, our company has had some problems when dealing with state government departments	-	1	-	-	-	2	
Q3. Overall, our company has good business relationships with our contract growers.	1	2	-	-	-	-	

The next set of questions required processors answer questions pertinent to the Sydney, region (Table T27 displays responses). First, a question invited comments relating to

Table T27 General Comments Q4-6

GENERAL COMMENTS Q 4 - 6	
Description	Aggregated Responses
Q4. What do you consider as being the main threats/risks related to the ongoing success of your broiler meat businesses in the Sydney, Hunter and Central Coast regions?	<ol style="list-style-type: none"> 1. Councils placing restrictions on existing growers, for live bird pickup, noise and expansion which in turns restricts our growth in business. 2. Further, new farms are near impossible to build due to the many restrictions and red tape, again restricting the growth of our business as compared to other states. 3. Expansion of new farms to replace farms lost through urban expansion and to provide for business growth into the future. 4. No specific issues outside of market conditions
Q5. In particular, in the Sydney, Hunter and Central Coast regions what problems have you had that have prevented or restricted you from growing your businesses in order to maintain competitiveness in the broiler meat industry?	<ol style="list-style-type: none"> 1. New shedding and expansion of existing farms 2. High cost of farm land 3. Obtaining development approvals from local and state governments 4. Obtaining appropriate land for chicken farms 5. Loss of farming capacity due to Urban encroachment 6. Conflict from the Urban encroachments such as noise and odour issues 7. No matters have prevented or restricted
Q6. Are there any other issues directly related to your broiler meat businesses in the Sydney, Hunter and Central Coast regions?	Same as for responses 2 - 6 in question 5.

threats and risks facing the poultry industry. While one processor responded that aside from normal market forces, they had no issues. Against this, others noted threats to future growth due to councils enforcing environmental and development restrictions plus the unavailability of suitable land to replace that lost from urban growth. Responses to the next question related to problems restricting business growth and hence competitiveness. Answers included costs of new sheds, availability of suitable farm land and the cost to purchase same, difficulty obtaining development approvals, urban growth and the ongoing odour and noise issues.

The last question was open ended with only one processor reiterating their responses to the previous question.

Of particular interest is the failure by any processor or previously any grower to identify the new RSPCA¹⁸ approved farming standards for chicken meat farming and processing as an issue. This new standard, designed to improve the health and welfare of broilers, outlines procedures and requirements that growers and processors need comply with before the RSPCA will give approval for their RSPCA approved chicken logo be affixed to chicken meat products sold in supermarkets. The RSPCA paw of approval logo on chicken meat products signals consumers that chickens raised involved in the production of the good was raised in accordance with the RSPCA's high standards and procedures. For growers in particular compliance will be costly as amongst a raft of other animal husbandry requirements there will be fewer broilers per shed.

6.2.13. Summary of Survey Responses

Response to the grower survey was poor despite,

- Sydney growers receiving survey introductory and post distribution letters explaining the benefits of the survey and encouraging their participation.
- On farm and formal meetings with grower representatives as well as additional request to grower representatives enlisting their support to communicate to their members the importance of the survey.
- The support of the NSW Farmers Federation by promoting the survey during:
 - Ad hoc visits to growers farms
 - Organised grower meetings
 - Organised grower representative meetings
- Enlisting processor representatives to encourage growers to participate in the survey.

The low response rate resulted in a paucity of grower economic information. This made confidence levels and accuracy of cost estimates regarding the value of the poultry meat farming industry to the Sydney region problematic. Therefore, caution should apply when considering Sydney region grower economic information herein.

Processors however, provided a wealth of valuable economic information without the need for rendering. Analysis of this information provided invaluable insights into the economic value of the poultry meat industry. Especially the economic value adding provided the

region's economy from ongoing operational activities of processors and likewise the ongoing economic importance of the Sydney region to the industry.

7. Conclusion

The objective of the research was to determine the economic value of the poultry meat farming and processing industries to the Sydney region. Discussion of research methodologies and associated strategies led to exploration of survey results that delivered primary grower and processor economic and other industry related information. Meanwhile secondary research provided an industry context regarding the overall decline of poultry meat production in NSW compared to competitor states. Interestingly and contrary to trend, Sydney's poultry meat industry was the stellar agricultural performer ahead of all rivals in terms of gross economic value to the region. Despite this, and while still the largest manufacturer of chicken products by quantity and gross value the NSW chicken processing industry was in relative performance terms lagging competitor states (QLD and SA).

