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Discussion Paper 7

Local Food

A Discussion Paper to Guide the Eurobodalla Shire Council Rural Strategy

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For: EUROBODALLA COUNCIL

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Cover Photo: Moruya Markets - courtesy Sustainable Agriculture and Gardening Eurobodalla (SAGE).

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1 INTRODUCTION

This Discussion Paper has been prepared by Garret Barry Planning Services Pty Ltd to inform the local food and fibre production component of the Eurobodalla Shire Council Rural Strategy. This document amalgamates small scale rural food and fibre production data that has been presented to date in the Rural Land Strategy feeder documents, namely Rural Lands Issues Paper, Rural Lands Opportunities and Constraints Paper and the Policy Directions Paper. It then takes in our findings from a review of current activities in local food production for direct sale, including data from discussions with small emerging businesses.

> *"Food security at a global level is currently a critical issue. There are more people in the world and the population is growing at a rate faster than the world is able to produce enough food from the limited area of arable land. In Australia, the price of food is a key factor in achieving food security. The Eurobodalla producers have a vital and increasing role to play in achieving food security locally and beyond. Direct supply of local produce to local consumers can help increase the affordability and availability of fresh food." (Source: Eurobodalla Shire Council, Rural Lands Issues Paper, 2013, p13).*

> *"Small-scale rural activities are a minor, but growing sector of the rural economy in the Eurobodalla. With approximately 50% of rural properties less than five hectares in size, there is significant opportunity for continued growth in this sector. Examples of niche primary producers in the Eurobodalla include goat farms, alpaca farms, cheese making, wineries, beekeepers, along with a range of organic produce and homemade foods." (Source: Eurobodalla Shire Council, Rural Lands Issues Paper, p11).*

Eurobodalla Shire is supportive of both broad acre commercial and small scale local food production. In its Policy Directions Paper (*Draft Policy Direction 3 Support Economic Development*) Council states that it will:

- Promote an "open for agri-business" culture in Eurobodalla to support local food and fibre production;
- Support innovative and diverse farming enterprises and activities;
- Encourage and support improvements in local rural skills, practices and marketing methods; and
- Optimise the use of existing public infrastructure and efficiently plan for additional infrastructure to support rural activities.

In its submission to the Agricultural Competitiveness White Paper in April 2014, Council stated that encouragement of local production for local markets was one of the two opportunities which could expand agricultural production in Eurobodalla. The submission went on to state that local production for local markets would include support for community gardens and local produce, and farmers markets. The economic value of such enterprises and small scale producers to the economy should be evaluated with a view to increasing levels of operational and financial support.

The Council's submission is very supportive toward emerging small scale agriculture. The submission identified a number of advantages of small scale agriculture including:

- Starting on a small lot helps avoid some of the high costs of entry which discourage new farmers. People grow a bit on their existing plots and start selling their produce before they need to make financial investment decisions.
- Local produce/farmers markets provide positive local competition to major supermarkets. This has been evidenced in Moruya where a new and successful Farmers Market has been established.
- Primary producers get 100% of the retail price when sold at farmers markets making commercial production more viable for more producers.
- Support for a greater focus on local value adding or on premium market development e.g. free range, organic, intensive crops is likely to increase yield per hectare, create greater employment per hectare and mean local suppliers do not compete on price alone with cheaper overseas suppliers.

A view of Australian Business Register data demonstrates the relatively small scale of local food production (excluding beef, sheep and dairy) in Eurobodalla. Of the 288 agriculture, forestry and fishing businesses in 2015 counted by the Australian Business Register:

- 108 were sheep, beef cattle and grain farming;
- 30 were dairy cattle farming;
- 13 were support services;
- 14 were other livestock farming;
- 13 were mushroom and vegetable growing;
- 4 were poultry farming; and
- 4 were fruit and nut tree growing.

The Australian Business Register only counts businesses with an active Australian Business number so the above figures are only a proportion of the total likely local food businesses in the Shire. A further anomaly may result from the fact that some producers may be represented in more than one category. As such the numbers can only be indicative.

2 Small Scale Food Production – A Snapshot

The Eurobodalla Rural Economic Directions 2015 Report suggests that much of Eurobodalla's small-scale production, such as fruit is variable over time though there are signs of increasing intensification with more trees per establishment, and establishments becoming larger. Nurseries, turf and vegetable production currently take up a relatively small part of the agricultural land area in the Shire.

It is interesting to note that growing vegetables for human consumption as a business has grown from 10 ha in 2005/6 to 20 ha in 2011. However, when looking at a longer time frame, the growth trend becomes less clear. See table below.

Table 1: Eurobodalla Vegetable and Orchard Production 1996-2011

	1996	2000/2001	2005/06	2011
Vegetables for Human Consumption				
Total Area (ha)	10.4	46	10	20
No. of Establishments	5	9	10	7
Total Value	$37,936	$328,869	$140,861	$200,000
Orchard Fruit and Nuts				
Total Area (ha)	13.2	30	33	57
No. of Trees	4,238	5,336	9,267	7,496
No. of Establishments	3	38	12	10
Total Value	$159,547	$514,469	$203,112	$400,000

Source: Eurobodalla Rural Economic Directions 2015.

A review of the Agricultural census for 2011 reveals that while the scale of agricultural activity in Eurobodalla is much smaller than its neighbouring LGAs, vegetable and fruit and nut production (excluding the Araluen area in Palerang LGA) is pretty much on par.

Table 2: South East Vegetable and Orchard Production 2011

	Eurobodalla		Bega Valley		Palerang		Shoalhaven	
	No. Businesses	Est. ha.	No. of Businesses	Est.	No. of Businesses	Est.	No. of Businesses	Est
Vegetables for human consumption	7	20 ha	9	24 ha	8	5 ha	5	7 ha
Orchard - fruit and nuts	10	7,496 trees	12	8,316 trees	15	42,598 trees	12	2,566 trees

A review of Local Land Services data of total stock returns 2004-2014 suggests that most non-mainstream livestock production is on a small scale. As an example, while there were 33 farms grazing alpacas in 2014, the average number of animals per farm was only 6.4. Allowing for a few larger graziers means that many farms are likely to have only a couple as farm pets.

