



ECONOMIC DEVELOPMENT STRATEGY 2019-2024



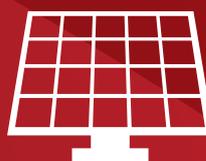
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EXECUTIVE SUMMARY



The Gannawarra Shire has significant natural features which provide a strong foundation for nature-based tourism and emerging new industries such as energy and mining.

The purpose of the Gannawarra Shire Economic Development Strategy is to respond to the existing economic situation of the Gannawarra Shire and to align with Council's vision by presenting a clear and achievable strategy/action plan for the next five years.

The Economic Development Strategy is regarded by Council as a key strategic document. The strategy is informed by statutory corporate documents in particular the Council Plan, other key regional strategic documents and consultation with a range of industry stakeholders.

ECONOMIC DEVELOPMENT IN GANNAWARRA

Gannawarra Shire Council recognises that while it cannot directly deliver business outcomes, it can facilitate and promote economic development and encourage pathways for change. Therefore, Council's role in economic development is to influence appropriate investment and business development in line with Council goals, and facilitate an environment conducive for business, investment and economic growth.

GANNAWARRA STRATEGIC CONTEXT

Gannawarra Shire is located on the Murray River, just 1.25 hours from Bendigo, 40 minutes from Swan Hill and 3 hours from Melbourne. It is serviced by the Murray Valley and Loddon Valley Highways.

Regular passenger rail services are available from Kerang to Swan Hill, Bendigo and Melbourne. The Shire has a diverse regional economy with strengths in agriculture, manufacturing, trades and health services industries and contains significant natural assets such as the Murray River, Gunbower National Park and the Kerang Lakes.

STRATEGIC POLICY CONTEXT

The following points have been identified through a review of relevant strategy, research and policy documents at the local, regional and state levels:

- Economic development is a key priority for the Gannawarra Shire.
- The local economy is dominated by a strong (but changing) agricultural base. This is complemented by value-added processing industry, energy projects, manufacturing, retail, tourism and health services.
- Dairy is Victoria's largest rural industry and remains a key sector within agriculture in the Gannawarra Shire, although it is currently under stress from irrigation water pricing.
- The Murray Darling Basin Plan and changing irrigation policy have the potential to significantly influence irrigated agriculture in the region.
- The Gannawarra Shire has significant natural features which provide a strong foundation for nature-based tourism and emerging new industries such as energy and mining.
- Council recognises tourism as an opportunity to attract new residents, assist to diversify the local economy and improve liveability of existing residents.
- There is opportunity to leverage renewable energy developments and create a strong business and development profile for the Shire.
- Large scale land use change is providing many new opportunities for agricultural activities and should be seen as a model for further diversification of the agricultural sector.
- The introduction of natural gas, the NBN and mobile phone towers will improve the business capacity of the municipality.
- The retail landscape is predicted to undergo significant change with consumers having more choices, better pricing and much more flexibility in where, when and how they shop.
- While Gannawarra has many areas of opportunity, some sectors of the economy will undergo significant restructure impacted by changing demographics and spending patterns of consumers.



ECONOMIC OVERVIEW

Drawing on existing research, the following points provide a summary of the current economic and demographic situation in the Gannawarra:



The 2016 ABS Census highlighted a turnaround in previous population predictions, suggesting the Gannawarra would experience a population decline of 0.04 per cent per annum during the next 20 years.



Population has increased by 183 people or 0.38 per cent per annum from the 2011 to 2016 ABS Census. This positive growth is a sign that the work undertaken by Council in improving the liveability and economic capacity is delivering positive population growth.



The challenge is to maintain this positive growth and continue to build the population despite the volatile agricultural sector, changing retail environment and competition for jobs.



The major employing industries in the region are Agriculture, Fisheries and Food (24%) followed by Healthcare & Social Assistance (12%), Retail Trade (10.5%) and Construction (7.5%)



The Gannawarra has a diversified agricultural base. Dairy is the most prominent sector (39% of agricultural production) followed by cropping (38%), livestock (13%) and horticulture 10%. The dairy sector is undergoing significant change while broad acre irrigated cropping and horticulture are growing and likely to overtake dairy as the key sectors.