Due to the low grower survey response rate, confidence estimates of the economic value of poultry meat growers proved problematic. This is not to say grower contribution to the Sydney economy is insignificant. However, further research is required to consolidate this appraisal. On the other hand, the processors contribution to the Sydney region's economy was significant especially considering employment and expenditure on goods and services purchased from local suppliers. If this economic stimulus were to be lost, the economic shock to the region would be considerable. The deleterious effect to businesses supplying goods and services to the poultry meat processing industry would be substantial. Lost revenues and jobs would subsequently lead to reduced regional economic activity as consumer spending contracts along the processing industry's value chain. Avoiding this scenario must be the priority of all industry stakeholders.

The results section also uncovered other processor/grower multi-layered issues some unique to growers and others mutual. Grower issues focused on processor relationships including payments and various contractual concerns. Mutually shared issues concerned government and community conflicts that at best stymy growth and at worst threaten poultry farming and processing industries economic survival. Issues such as urban encroachment, lifestyle settlers, government/s restrictions, scarcity and cost of suitable farming land and development application problems remain unresolved impediments to industry growth. Inghams recent closure of its Hoxton Park processing plant and Casula hatchery provides a portent of the industry's future if these issues are not resolved. The ongoing threat of industry exit from the Sydney region should compel all key stakeholders to make a concerted and meaningful effort to find common grounds and resolve the challenges facing the industry. Only when resolutions have been effected will the poultry meat farming and processing industries become sustainable with associated economic benefits flowing not only to the industries, but most important to Sydney's regional economy.

8. Recommendations

Conclusions derived from analysis and findings of the report lead to the following recommendations.

- Achieving consensus between the poultry meat farming and processing industries and local and state governments is the priority. Governments must recognise the poultry meat industries status as the number one economic contributor to the gross value of agricultural production in the Sydney region. This recognition should be the catalyst for local and state governments to act by rationalising impediments currently restricting sustainable growth of the poultry farming and processing industries in the Sydney region.
- The recent release of the Sydney regional plan to 2031 has proved serendipitous. Especially since the Agricultural Reference Group (ARG) has made a submission (June 2013) on behalf of all agricultural industries in the Sydney region to the NSW government. In their submission, the ARG chronicles all the impediments that face all agriculture in the Sydney region including the poultry meat industry. However, most important is the ARG recommends solutions to these impediments that align with those required by the chicken meat farming and processing industries (refer to section 4.10). The opportunity now exists for the Sydney poultry meat industries to move from a lone voice to become part of a group created specifically to advise the NSW Department of Planning and Infrastructure on all matters agricultural for Sydney's 2013 planning strategy. As a matter of urgency, the NSW PMIC is to communicate with the ARG to determine how the poultry meat farming and processing industries can gain direct, indirect or other representation on/with the ARG.
- It is one thing being number one it is another thing that others know it. A public relations and communications strategy is required to promote and meld the economic and health benefits of chicken meat production. Demand from consumers for chicken meat is ever increasing, as is consumer awareness of carbon food miles, the need to buy goods from local businesses and to purchase chicken meat produced using chickens raised in accordance with RSPCA animal welfare standards. Melding the product benefits of poultry meat (affordable, healthy, versatile, quality and animal welfare) with the economic benefits to the local region (direct and indirect employment and the purchase of locally supplied goods and services) provides an opportunity to change perceptions but most important behaviour of stakeholders towards the poultry meat industries. Regardless of message content, the NSW PMIC is ideally suited to organise implementation of a communications and public relations strategy.

- Sydney's poultry meat farming and processing industries must form a symbiotic relationship to resolve issues within their industries. Continuing dialog with external stakeholders is another requirement. The PMIC should take a lead role in facilitating these requirements through periodical forums, newsletters or other suitable communications mediums for mutual benefit of grower and processor industries and the regional community.

9. Limitations

Unless stated otherwise all information gathered from the research study was from primary sources namely poultry (chicken and turkey) meat grower and processor survey questionnaires. Doublj Consulting conducted a mail out census of poultry meat growers based on information provided by the NSW PMIC. There was no face-to-face communication with individual growers. Instead, Doublj Consulting met with grower representatives. The purpose of these meetings was to inform grower delegates about the reasons for the survey and the survey's content and the importance of communicating this to growers.

Conversely, Doublj Consulting conducted on site meetings with three of the four processors to explain the purpose of the survey resulting in all three agreeing to participate in the survey. Due to extenuating business circumstances, a formal meeting with the fourth processor was not possible. Nonetheless, explanation of the survey's purpose was afforded the processor's executive representative (at a PMIC meeting) who although initially agreeing in principle to participate later withdrew. This meant that the real value of the poultry meat processing industry was not able to be determined for the Sydney region.

The survey return rate for poultry growers in the Sydney region was well below expectations. This precluded the application of a confidence level to enable analysis of quantitative data. All grower and processor survey information was restricted to poultry meat growers and processors engaged in the production of chicken or turkey meat during the 2011/2012 financial year.