Table 3: Total Livestock

	2004		2009		2014	
Animal	**No. of Farms**	**No. of Animals**	**No. of Farms**	**No. of Animals**	**No. of Farms**	**No. of Animals**
Alpacas	10	149	14	220	33	211
Deer	6	123	3	111	2	82
Goats	39	278	31	377	36	394
Llamas					2	9
Pigs	8	20	10	102	6	40
Poultry					5	686

Source: Local Land Services Office Bega.

The 2005-06 Agricultural Census identified the number and size of agricultural industries in Eurobodalla. The area of land used for primary production or rural residential in each of the land capability classes is set out in the following table:

Table 4: Eurobodalla Land Capability Classes

Land use	Land Capability Class								Totals (ha)
	Lands suitable for regular cultivation			Lands suitable for grazing—occasional cultivation		Lands suitable for grazing—no cultivation	Other lands		
	I	II	III	IV	V	VI	VII	VIII	
Cropping		530		2,052	245	277	19	22	3,145
Estimated grazing		2,559		15,449	1,005	7,197	2,212	1,089	29,511
Horticulture		372		82		1			455
Rural residential		61		2,944	15	1,563	368	22	4,973
Totals (ha)		3,522		20,526	1,265	9,038	2,599	1,133	38,083

Source: ESC Rural Land Issues Paper (2013) p. 10.

As can be seen the availability of good quality land for large scale horticulture is limited. The lack of significant irrigation water also limits large scale.

However, many small enterprises can make part-time income from small holdings and some of these are not picked up in the regional statistics. Also small scale to medium scale horticulture can use greenhouses and manufactured beds for growing.

2.1 Oysters

Oyster growing in Eurobodalla is a significant food production industry which operates at a much greater scale than the small scale land based food producers.

Data from the 2013/14 Department of Primary Industry Aquaculture Report shows the value of oyster production in Eurobodalla.

Table 5: Value of Oyster Production 2013/13

Clyde River	$3,996,000
Tuross Lake	$521,000
Wagonga Inlet	$1,644,000

Source: NSW Department of Primary Industries; Aquaculture Production Report 2013–2014.

While oyster farming is mostly water based, productivity is largely dependent on estuary health most of which oyster farmers have little or no control over. However, the outcome of the Rural Land Strategy will impact on the oyster industry both in terms of future land use and strategies related to the economic function such as promotion of local food.

The Rural Land Strategy Policy Directions Paper suggests that there may be scope for some land based aquaculture. However, it is understood that little quantitative research has been carried out to date on this matter. Land based aquaculture at commercial scale often needs significant volumes of good quality water and major water treatment plant. But again as with horticulture there could be scope for small scale operators.

2.2 THE SOUTH EAST FOOD PLAN

The South East Food Plan is part of the South East Food Project which was established by Sustaining Our Towns and SCPA-South East Producers in 2011. The South East Food Project was established with the understanding that Sustaining Our Towns would be wound up in March 2012 and that SCPA-South East Producers would be responsible for the implementation of the Plan.

In 2011, the precursor to the South East Food Plan, a report titled South East Food: Growing the Regional Food Economy in South East NSW identified the following 10 barriers to increasing production and consumption of local food in the South East region:

1. Lack of consistent supply and not enough producers;
2. Lack of financial motivation;
3. Lack of outlets for local food;
4. Lack of coordination of supply and demand;
5. Difficulties in competing with supermarkets;
6. Unnecessary regulations;
7. Lack of an integrated and coordinated transport and logistics system;
8. Lack of food processing facilities;
9. Lack of support for producers; and
10. Lack of affordable land.

The final report *South East Food Plan: A Plan for Growing the Regional Food Economy in South East NSW* released in May 2012, proposed 10 projects to overcome the barriers identified above.

The Plan's actions for addressing these issues were categorised under the following strategy headings:

- Increase local food production;
- Improve local food supply; and
- Increase local food consumption.

Under each of the above strategies 10 projects were proposed to progress each strategy. The link between the strategies and proposed projects is shown in the table below.

Table 6: South East Food Plan- 10 Potential Projects

Increase local food **PRODUCTION**	Improve local food **SUPPLY** systems	Increase local food **CONSUMPTION**
1. Establish and/or strengthen local producer support networks, especially in and around urban areas.	**5.** Build a South East Food Web App to link producers with buyers, send alerts about food wanted or available, and connect those needing or providing transport.	**8.** Conduct a local food menu challenge with prizes for the entrants who design the best week-long menus using local, seasonal food.
2. Increase the use of sustainable production methods through the provision of training opportunities.	**6.** Help local producers to sell their food through local outlets, deal with food safety regulations, market and transport their products. Local outlets include shops, cafes, farm/garden gate stalls, box schemes, events etc.	**9.** Market the region as a supportive and exciting place to produce, experience and live on sustainably produced food. This is an alternative to the 'food tourism' approach used by many regions.
3. Increase the use of the use of the Bega small species abattoir for poultry processing by sourcing animals from a wider area and co-ordinating transport.	**7.** Highlight opportunities for regional provedore services*. These might range from services managed by collaborating producers to virtual provedores who don't physically handle the produce.	**10.** Promote the development of local food styles, especially healthy fast food that can be produced at home or in commercial outlets.
4. Advocate ways of increasing the availability and use of quality agricultural land, such as leasing land for small scale agriculture, converting from grazing to more intensive uses, and issues relating to flood plain use.		

Much progress in implementing projects has been made across the South East Region by the activities of SCPA, SAGE and Permaculture eXchange. Some projects may have been influenced by the SE Food Plan while others not. Examples in Eurobodalla include the following:

SE Food Plan Project 1. Establish and/or strengthen local producer support networks

SAGE has an extensive social network.

SAGE Forums to bring together people with similar skills and ambitions to share work and skills (such as the SAGE Market Gardening Workshop Series).

SE Food Plan Project 2. Increase the use of sustainable production methods

A range of education actives are run by SAGE Education. They have included programmes in Sustainable Soil Management and in biodynamics, using seaweed in the garden and the kitchen, harvesting and using specific crops.

The National Environment Centre Diploma in Organic Farming which was available to the South East Region.