Tourism is currently a relatively minor industry in the Gannawarra, accounting for around 4% of employment. However, there is opportunity for this sector to expand and play a greater role in the local economy.



Renewable energy is providing significant investment, employment, rate revenue and business leverage potential. There is capacity to consider related green activities that align with nature-based tourism, energy and agriculture.



Residential, rural and industrial land in the Gannawarra is favourably priced and provides a key attractor for new investment, especially around the waterways.

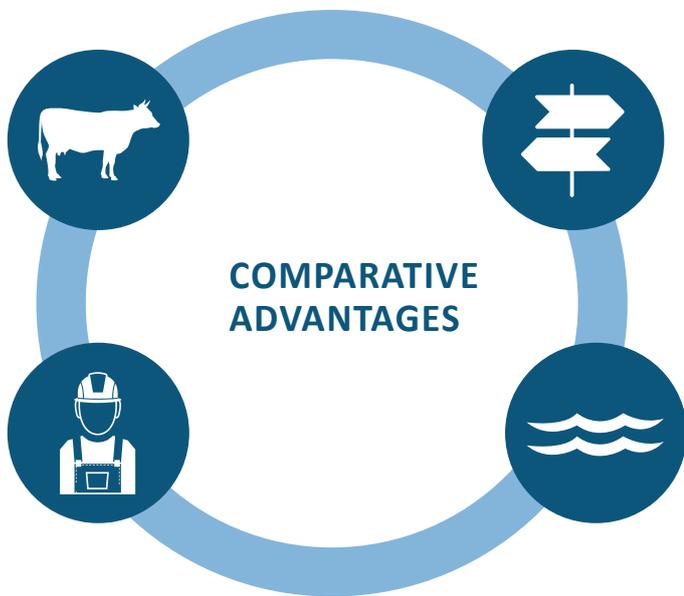


Gannawarra has a strong manufacturing sector across Kerang, Cohuna and Koondrook. This sector needs to be a priority to build ongoing employment capacity.



Technology is driving rapid change across the economy and this will create many new opportunities.

| Age | Gannawarra (S) 2011-2016 +/- % | Victoria 2011-2016 +/- % |
|-------------|-----------------------------------|-----------------------------|
| 0-4 years | -10.4% | +7.1% |
| 5-9 years | +5.1% | +11.5% |
| 10-14 years | -24.2% | +3.8% |
| 15-19 years | -6.4% | +3.1% |
| 20-24 years | +21.5% | +9.3% |
| 25-29 years | -2.9% | +11.9% |
| 30-34 years | +5.2% | +16.9% |
| 35-39 years | -8.2% | +5.1% |
| 40-44 years | -14.4% | +2.6% |
| 45-49 years | -2.5% | +7.3% |
| 50-54 years | -0.1% | +6.4% |
| 55-59 years | +0.4% | +11.2% |
| 60-64 years | +7.5% | +8.1% |
| 65-69 years | +17.9% | +22.8% |
| 70-74 years | +12.0% | +18.7% |
| 75-79 years | +27.5% | +15.0% |
| 80-84 years | +2.6% | +4.9% |
| 85 years + | +8.9% | +17.9% |



COMPARATIVE ADVANTAGES

Agriculture

The Gannawarra Shire (“the Gannawarra”) benefits from a diverse agricultural sector, supported by a modernised irrigation system suited to a range of agricultural activities including dairy, cropping and horticulture.

The strength of the local dairy sector in Cohuna and Leitchville is widely recognised with key service industries such as National Herd Development, Murray Valley Performance Feeds and Mawsons. A milk processing facility proposed by the No Bull company in Cohuna has potential to give the local dairy industry far more security and industry confidence. It is likely that the area will see more shedded dairy systems along with larger scale farms maximising broad acre feed production.