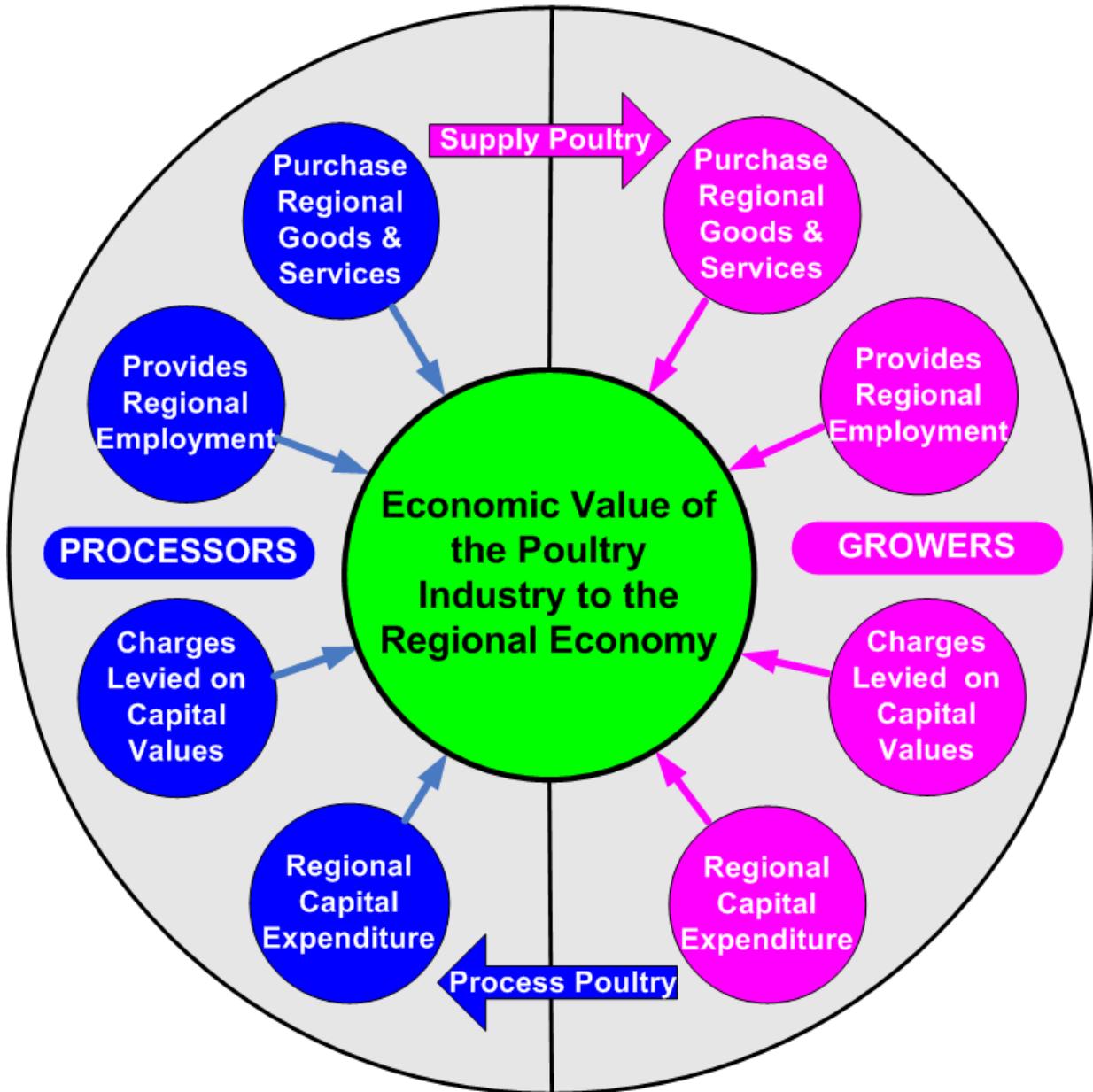
Analysis of all economic data was restricted to those respondents (growers and processors) that returned surveys. Data was analysed on the basis that information provided by respondents was a true and fair view of their circumstances during the 2011/2012 financial year.