SE Food Plan Project 6. Help local producers to sell their food through local outlets

Local producer's markets are held weekly at Moruya and Central Tilba.

There seems scope to grow both market venues and possibly allow further market times per week at the two existing venues. Limiting stall holders to mostly selling local produce lessens the issue of unfair competition that can arise for town retail stores.

2.3 LOCAL PRODUCE MARKETS

Local produce markets provide an invaluable and essential component in the food production-distribution-sales chain.

There are two main local produce markets in Eurobodalla – the Sustainable Agriculture and Gardening Eurobodalla (SAGE) Farmers Market held each Tuesday at Moruya and the Tilba Growers Market held every Saturday at Central Tilba. The Saturday Market at Moruya, while not a specifically a produce market, also offers growers an additional sales outlet.

The SAGE market provides growers the most effective vehicle for selling their product.

2.3.1 SAGE Market

The SAGE Farmers Market is based on the principle that when a purchase is made at the SAGE Farmers Market, the purchaser can be confident that the person from whom the product is being purchased either grew it, harvested it or made it.

> *There are no middle-men, no wholesalers and everything was grown and made within our local area. (Source: SAGE Website).*
>
> *"The SFM exists to support local primary producers and local secondary and tertiary producers who value add to produce sourced locally.*
>
> *The SFM's additional purpose is to educate consumers about the multiple benefits of eating local produce and products and to raise awareness of the seasonality of local food. It also supports the over-arching aims of SAGE Inc. to provide assistance and education to new and existing growers in our region to adopt sustainable agricultural practices." (SAGE Farmers Market Website).*

To meet the conditions of participation any primary product must be grown or harvested within a specified local region and sold by the producer themselves. This, as stated by SAGE, lays the foundation of an authentic farmers market.

The SAGE Farmers Market region is defined as within a ~160 km radius (as the crow flies) of the township of Moruya, Eurobodalla.

This extends to Shell Cove on the coast, and Bowral and Myrtleville inland in the north, into the Great Dividing Range in the west and just beyond Eden on the coast and Delegate inland in the south.

The SAGE Market has been very successful since its commencement in January 2013 with 11 stall holders. The markets now regularly attract up to 36 stall holders during the summer season and more often than not stall holders sell out completely. In fact, discussions with market management suggests that shortage of product is one of the main issues currently facing the market.

So successful has the market been that in July 2014 the market was awarded the title of "Most Outstanding Farmers' Market" for 2014 at the ABC Delicious Magazine's annual Produce Awards. The awards have been held for the last nine years and are firmly established as the nation's best showcase of quality farmers markets, innovation in Australian produce and food retailing.

SAGE Farmers Market has again won this award in 2015.

Some of the success of the markets may be attributed to its innovative approach- there is a strict start and end time for each market, its insistence on locally grown and produced, operating once each week and most recently, the introduction of an e-market where buyers can pre-order and pay on line.

Figure 1: Region of influence of the SAGE markets

2.3.2 Tilba Markets

The Tilba Growers markets commenced in December 2008. Today it is open every Saturday from 8 am to 12 noon at the Tilba School of Arts Hall under the banner of Make It, Bake It, Sow It, Grow It. The Saturday markets attract between 15 to 20 stall holders each week.

While the Tilba Growers Market may not be as large as the SAGE Moruya Market, it does attract a range of producers that supply eggs, fresh seasonal vegetables, bakery produce, jams, pickles, preserves, soaps, take away hot foods as well as a range of local art and craft.

Some producers, such as *Soul Patch* and *Bumbo Road Produce/Kyle's Coffee* who sell at the SAGE markets also sell at the Tilba Markets.

2.4 Other Infrastructure and Support

- Bega Valley small animals abattoir;
- Affleck family owner abattoir;
- Moruya Sale Yards; and
- Local independent grocer (Southland) and Moruya IGA who are selling local produce.

2.5 Small Local Producer Support and training

2.5.1 SAGE

SAGE on its website states that it is:

> *"…working hard to revive the local agricultural and horticultural heritage of our region. Through training, mentoring and support, SAGE is helping families and individuals with a passion for growing get established in the area as farmers. The demand for sustainably grown, local, fresh, healthy, delicious produce is growing faster than can currently be supplied. The future of local food in the Eurobodalla is full of opportunities and promise."*
>
> *The SAGE project is a community driven project, initially auspiced by the Moruya & District Chamber of Commerce and Industry that is being developed as an education and demonstration site for sustainable agricultural and horticultural practices.*

Many of the SAGE programmes are conducted on the SAGE Block in Queen Street Moruya. All activities carried out on the SAGE block:

> *"…are to be seen as tools to achieve education of the community in the growing of food, both domestically and on a semi-commercial basis, in a sustainable manner." (SAGE website).*

The SAGE website and discussions with SAGE members clearly leads to the conclusion that it is the objective of SAGE to:

- Increase the number of semi-commercial, sustainable farm-gate producers in Eurobodalla and the region;
- Increase the number of families growing a significant proportion of their own food sustainably in our region;
- Improve sustainable food security/resilience in our region; and
- Generate a sense of community through the growing of food sustainably.

SAGE conduct a series of education programs that also target existing and potential growers who wish to become more commercial. With the success of the SAGE Farmers Market in Moruya, it has become evident that there is a growing demand for locally grown produce, preferable grown using organic practises. To meet the needs of our customers, SAGE is proud and excited to announce a series of workshops on 'Market Gardening for small-scale production'.

2.5.2 Sapphire Coast Producers Association (SCPA)

A range of activities similar to that offered by SAGE, but targeting Bega Valley and perhaps a broader regional market, are provided by SCPA and accessible to the Eurobodalla community. They include a weekly newsletter emailed to over 1,000 subscribers, they conduct a recognised organic certification scheme and South Coast Field Days, a seed savers programme and fruit fly eradication program.

Examples of education programmes targeting producers include "Making a Buck from Beetroot" and "Safe Bucks from Food".

SCPA conduct an annual field day and the bi-weekly farmers market in Bega.