The Gannawarra has experienced new agricultural development with Kilter Rural having developed around 9,000 hectares of land north west of Kerang. New crops such as cotton, organic grain, stonefruit and organic processing tomatoes are being grown on sub surface irrigation, and are realising above average production figures. This example highlights the many new market opportunities available for the farming sector in the Gannawarra. It will also leverage further large-scale agricultural developments that create jobs and local investment.

Dryland cropping is using technology to maintain production amid a dryer and changing climate. The industry is attracting interest from the corporate sector with rising land values putting added pressure on the family farm. Large scale dryland property acquisitions have seen companies such as Warrikri securing land in the Quambatook area. Further corporate farming is predicted to drive the dryland sector.

A free range poultry project at Beauchamp will provide further diversity to the local market along with proposed intensive piggery developments.

Lifestyle

Residents enjoy the Gannawarra’s attractive lifestyle attributes: a quiet, relaxed and safe environment surrounded by natural beauty and waterfront living within a pleasant Mediterranean climate. Waterfront developments along the Gunbower Creek in Koondrook and Cohuna are proving to be very popular with strong sales achieved. Residential activity is strong in Kerang while the Kerang Lakes may also provide further waterfront development opportunity.

Industry

The area boasts well-serviced industrial estates, where major manufacturing businesses are expanding and providing new employment opportunities.

In comparison to towns of a similar size, industrial estates in Kerang and Cohuna are highly developed. For example, Tate Drive Industrial Estate in Kerang employs around 130 people and has generated around \$12M of investment. Demand for land is relatively strong and growth from within the industrial sector is positive.

Due to the potential to generate further employment opportunities, industrial estates should be high on Council’s agenda – especially in communities such as Koondrook that can service cross border customers.

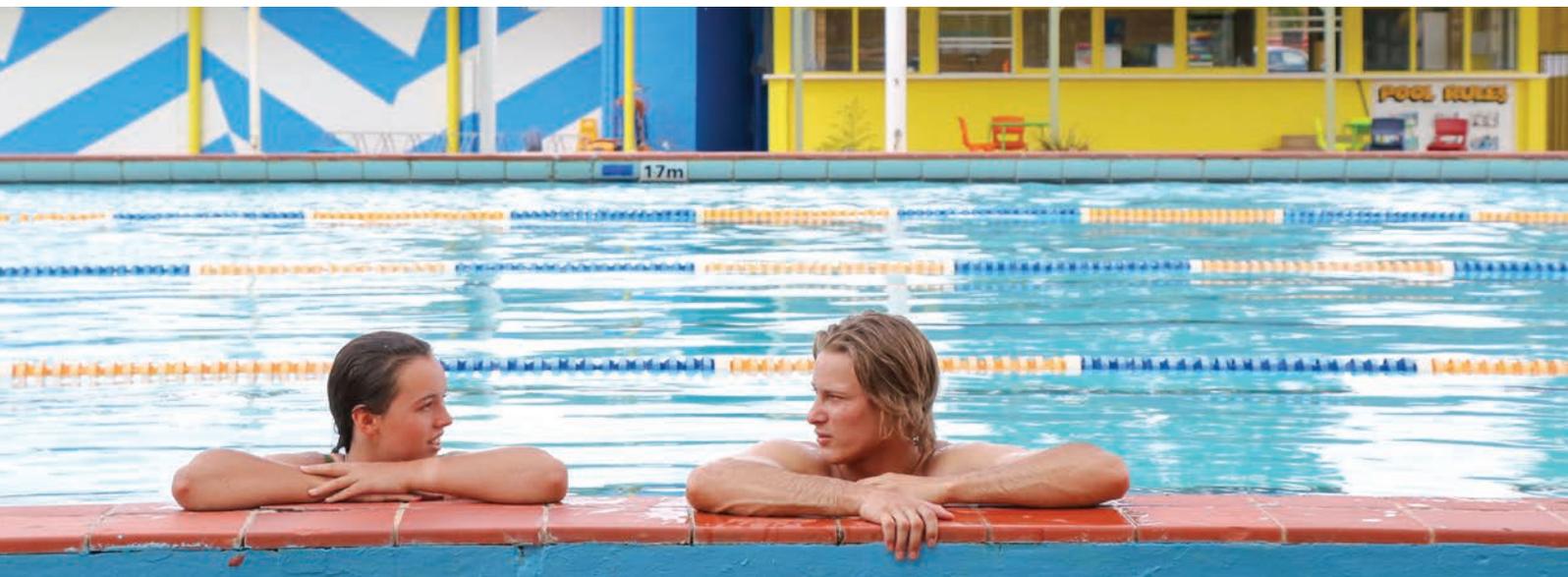
The Gannawarra is well suited to the ongoing development of large-scale solar energy. Kerang was the first location in Victoria to develop a large-scale solar farm and is currently hosting the largest solar farm and battery storage facility in the world (May 2019).