10. Appendices

10.1. Appendix 1: Economic evaluation model

NSW PMIC Poultry Meat Survey 2013 Proposed Economic Value Model

A Geographical Region



11. References

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- ¹⁵ *Poultry Cluster Communications Strategy*, 2010, E_Generation Marketing Pty Ltd 2010
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- ¹⁷ *1292.0 - Australian and New Zealand Standard Industrial Classification (ANZSIC)*, 2006 (Revision 2.0), (online). <http://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/1292.02006%20%28Revision%202.0%29?OpenDocument>
- ¹⁸ *Meat Chickens, RSPCA Approved Farming Scheme Standards*, 2013, (online), http://www.rspca.org.au/sites/default/files/website/what-we-do/working-with-farming-industry/RSPCAMeatChickenStandards_May2013.pdf

CCPCC Submission on the Draft Central Coast Regional Plan

The Central Coast Plateau (CCP) Sub Region has long been *off the radar* as far as planning for sustainable development for food production and associated business interests, caught in a mindset by both Gosford City and Wyong Councils planners that *nothing happened* west of the M1.

Members of several organisations, including the Central Coast Plateau Chamber of Commerce (CCPCC) and CC Branch of NSW Farmers, were invited and met with, a number of government agencies, including DPI and DPE in October, 2014 to progress an agribusiness strategy for the Central Coast.

It was disappointing to discover that the intensive discussion outcomes from this forum were basically ignored in the current Draft Central Coast Regional Plan and *Biophysical Strategic Agricultural Land* appointed to the Narara, Yarramalong & Dooralong Valleys, areas which were lost to mainstream food production a number of decades ago, overtaken by suburban, rural residential and industrial development.

We had discussed, in great depth, the broad scope of agribusiness production currently located on the CCP which include stone fruit, avocado, nursery, vegetable, cut flowers, chicken meat and beef production with a number of emerging industries such as horse spelling. While citrus, once a mainstay of the region, has experienced a small downturn in the past few decades (the forgotten years), when small, uneconomical units were often chosen by life stylers, it has been more than replaced by one of the state's largest poultry meat (currently worth over \$200m/year to the Central Coast) and avocado production regions.

Jobs creation and retention was discussed along with the need to provide a planning option to provide accommodation for seasonal and some permanent workers – size restricted RU5 (village) zones at Peats Ridge, Kulnura and Mangrove Mountain where *village* style resources already exist. To avoid village sprawl akin to the urban sprawl, currently the concern of many Sydney Basin councils, TDRs (Transferable Development Rights) might be explored as an innovative way to contain development without the loss of property capital gains. This last concept is not currently utilised in Australia although Brisbane has used it as a tool to protect heritage property. I have attached a document I provided to a State Development Committee in 2009.

We noted that RU4 has been omitted from the plan. This would allow smaller primary production units to evolve giving new, and potentially younger, farmers to invest with confidence in intensive agriculture.

While the CCPCC has been active in promoting the area west of the M1 to all levels of government very little recognition has been achieved by state or local government to affirm in real terms the potential food production value of the Central Coast Plateau Region. This assumption is borne out by the release of the last, and we are led to believe, final *Draft Central Coast Regional Plan*, set to be finalised in 2016

Attached to this submission are a further three papers which focus on the economic, tourism and poultry meat potential development for the Central Coast Plateau. Due to financial constraints and time these papers are not as current as they should be; however all of them predict that the CCP has even greater food production benefits into the future than at present, especially taking into account R & D into greenhouse and intensive agriculture.

2.

As this meeting was directly targeting the development potential of agriculture we did not touch on the potential value of agri tourism which is definitely on the radar for the Chamber of Commerce.

The CCPCC is working on an inter regional basis with the Wollombi Valley Chamber of Commerce to continue to build a viable harvest trail tourist farm gate food and accommodation experience via the existing *Tourist Route 33*. Both Chambers believe that the proximity to the populations of the Sydney Basin and Central Coast as well as inbound international tourists make the CC Plateau a winner in the short stay, day or weekend, tourism market.

Verbal acknowledgement has been made freely on numerous occasions by local and state politicians on the food production value of the CCP; however we now need it to be translated into the future planned trajectory for the Central Coast Plateau by actually mapping that position. While we have co-existed remarkably well with current extractive industries, an extension of mining across the plateau without due consideration to food production, is not conducive to future potential food drought proofing.

At a further meeting with DPE & DPI we reiterated the value of food production on the CCP and the importance of Australian food production to Australians. We also expressed our disappointment that the draft plan appeared to favour mining on the CC Plateau with no mention of it being a long standing, existing and future source of a huge variety of agricultural productivity.

The future potential to further develop the agricultural food production capacity on the Central Coast Plateau utilising greenhouse and new technological means is endless. We have the right climate, in comparison to many other regions, and the closest proximity, aside from the ever decreasing immediate Sydney Basin, to the largest consumer market in Australia – Sydney, Central Coast, and Newcastle.

With insightful strategic planning for the future, the Central Coast Plateau, given emerging incentives for the future of agriculture in Australia, the CCP can continue to be a major food production region to quarantine our population from predicted food shortages worldwide.

Lorraine Wilson
Chairman