3 LAND SUPPLY AND DEMAND FOR HOBBY AND SMALL SCALE LOCAL PRODUCTION

"There are around 1,800 holdings between 5 ha and 50 ha in size. These holdings are likely to include a mix of uses ranging from rural residential through to commercial agriculture. The capability of these holdings to support commercial agriculture in the long term will be influenced by a number of factors including the soil type, availability of water, presence of biodiversity and proximity to agricultural infrastructure such as processing and storage facilities and road networks.

There is an opportunity through the Rural Land Strategy to assess and review in greater detail the attributes of these small holdings and confirm if they have a strong future for commercial agriculture or if there are preferred alternative uses." (Rural Lands Opportunities and Constraints Report, P14).

Discussion Paper 2 on agriculture direction explores the possible definitions of what constitutes things like a hobby level of production from a more serious part-time farm and from a large scale commercial farm. Generally, holdings below 40 ha will struggle to make any serious net returns from conventional land uses but there are a few exceptions where land quality is good and water supply available. Many holdings between 40 and 200 ha really only can make some part-time income for the owners but dairy can be an exception.

There are only just over 50 properties of size greater than 200 ha and range from bush retreat blocks to full-time beef and dairy operations.

Discussion Paper 9 explores supply and demand for the smaller farm sizes in more detail but the following two tables give some indication of current supply.

The following tables explore the number of smaller rural ownerships in Eurobodalla Shire to understand the potential for additional small-scale farm operations. In the tables and the following discussion, the term 'vacant' refers to the absence of a dwelling.

Table 7: Smaller Farm Holdings in the General Rural Area (RU1 and Deferred Areas)

	Total Ownerships	Estimated Vacant
Ownerships between 2 ha and 10 ha	788	213
Ownerships 10-40 ha	587	107
Ownerships 40-80 ha	184	33
Totals	1559	353

Source: GBPS estimation from ESC GIS data.

Table 8: Holdings 2 ha and larger in the E4, R5 and RU4 Zones

	E4 Zone	R5 Zone	RU4 Zone	Total of 3 Zones
Total	739	339	216	1294
With Dwelling	561	288	183	1032
Vacant Ownerships	178	51	33	262

The above tables point to around 600 smaller sized existing properties in the Shire that are currently vacant and could contribute to the supply of small farming opportunities (if they are not already being used for some form of agriculture). With respect to Table 7, some ownerships will be land where a dwelling is not permissible but this does not prevent small scale farming use.

Many of these 600 vacant small ownerships may have low prospects of any serious production of local food and fibre, given poor soils, limited water, and large areas of forested land. Further analysis of this is contained in Discussion Papers 2 and 10 which explore commercial agriculture direction and rural small holding development respectively.

Most of the vacant ownerships in the E4, R5 and RU4 zones have only small areas of good quality agricultural land and as such scope is limited. But in the RU1 zone the small farm ownerships are larger and contain more areas of good quality agricultural land. The deferred areas are very limited in the amount of good quality agricultural land with over 96% of the total area of deferred land being the poorest class 5 land. (It is important to note that the land classification mapping is done at a regional scale and is not suitable or used for determining the boundaries of land use zones. It is only a guide to suitable land use and does not prevent land owners from undertaking any agricultural activity on their land.)

Discussion Paper 2 on Agricultural Direction found that the 1375 properties in the RU1 zone of size 40 ha and below contained nearly 20% of all the class 1 to class 3 agricultural land in the Shire (prime agricultural lands). And that 30% of the total area of these properties of 40 ha or less was Class 4 or better i.e. good grazing land through to prime cropping land.

While the above discussion focuses on the prospects for small-scale farming on land that currently does not have a dwelling, there are significantly more small-sized rural properties that do have a dwelling and, subject to the quality of the land and environmental issues, can be used for small-scale agriculture (if they are not already being so used).

There seems to be adequate supply of small farming opportunities at present but this is explored more in Discussion Paper 9.

4 VALUE OF SMALL SCALE LOCAL FOOD PRODUCTION

As shown in Section 2 of this report the annual income from vegetables for human consumption and from orchards – fruit and nuts in 2011 was very small – $200,000 and $400,000 respectively. While more current data is not available it is likely that (since the establishment of the SAGE farmers market in January 2013 which now includes up to 36 stall holders in peak season) that the turnover by vegetable growers has increased. Anecdotal evidence from interviews with SAGE market management suggests that about 3 stall holder producers currently rely on the income generated from their produce growing enterprise as their sole source of income.

Initiatives by SAGE such as an expanded produce distribution network and the e-marketing initiative along with the fact that most producers sell all product on market days suggest there is room for increased production. Interviews with SAGE market management has revealed that insufficient supply is one of the issues now facing the SAGE market.

The NSW Department of Primary Industries' Aquaculture Production Report 2011/2012 shows that the value of Sydney rock oysters in the Clyde River, Tuross Lake and Wagonga Inlet totalled $5.12M.

The value of small scale rural production has been well acknowledged by each of the background documents leading up to the drafting of the Eurobodalla Rural Land Strategy. The following extract from the Rural Lands Opportunities and Constraints Report provides a good summary:

> *"Sub commercial farms sometimes called lifestyle farms or hobby farms (this should not be confused with rural living – see Glossary) are operated on a part-time basis with a heavy reliance on off-farm income. In the agricultural industry, they play a minor role in terms of production and value adding, but are significant because of their number. It is a diverse group and includes a range of industries and people with varying motivations, goals and skills. Some are motivated by their environmental values or strongly held beliefs regarding the sustainability of their production systems. Some are seeking to develop a commercial agricultural business or developing a niche market or product. Others are in semi-retirement from full-time farming or are purely seeking a rural lifestyle. They are not necessarily profit or production driven and choices such as farm location are often based on amenity and environmental values rather than land capability." (Rural Lands Opportunities and Constraints, P16).*

> *"Lifestyle farming families can bring a richness and diversity to rural communities and re-energise community networks and institutions. In some cases, a sub-commercial activity can grow in to a commercial scale enterprise." (Rural Lands Opportunities and Constraints, P16).*

It is reasonable to suggest that the value of small scale production is much greater than the current monetary earnings. In addition to its future earnings, local food production may also include:

- Tourism benefits – visitors enjoy local produce. This is evidenced (anecdotal evidence from SAGE Market Management interview) that some visitors are now timing their trips to coincide with the market days).