Additionally, the Mallee region to the north west of the Shire is rich in minerals and rare earths. A mining proposal being promoted by Western Australian mining company VHM has the potential to create around 300 full time jobs when the facility commences production in 2020. The mine is predicted to have a life span of 25 years and will certainly provide a positive lift to the local economy.

Environment

The natural environmental assets of the Shire include the Murray River, Kerang Lakes and Gunbower Forest. These assets are world class and feature many examples of indigenous culture, birdlife and animals. Creeks and waterways feed wetlands and lagoons among the Redgum forests, Black Box swamps and floodplains. The area is often described as Victoria’s Kakadu and with extensive tourism product development has the potential to increase visitation and develop a strong tourism brand.

The Gannawarra brand should link the environment, renewable energy and sustainable farming into a proposition that appeals to businesses and consumers that are socially and environmentally aware. Furthermore, unique areas of competitive advantage in a modern world focused on sustainability will certainly drive the Gannawarra profile and brand.



KEY ISSUES AND OPPORTUNITIES

Education

Gannawarra has a range of educational facilities from kindergarten, primary and secondary, along with Christian educational providers.

The region has lower than average education levels. Table 7 shows post-secondary qualifications for Gannawarra Shire and Regional Victoria. Only 4.8% of residents have attained a Bachelor's Degree or higher while over two thirds of residents have no formal post-secondary education attainment.

TABLE 2 POST-SECONDARY QUALIFICATIONS COMPARISON 2016

| Post Secondary Qualification | Gannawarra | Victoria |
|---|------------|----------|
| Postgraduate Degree | 1.27% | 8.88% |
| Graduate Diploma and Graduate Certificate | 2.15% | 4.07% |
| Bachelor Degree | 12.7% | 27.28% |
| Advanced Diploma and Diploma | 12.7% | 15.27% |
| Certificate | 38.06% | 23.72% |
| Level of education inadequately described or not stated | 27.07% | 16.50% |

Source: ABS Census 2016

The idea of a modern P12 college has been previously discussed within the Kerang educational sector. This would certainly benefit the local area to combine resources and infrastructure, creating a modern education facility.

TABLE 3 AGE COMPOSITION COMPARISON GANNAWARRA 2016

| Age | Gannawarra (S) | % | Victoria | % | Australia | % |
|-------------|----------------|-----|----------|-----|-----------|-----|
| Median age | 49 | -- | 37 | -- | 38 | -- |
| 0-4 years | 509 | 4.8 | 371,220 | 6.3 | 1,464,779 | 6.3 |
| 5-9 years | 598 | 5.7 | 368,631 | 6.2 | 1,502,646 | 6.4 |
| 10-14 years | 573 | 5.4 | 341,063 | 5.8 | 1,397,183 | 6.0 |
| 15-19 years | 620 | 5.9 | 356,340 | 6.0 | 1,421,595 | 6.1 |
| 20-24 years | 446 | 4.2 | 413,792 | 7.0 | 1,566,793 | 6.7 |
| 25-29 years | 391 | 3.7 | 441,266 | 7.4 | 1,664,602 | 7.1 |
| 30-34 years | 459 | 4.3 | 447,927 | 7.6 | 1,703,847 | 7.3 |
| 35-39 years | 465 | 4.4 | 404,026 | 6.8 | 1,561,679 | 6.7 |
| 40-44 years | 539 | 5.1 | 401,887 | 6.8 | 1,583,257 | 6.8 |
| 45-49 years | 679 | 6.4 | 402,043 | 6.8 | 1,581,455 | 6.8 |
| 50-54 years | 746 | 7.1 | 378,371 | 6.4 | 1,523,551 | 6.5 |
| 55-59 years | 783 | 7.4 | 357,616 | 6.0 | 1,454,332 | 6.2 |
| 60-64 years | 836 | 7.9 | 319,840 | 5.4 | 1,299,397 | 5.6 |
| 65-69 years | 854 | 8.1 | 291,397 | 4.9 | 1,188,999 | 5.1 |
| 70-74 years | 695 | 6.6 | 218,203 | 3.7 | 887,716 | 3.8 |
| 75-79 years | 596 | 5.6 | 165,115 | 2.8 | 652,657 | 2.8 |
| 80-84 years | 388 | 3.7 | 119,895 | 2.0 | 460,549 | 2.0 |
| 85 years + | 378 | 3.6 | 127,993 | 2.2 | 486,842 | 2.1 |



Agriculture

From an agricultural perspective, there are a number of macroeconomic factors shaping the local farm economy. Much of this change is outside the direct scope of Council.

Drought, climate change, farm gate prices and water trading have impacted negatively on the rural sector, especially the dairy industry, and the volatility of this sector has the potential to increase. That said, the mix of modern farming practices also presents opportunity to further develop agriculture using best practice technology such as sub surface irrigation and intensive greenhouses to increase concentrated production efficiencies.

Farm amalgamations (to maintain sufficient scale) have seen broad acre dryland farms and dairy farms increase significantly in size. Farms that once supported three or even four families are now supporting one family. This impacts on the region's population as mechanisation and automation are a significant part of the up scaling of farms in an effort to improve efficiencies, economies of scale and longer-term viability.

All of these issues are common across many rural communities in Australia and highlight the need for Council to facilitate further agricultural diversity and focus on the local area strengths.

Agriculture operates in a global economy. While many Australians don't support foreign investment, Australia doesn't have the capital required to transform and diversify the industry. The demand for protein is driving investment in intensive animal industries and the Gannawarra is in a position to capitalise on this.

With water resources and supporting infrastructure, Gannawarra has the capacity to support the development of poultry, beef, pigs, goats and lamb in a more intensive way that reduces the reliance on water. Once these industries develop, the flow-on effects of specialisation are more likely to support processing and value-adding medium-scale food industries.

New crops such as cotton will provide many growers with alternative irrigated crops, while there are opportunities for value adding of grain and hay. The organic sector provides new market opportunities as customers seek a clean and green product.

Irrigation

In 1996 the Gannawarra held around 356,000ML of water right. With the introduction of water trading, this figure has reduced by around 43 %. Most of the water has been traded off-farm to high-value fruit and nut crops, forcing rationalisation and modernisation of the irrigation supply system. With the separation of land and water the critical factor now is the volume of water used in irrigation in the local area.

The Murray Darling Basin Plan has proposed to recover an additional 450GL which has the potential to impact negatively on the agricultural economy right across the basin. Recent undertakings have been agreed to that will provide more social and economic justification before any more water is taken from the consumptive pool, but this is not giving irrigators a great deal of confidence.

While there are many significant issues for the irrigation industry, Gannawarra does have a modern well-constructed irrigation system that includes 2 large freshwater storages holding around 80,000ML. These storages can be utilised for the mineral sands mining project and will be valuable assets in summer peak demand periods for high value agriculture.

The development around the Kerang lakes is a good example of land use change and with further pressure on the water market predicted, the irrigation sector will need to change rapidly to maintain and improve water use efficiency.