- Food security by increasing local production and reducing the risk of alienating some high quality agricultural land adjacent to urban areas.
- The establishment of new restaurants and cafes such as The Dairy Shed at Bodalla.
- Community pride and stronger community networks.

4.1 Small Scale Agriculture can be Viable

The SAGE demonstration plot in Queen Street Moruya has been set up to demonstrate the following, as described by the SAGE website.

> *"If we can show that, say, 3 acres including a large dam is sufficient for a viable and sustainable family farm, then our towns can be surrounded by a ring of small farms that provide a good proportion of their food." (Frazer Bayley - Old Mill Farm. From the SAGE website).*

The development of small scale commercial horticulture using organic principles is still in its infancy in Eurobodalla. However, there are a number of small producers that currently generate all their income from produce sold locally and SAGE appear to be optimistic that the number may increase. This optimistic outlook is also based on the fact growers may be competitive because of their vertically integrated businesses – they are the growers, the transporters and sellers. There are no "middle-men" additional costs.

There are also some special value adding initiatives at the larger commercial scale. Bodalla Milk and Tilba Milk are examples of where local Eurobodalla dairies have arranged to directly sell part of their milk production locally as a branded local product and to produce local cheeses.

There are also some part-time and larger scale beef producers providing specialised meat lines where there are attributes such as organic and providence traces (from discussions with butchers selling local meats – Moruya Abattoir used for processing).

It is also useful to case study specific small scale food and fibre industries. As an example, bee keeping and local honey is modelled in the following Section.

4.2 A Case Study in Local Honey

Bee keeping is an industry that requires land with good access to floral resources. Most is occupied under lease or licence. Apiarists rely fairly heavily on State forest and national park sites for their bee keeping activity. Informal discussions with NSW National Parks staff and DPI staff suggests that in Eurobodalla most apiarist activity is based on public lands (estimated at 60% compared to 40% in NSW as a whole).

Eurobodalla is a valuable apiary area because of the access to good quality floral resource, particularly spotted gum and grey box.

Up until this year, bee keepers applied for permits by a ballot and first-come first-served system to the Forestry Corporation to use vacant sites, for an annual fee of about $95. This year, as part of a trial, the Forestry Corporation auctioned 24 vacant sites in the region by an online auction. Three buyers won the 24 sites, with prices ranging from $1,311 to $3,500 per annum for a five-year lease. Anecdotal evidence from a local apiarist suggests that the majority of sites went to pollination-service providers, whose bees pollinate commercial crops, rather than produce quality honey.

The results of the auction has caused concern among local apiarists in that they would lose access to apiary sites on public lands across NSW.

The Forestry Corporation is still reviewing its site allocation policy for future years.

The NSW National Parks and Wildlife Service offer apiary sites licenced to licenced apiarists for an annual licence fee and sites tend to remain with the same licensee from year to year.

There are about 100 apiary sites in the NPWS estate in Eurobodalla and each site can accommodate between 10 and 200 boxes depending on the characteristics of the site. The NPWS have licensed approximately 25 apiarists.

An issue of concern to apiarists is the impact of subdivision on access to apiary sites on private lands. The apiary industry voluntary code specifies a 500m buffer between a dwelling and beehive sites. Therefore, subdivision of land with or close to good quality floral resource can adversely affect availability of aviary sites.

Discussion with DPI suggests that there may be scope for local apiarists to value add to their product more than is done at present. Because Eurobodalla has some high quality floral resources in spotted gum and grey box and to a lesser extent leptospermum (although this has not been thoroughly tested locally) there is scope for packaging that reflects the provenance of the honey floral source and location.

Some concern is also held by professional apiarists at prospects of growing amateur bee keeping given the potential for poor management of disease and stock quality.

5 Identification of Issues and Options for the Rural Strategy

5.1 Rural Land Issues Paper

> *"The challenge for the Eurobodalla is to facilitate growth in the key agricultural industries of beef and dairy cattle and aquaculture, while at the same time providing for growth in a range of agricultural enterprises, from increased processing capacity, to other value-adding activities and to niche cottage industries." (Rural Lands Issues Paper, P13)*.

The Issues Paper identifies that many land use conflicts can lead to pressures to redevelop rural land for urban and rural lifestyle purposes which can have significant implications on all forms of agriculture – large and small. While the issues below were mostly aimed at large scale producers they also apply to small scale producers. For example, there is concern among small scale producers that the cost of acquiring good quality food production land surrounding Moruya is being alienated by residential development and becoming unaffordable.

The Rural Issues Paper lists the following issues:

- The potential permanent loss of agricultural land;
- The potential increase in rural/urban conflicts which can impact on farming operations;
- The creation of dispersed settlements that will have infrastructure capacity and cost issues; and
- Inflated land values caused by price speculation, making land purchase for farming activities unviable.

But with only 129 holdings over 100 ha and just over 50 over 200 ha, large areas of the Shire are already substantially fragmented into small farms. This is examined in more detail in the discussion papers on Agricultural Direction and Rural Zoning.

5.2 Rural Lands Opportunities and Constraints Report

The Rural Lands Opportunities and Constraints Report raises a concern that lifestyle farming may impact on commercial agriculture by increasing land values above productive values, particularly in areas of high amenity and close proximity to urban centres. Such increased land values may result in commercial barriers to increasing scale of operations and improved efficiency.

The Rural Lands Opportunities and Constraints Report goes on to state that gains in the economic development of the agricultural industry would come primarily from traditional commercial farms – in particular beef and dairy and that lifestyle farming, supported by adequate justification, should be provided away from areas identified for commercial agriculture.

It is likely that the larger scale commercial agricultural operations will continue to earn the bulk of agricultural income for the Shire over the coming 20 or more years. But the prospects of growing further production from the existing commercial base seems low (see the discussion in the Rural Directions Discussion Paper 2). Increasing scale for beef and dairy farms is a huge challenge when land costs per production unit in Eurobodalla are already several times that of western properties. In other words, if a farmer or corporation is looking to expand, it is far cheaper to get expanded production out west than on the coast – especially in fragmented Shires like Eurobodalla with associated pressures for other use of the farm land.