Natural gas

The Gannawarra has been the recipient of a reticulated natural gas supply to Kerang. This allows consumers further choice of energy options and provides more opportunity for larger-scale value adding of food products.

While the availability of natural gas is good news for the community and business, the increasing price of gas is a concern with many large users looking at ways to diversify their energy options. Many contracts for gas and electricity have risen up to 80 % forcing many larger scale users to consider renewable options.

NBN and phone services

The whole of the Gannawarra now has access to the NBN through either fixed line or the Sky Muster network. The ADSL network has now been switched off across most of the Gannawarra.

There continue to be issues with mobile coverage in certain parts of the Gannawarra Shire. Areas of most concern have been identified and included in a report for the national Mobile Black Spots Program which funds new mobile signal towers. The vast majority of areas within the shire have access to a strong mobile coverage signal.

Tourism

The tourism sector in the Gannawarra is changing – driven by a strengthening regional brand and the development of tourism products strongly aligned to nature-based tourism and the regional tourism strategies.

There have been new tourism developments, particularly in the Koondrook and Cohuna areas, where entrepreneurs are recognising the emerging opportunities that can be created by tapping into new target markets. The next five years will see some positive growth in tourism products as the region's natural strengths are further recognised and better aligned with the emerging markets being identified through Murray Regional Tourism.

Local investment in food and hospitality is critical for tourism industry growth and for improved liveability in Kerang, Cohuna and Koondrook. A creative food culture, along with modern retail centres will certainly be a prerequisite for attracting and maintaining new residents and increasing visitation.

New tourism infrastructure such as the Koondrook Wharf will be an enabler of many new tourism businesses in Koondrook, including boating activity, riverside dining, quality accommodation options and creative food and arts-inspired commercial ventures.

The Gannawarra is taking steps to create an over-arching brand that recognises the environmental links to tourism. "Victoria's nature-based tourism destination" is a slogan used to capitalise on the key environmental aspects of the local area and drive further growth in visitation and hospitality development.

Planned infrastructure developments around the Kerang Lakes, Gunbower Creek at Cohuna and the Murray River at Koondrook will assist to grow visitation and support new tourism products such as kayaking and bushwalking, mountain biking, horse riding and cultural heritage activities. These developments are aimed at a new tourism market, of the "socially and environmentally aware".



Retail

Sustaining the vitality of the retail sector in the face of changing retail practices by consumers will be an ongoing challenge for many retailers. Kerang is the largest town in the Shire and has the largest retail precinct, which is home to major supermarket chain Woolworths and a range of other brand names such as Home Hardware, Betta Electrical and Sportspower.

While Kerang has a good mix of businesses, many are impacted by changing shopping patterns and struggling to remain viable. It is highly likely that the next 10 years will see major changes to the retail sector in all towns as retailers are forced to realign themselves with the market, or exit the industry.

There is a growing divide in the Australian retail landscape between online retailers and retail shops as well as an emerging gap between consumers and fixed retailers. More Australians are shopping from offshore global retailers than ever before. The divide between Australian shoppers and retailers has widened, further fragmenting retail.

The level of change, particularly in places like Kerang and Cohuna, will require a strong working relationship between the local retailers and Council. The development of strong community-based business groups will be critical to achieve further growth, direction and coordination within the local business sectors.

Opportunities

Some of the key directions for economic growth in the Gannawarra include:

- Introduction of innovative agricultural projects and diversified rural land uses such as intensive livestock, organics, intensive dairy and horticulture.
- Maximising the renewable energy opportunities in the Shire.
- Maximising the mineral sands mining opportunities in the Mallee.
- Providing fully serviced industrial land in Kerang, Cohuna and Koondrook.
- Developing new “nature based” tourism product and infrastructure
- Increasing the appeal and exposure of the Shire’s tourist attractions and lifestyle living to a wider market through designated marketing.
- Growing the population and attracting younger families to the area for employment.
- Increasing the skills base of the labour force through education and training.
- Developing a diverse and modern retail sector.
- Providing infrastructure that supports commercial development.



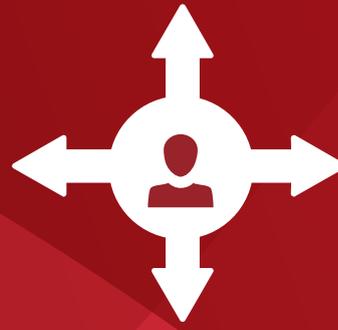
STRATEGIC DIRECTIONS

Analysis of the comparative advantages, key issues and opportunities has led to the development of four strategic directions to guide future economic development in the Gannawarra (as highlighted below). This document contains further detailed strategies and actions for each of the strategic directions.

| | |
|------------------------------|--|
| STRATEGIC DIRECTION 1 | FACILITATE THE DEVELOPMENT OF A DIVERSE AGRICULTURAL SECTOR |
| STRATEGIC DIRECTION 2 | DRIVE POPULATION GROWTH THROUGH BUSINESS AND LIFESTYLE ATTRACTION |
| STRATEGIC DIRECTION 3 | FACILITATE THE DEVELOPMENT OF THE GANNAWARRA AS AN ENVIRONMENTAL LEADER |
| STRATEGIC DIRECTION 4 | DEVELOP THE TOURISM SECTOR THROUGH IMPROVEMENTS IN PRODUCT AND INFRASTRUCTURE |

1.

INTRODUCTION



This strategy seeks to identify opportunities and to provide clarity and direction to influence the local economy while recognising the challenges that currently exist.

BACKGROUND

This Strategic Plan sets out a five-year vision for the Gannawarra economy and provides guidance for Council, key stakeholders and community.

The Gannawarra has a history of proactive economic development highlighted through a range of major outcomes in many sectors over a number of years.

Local economic circumstances continue to change considerably. Issues include the impacts of drought and climate change, changes in water policy and water trading, the volatility of commodity prices and up scaling of dry land and irrigation farms. All have an effect on the local economy.

This strategy seeks to identify opportunities and to provide clarity and direction to influence the local economy while recognising the challenges that currently exist.

This document outlines the Gannawarra strategies and action plan that is intended to drive Council's involvement in economic development for the next five years. This strategy links closely to the 2017 – 2021 Council Plan picking up many of the key themes identified during the community consultation phase and those identified by Council.

1.1. ECONOMIC DEVELOPMENT AND THE ROLE OF THE GANNAWARRA SHIRE

Economic Development is a key focus area of Council that supports a wide range of services to a broad base of business and tourism activities.

Council has taken a very direct and strategic approach to development across the municipality by utilising the strengths that exist in the natural and built environments. This includes the municipality's irrigation infrastructure, power supply, road networks and town services (such as industrial estates), which have all been identified as key areas to support economic growth. It's about capitalising on the local strengths and forecasting the future directions with justification.

This work to date has resulted in the development of Victoria's first large-scale solar farm, creating the potential for the Gannawarra to be a major player in the national energy scene, the area has also seen new poultry and piggery developments, introduction of new crops such as Victoria's first commercial cotton crop, Australia's first organic processing tomato crop, and expansion of existing industrial estates in Kerang and Cohuna.

With agriculture being the main economic driver, Council has sought to diversify the farming sector by facilitating a range of strategic initiatives leading to new projects and new investments.

The development of an agribusiness investment opportunities document details the many opportunities available in agriculture. To support this strategic document, Council staff have the capacity and expertise to provide advice on a range of related infrastructure services, aimed at justifying growth and project delivery. Examples of economic initiatives and outcomes include;

- Developing industrial estates in Kerang and Cohuna.
- Leading the development of large-scale solar farms in North West Victoria.
- Driving the development of nature-based tourism in North West Victoria and linking to regional strategies such as Ports of the Murray.
- Facilitating agricultural developments leading to Victoria's first commercial cotton crop and Australia's first organic processing tomato production.
- Facilitating intensive animal industries (pigs, poultry, dairy)
- Participating in the first stage of the Murray River Adventure trail.
- Facilitating residential estates in the municipality.
- Horticulture soil surveys on farmland from Lake Meran in the south to Lake Tutchewop in the north. This information has been used to provide advice to major developers.