That is not to say Council should abandon attempts to protect the remaining larger holdings from unnecessary fragmentation. Larger holdings are more cost effective for traditional beef and dairy production. Once production drops to hobby scale, then input costs tend to exceed any net return. There are extra burdens on the Shire ratepayer when areas are further fragmented and services such as roads have to be upgraded.

Section 3 of this Discussion Paper has also noted that there are currently around 600 vacant small farms in the Shire that provide or have scope for small-scale farming opportunities (along with significantly more smaller sized properties with a dwelling that could be used for small-scale farming where they are not already being so used) . So there seems to be no short term supply issue for small lot agriculture.

5.2.1 Opportunities

The following opportunities were included in the Rural Land Opportunities and Constraints Report:

1. Leveraging traditional tourism strengths and further developing nature based tourism to value add to agriculture (noting that this requires new skill sets and business structures).
2. Increasing production of premium products e.g. organic/biodynamic products and associated processing and manufacturing.
3. Identify land that is important productive agricultural land for traditional commercial scale and separate areas of land that could be considered for lifestyle farming.
4. Assess and review in greater detail the attributes of small rural holdings and confirm if they have a strong future for commercial agriculture or if there are preferred alternative uses.
5. Improvement in agricultural practices to support environmental and economic outcomes.
6. Expansion of horticulture.
7. Maintaining and promoting separation of land from other non-compatible uses to avoid land use conflict and speculative land pricing.

The Rural Lands Opportunities and Constraints Report goes on to explain that local support for local food production and development of local food networks may be seen as a means to support local agriculture and the local economy. To foster this growing support the Report suggests:

- Promoting alternative methods of increasing farm scale e.g. land leasing, share farming.
- Promote co-operatives or group marketing initiatives for small producers to achieve sufficient scale of production and critical mass to access new markets and investors.
- Establishing brand and product recognition for Eurobodalla produce with links to tourism initiatives such as food and wine trails.
- Promoting access to training and support programs for agricultural producers looking to value add to primary production e.g. food processing, tourism, including planning for business transition, compliance with industry standards and regulations, marketing.
- Assessing the commercial viability of new business ideas.
- Continuing to advocate for investment in infrastructure improvements that will support long term growth in agriculture in Eurobodalla.

5.2.2 Constraints

The following constraints are extracted from the Rural Lands Opportunities and Constraints Report.

1. The area of high versatility agricultural land (Agricultural Class 1 and 2) is limited and therefore growth of high value industries such as horticulture and dairy is constrained.
2. There are few areas for further significant agricultural development and opportunities to grow businesses through property amalgamation are decreasing.
3. High versatility land is in locations coincident with other significant competing land uses such as tourism and urban settlement along the coastal strip and in close proximity to townships including Moruya and Bodalla. Demand for this land has increased land values above agricultural value which may deter agricultural investors.
4. Pressure on Council to rezone rural land as farmers retire, smaller farms become less viable or are squeezed out by land use conflict with neighbouring land uses.
5. Changing demographics and conflict with lifestyle entrants e.g. approvals for intensification of agricultural production such as feedlots, commercial-scale horticulture (which may have off-site amenity, noise and odour impacts) may be increasingly difficult.
6. An increasing proportion of farms are ‘lifestyle farms’.
7. High land values in high amenity locations.
8. Secondary processing of local produce occurs mostly outside Eurobodalla.
9. The local industries and markets are relatively small. To access a larger and more competitive market, produce is transported out of the Shire, and sometimes interstate.

10. Value adding to farm produce such as food processing, requires new skills, knowledge and infrastructure.

11. Cost of infrastructure improvements required to expand the agricultural industry.

The following issues identified in the Rural Lands Opportunities and Constraints Report are directed toward the more broad scale commercial agriculture, but the issues apply equally to the emerging small scale producers of the Shire.

> *"Some farm businesses have been able to transition their operations to address succession and scale issues. In Eurobodalla, there are examples of traditional milk producing dairy businesses developing vertically integrated operations that includes processing, branding and direct marketing of product. (Rural Lands Opportunities and Constraints, P15)*.
>
> *The LEP can support succession and farm transition by:*
>
> - *Providing land parcels of appropriate size for farm growth and transfer between farming businesses;*
> - *Providing land parcels that allow for the adoption of efficient management and production practices;*
> - *Avoiding fragmentation of rural land identified for agriculture to ensure that the landscape remains viable for farming;*
> - *Ensure that dwellings in rural areas identified for agriculture are genuinely required for an agricultural outcome;*
> - *Ensure that there is appropriate separation between land use for agriculture and other land to avoid land use conflict including the potential for farm management to be constrained due to impacts on neighbours and speculative property pricing and promote land valued for its agricultural potential."* (*Rural Lands Opportunities and Constraints, P16).*

5.3 Policy Directions Paper

The Policy Directions Paper identifies land based aquaculture as a development option.

> *"There may be opportunities for growth in land-based aquaculture in suitable locations and where there is good access to hatchery facilities. There has to date been limited investigation into the opportunities for land-based aquaculture in Eurobodalla. Council could work with the NSW Government and the aquaculture industry to investigate opportunities for land-based aquaculture in Eurobodalla." (P13).*

The Policy Directions Paper suggests creating an 'open for agri-business' culture in Eurobodalla and a positive and pro-active approach to encourage appropriate economic development. The Paper recognises the importance of co-operative approach to production in order to get the most out of the available rural resources in a sustainable way and to increase the profile of and demand for local produce in local, regional and larger markets.

Council can support organisations that provide education and training aimed at improving skill levels in agriculture and business by continuing to hold workshops with rural land owners on business development and environmental management matters.

At the small scale producer level, opportunities for co-operative education and training could be in association with community organisations such as SAGE and SCPA both of which have and continue to conduct successful training activities. At the wider South Coast regional level there may be opportunities for exploring programs in association with Regional Development Australia - Far South Coast.

5.4 South East Food Plan

The South East Food: Growing the Regional Food Economy 2012 report identified the following as the main barriers to local food production in the South East of NSW. They are still relevant in Eurobodalla today although some have been lessened by the activities of SAGE.

- Lack of consistent supply and not enough producers;
- Lack of financial motivation;
- Lack of outlets for local food;
- Lack of coordination of supply and demand;
- Difficulties in competing with supermarkets;
- Unnecessary regulations;
- Lack of an integrated and coordinated transport and logistics system;
- Lack of food processing facilities;
- Lack of support for producers; and
- Lack of affordable land.

To the extent there is a potential solution, these issues are dealt with below.

5.5 Discussion and Interviews with Local Producers

A number of issues have emerged from interviews with local producers.

1. Some of the highest quality horticultural land is considered by some SAGE producers to be located on the Moruya River flats adjacent to Moruya. Two lots in this area were recently acquired by local producers to enable increased production. These acquisitions raised a couple of issues, one of which was the price of the land. As is often the case with lands adjacent to rural towns, a speculative value is factored into land values rendering returns from agricultural production less financially viable.

   The second matter that caused some concern was their uncertainty of what rural infrastructure would be permitted on the land given that it is flood prone. However, it is noted that farm buildings and garden sheds up to a certain size are exempt development under State Environmental Planning Policy (Exempt and Complying Development) 2008 and other rural outbuildings are exempt development under the Eurobodalla Local Environmental Plan 2012. Where a proposed structure does not meet the requirements for exempt development, Council will consider a development application on its merits. In the Moruya floodplain, for example, the Floodplain Code provides for farm buildings (where consent is required) to be considered on merit and subject to conditions, in all but the extreme flood hazard areas.

2. The SAGE Tuesday market is now so successful that stall holders usually sell out of produce before the markets close. The shortage of product is of concern to market management. Increasing the number of growers and the area of land used for cropping are two strategies used by SAGE and local producers to address this issue.

   SAGE run an intern program to encourage and facilitate the entry of new growers into small scale commercial horticulture and two growers recently acquired plots of the Moruya River Flats to increase their output.

   Leasing small parcels of land has been suggested as a cost effective way for small scale producers to access the land they need to increase production levels. Under the NSW Conveyancing legislation, leases over small parcels of land (without lot and DP identification) can be registered in NSW now on condition that leases do not extend beyond 5 years, although 5+5 year options are possible. For longer leases which require registration, a survey might be required to identify the boundary of the subject land. It should be noted that leasing of land is not regulated by the Council's Local Environmental Plan.

   Agistment is a long established form of short term leasing for livestock and the practice is widespread in the Shire and most rural areas – certainly amongst the bigger farmers with many carrying stock from time to time on other people's land for an agreed rate per head (usually on a per week basis). There are many small holdings throughout the Shire and possibly more coordination of small block owners might yield a register or similar of properties available for agistment and conversely persons seeking agistment.

Alternative and more flexible land tenures, such as land sharing and shared titles such as Community Title may also be appropriate in areas experiencing demand for land for small scale agriculture.

3. Some local producers claim that dwelling entitlements are needed on lands used for mixed farming where animals are part of the mix, as it can be difficult to run a successful mixed farm if the farm operator cannot tend to animals by living on site. The quandary, of course, then becomes: how much will land value increase with a dwelling entitlement and will the land cost eliminate agriculture as a commercially viable use?

   There is also a significant current supply of vacant ownerships where a dwelling is permissible. For example, there are approximately 90 vacant properties over 40 ha that may be able to apply for a dwelling (subject to confirmation of dwelling entitlement). Then there are over 300 vacant small ownerships in the RU1 and Deferred areas under 40 ha and under several different sub clauses of the LEP a dwelling may be permissible on some of these. Further analysis of this issue will be provided in Discussion Paper 9.

   In addition, there are also approximately 260 vacant lots in the rural residential and rural small holding zones (E4, R5, RU4) that are eligible for a dwelling and while many of these have limited agricultural land, there are nonetheless a range of opportunities for those lots.

4. Farm/property succession is recognised throughout Australia as an issue for family farms. Small scale agricultural producers experience similar succession challenges of broad acre farmers. Given high speculative land values already in Eurobodalla there is little Council can do to facilitate economic succession where parents or siblings need to be bought out.

5. Need quality land in small lots close to town. Especially river flat land. (Subdivision of land of any size for the purposes of agriculture without a dwelling can be approved now on merit.)

6. There appears to be some uncertainty among some growers about what constitutes intensive farming although a definition is included in Eurobodalla LEP 2012. Is the activity intensive if the keeping of animals is on a rotational free range basis and an integral part of pasture nutrient management? A brochure may be of assistance to outline the differences between the definitions of ‘extensive’ and ‘intensive’ agriculture and their permissibility in various zones.

7. Planning Policy relating to minimum lot sizes and dwelling entitlements were cited as examples of policies that small agricultural producers thought could be made more flexible to better meet the needs of the emerging agriculture producer. Permissible uses and review of dwelling rights are explored in other Discussion Papers.

8. Apiarists may be affected by small lot sub-division in areas containing high quality floral resources such as spotted gum and grey box. As the industry has a 500 m voluntary buffer between dwellings and bee hive sites, sub-division could potentially restrict access to nearby floral resources. Possibly more detailed buffers and dwelling setbacks are needed.

9. Using the small animals abattoir in Bega is not cost effective for small species growers unless they get to high volume production given the distance of most of the Shire from

Bega. The Afflick Abattoir at Moruya currently only processes cattle, sheep and goats. This is a volume and supply issue that is hard to address. But with increasing demand a second small species abattoir or pooled transport arrangements to Bega may become viable. NSW Government food regulations limit animal slaughter on private land for commercial use. It is generally illegal to on-sell home slaughtered livestock products without the premises having a quite elaborate facility.

10. Clyde River Oyster Farmers: Environmental Management System 2012 lists the following as risks to water quality on which the oyster industry relies:

   – Heavy metal and oil pollution from urban runoff, industrial sites and boating activities.

   – Elevated nutrient, chemical, bacteria and virus levels from agricultural and urban runoff, sewage effluent discharges and leaks from septic tanks.

   – Habitat destruction through development, reclamation and poor cattle management.

   – Changes to flows (i.e. ground water use, weirs, dams and water extraction) to provide water to industry, agriculture and homes, leading to unnatural sedimentation, changes in salinity and tidal flushing, and barriers to fish passage.

   – Acid pollution from acid sulphate soils exposed to air due to agricultural practice, water extraction, dredging and development activities.

   – Sand and gravel extraction.

   – Elevated levels of sediments from agriculture, land clearing, roads, land reclamation and urban runoff.

11. Consider whether there is more scope for roadside sales. While important road safety concerns can constrain the location of roadside sales, many desired stall sites from the perspective of the producer are on major roads. Roadside stalls are already permissible with consent in all the rural zones usually associated with local production, therefore the issue of road safety is a consideration a part of any development application. Council could consider developing a roadside stalls guide, similar to the one prepared for the NSW Northern Rivers. See:

    http://rdanorthernrivers.org.au/food-futures-council-resources/roadside-stalls/.

    Council could work with local producers groups and the Roads and Maritime Services to identify existing safe pull-over areas where shared sales stalls might be sited. However, the potential for major expansion of roadside stalls seems limited and a focus on growing existing markets and other outlets may be more productive.

12. Consider a more flexible boundary adjustment clause for rural land. The current exempt provisions in the State Environmental Planning Policy (Exempt and Complying Development) 2008 are limited to the current minimum lot size and the Council's LEP provisions are limited to sites that do not have a dwelling. A new model clause has been developed by the Department of Planning and Environment that could be included in the Eurobodalla LEP 2012 to allow more flexible boundary adjustments on merit (e.g. Clause 4.2B of the Wellington LEP).

13. Consider more flexible signage opportunities for rural producers, without resulting in a proliferation of signage in rural areas. Under the Eurobodalla LEP 2012 building identification signs and business identification signs are permissible with consent in the rural zones. The content of a business identification sign is limited to the name of the business, the nature of the business, the address of the business and a logo, and the sign must be located on the site where the business is being conducted.

    State Environmental Planning Policy 64 (Advertising and Signage) also provides for signs on rural land that advertise the nature of a business being undertaken on that land, and the sign can include details of the particular goods or services provided on that land.

    State Environmental Planning Policy (Exempt and Complying Development) 2008 provides for the replacement of lawful building identification signs and business identification signs as exempt development.

6 RECOMMENDED STRATEGIES FOR ENCOURAGING LOCAL FOOD AND FIBRE

Specialised food and fibre production and related new initiatives in agriculture will remain small in scale in Eurobodalla for the foreseeable future and represent only a tiny percentage of the gross value of agricultural production.

While the rate of increase in production may increase substantially, in real terms the increase may not be great as the starting point is at a low level. However, that is not to say that the local food production sector is not important to Eurobodalla. More and more people are making lifestyle decisions to seek out locally produced foods and foods produced using sustainable practices.

Increasing numbers of residents are making at least part-time income from local food and fibre production and from value adding.

Locally produced foods are also important to Eurobodalla tourism as discussed in Discussion Paper 8 Rural Tourism.

6.1 ECONOMIC DEVELOPMENT STRATEGIES FOR LOCAL FOOD

Action	Strategies to implement
Facilitate increased local food production to overcome the shortage of product supply.	**Leasing Land** SAGE or other local producers groups may consider developing a simplified guide and model lease agreements for small lot farming. Once such a guide has been developed, the local producers groups could identify suitable locations and work towards connecting land owners with potential lessees. Council could assist with contacting land owners and promotion of the concept. **Land Supply for Purchase** There is currently ample land availability for small lot farms with the potential for a dwelling, Discussion Paper 9 and 10 will review lot sizes and consider the potential for extension of the RU4 Primary Production Small Lots zone over existing fragmented ownership sections of the RU1 zone.
	Training and Organisational Support Council to consider assisting groups like SAGE with grower education and training. For example, an annual programme could be developed in partnership between Council's Business Development Unit and SAGE. Support the SAGE Intern programme through Council's Business Development and Environmental Health Units and NSW Health providing guidance on business planning, marketing, regulations, occupational health and safety and food handling safety.
	Promotion: • Identify small scale food production as a business opportunity in Council's business development website. • Promote Eurobodalla as a place where small scale agriculture is a viable lifestyle and business opportunity, and provide the above brochures.
Raise market awareness of supply and benefits of locally produced food and fibre.	• Integrate local food and fibre production materials into Council community and tourist information websites. • Council Business Development Unit in association with SAGE to develop a programme to raise awareness of and increase consumption of locally produced food. • Further develop tourism product that incorporates local food and wine. (See Discussion Paper 8 Rural Tourism).

6.2 Are there changes to the LEP that might benefit Local Produce?

Action	Strategy
Protect the best agricultural land for use for food and fibre production.	Conserve best agricultural land remaining in larger holdings through lot sizing. Review the scale and use of small lot farming areas for possible expansion into fragmented areas. (See Discussion Papers 2 and 9 for detail and strategies.)
Flexible changes to rural lot boundaries.	Consider including a more flexible boundary adjustment clause in the local environmental plan (e.g. Wellington LEP Cl 4.2B).
Good quality agricultural land required for small scale mixed farming where animal raising can be integrated with vegetable growing and paddock management.	Investigate more diversity of lot sizing. Direct small lot farms to fragmented areas with good land while keeping lot sizes large where commercial scale is possible. Detail on these strategies is developed in Discussion Papers 3 and 9.
Promote and review exempt development provisions as they apply to food and fibre production.	• Develop a fact sheet/guide for farm buildings and structures and how they fit into exempt and complying development. • Review the trigger points for exempt development for farm structures (e.g. shed size) as they apply to small scale local food and fibre production.

6.3 Possible Planning Policy Changes

Action	Strategy
Facilitate roadside stalls.	Consider development of a guideline for roadside stalls. See Northern Rivers example.
Education on the DA and exempt development process.	Develop a self-help DA kit specifically aimed at the works most commonly sought by small agricultural producers.

6.4 Possible Initiatives to Pursue with State and Federal Levels of Government

Action	Strategy
Make it easier for growers to acquire access to good quality small plot agricultural land.	Approach the State Government to review its conveyancing legislation to make it simpler to lease private land for longer periods of time, providing more certainty for small producers to operate on land they do not own, and for those land owners interested in leasing their land to others for primary production.
Clearer and perhaps simpler rules and operations for small scale food production.	Approach the State Government to review the food regulations as they relate to small scale food production without compromising public health and safety.

7 REFERENCES

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