1.1.1 WHAT IS ECONOMIC DEVELOPMENT?

For the purposes of this report, the process of economic development is defined as the practice of stimulating, attracting, facilitating or maintaining business activity and/or employment within the Gannawarra.

Ideally economic development should have a variety of local stakeholders (community associations) that understand the economic directions and work with Council to develop opportunities.

How economic development is directed and its specific objectives will vary by region and based on many factors such as climate, soils, infrastructure, environment and the level of local entrepreneurship and initiative.

WHAT CAN COUNCIL DO TO INFLUENCE ECONOMIC DEVELOPMENT WITHIN THE SHIRE?

The private sector (business and industry) remains the primary contributor to economic development driven by a desire to develop business, build the economy and accumulate wealth. However, Council still has an important facilitation role to play. Council can influence business development through:

- Identifying and facilitating new business and investment opportunities.
- Ensuring the municipality is investment ready across key focus areas.
- Identifying the area's competitive advantages and strengths, and connecting these to development networks.
- Supporting and assisting business development with a range of support mechanisms including a high level of commercially focussed services.

- Reducing the downtime for lengthy decision making to support fast moving commercial activity.
- Ensuring the infrastructure required to support business development is in place.
- Marketing, promotion and advertising to maximise opportunities.

Council can facilitate a conducive business environment through:

- Undertaking specific infrastructure development that encourages commercial investment.
- Facilitating training and capacity building initiatives across the business sector.
- Disseminating information and knowledge that will assist business growth, development and new investment.
- Maintaining a strong business network that feeds opportunities into the local business sector.
- Providing regulatory, planning and other support to businesses.
- Providing business information and advisory services and assisting businesses through the regulatory frameworks.
- Identifying development for greenfield opportunities and providing assistance services for existing businesses on a range of activities.
- Providing services that are timely and reflect the needs of industry.
- Maintaining an investment ready focus.



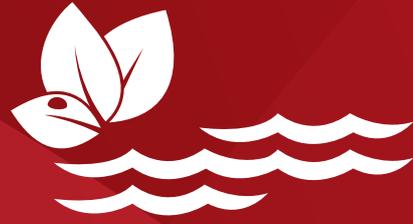
1.2 THE GANNAWARRA AS A LEADER IN ECONOMIC DEVELOPMENT FACILITATION

The Gannawarra is highly experienced in influencing and facilitating economic development. The existing role of economic development within Council includes the following functions:

- Marketing of the municipality as a great place to live, work and invest.
- Providing advice and facilitation for new business establishment and business expansion.
- Supporting local businesses including business planning, employment, networking, training, government services and funding.
- Sourcing land and premises for business development.
- Identifying and facilitating local development opportunities.
- Providing assistance, facilitation and advice for agribusiness developments.
- Facilitating the development of industrial land for business development.
- Identifying infrastructure requirements to support business developments.
- Facilitating the delivery of visitor information and events promotion.
- Providing assistance to businesses and new residents looking to relocate to the municipality.
- Lobbying government on behalf of the community for services and infrastructure.
- Identifying the capacity of the local government area for a variety of business developments.
- Providing services that give the Gannawarra a point of difference.

2.

STRATEGIC CONTEXT



The Gannawarra has a diverse regional economy and features significant natural assets such as the Gunbower National Park, Murray River, Gunbower Creek and the Kerang Lakes.

2.1 STRATEGIC LOCATION CONTEXT

The Gannawarra is bordered by the Rural City of Swan Hill to the north, the Shire of Buloke to the west, the shires of Loddon and Campaspe to the south and the Murray River to the east. It contains two principal towns – Kerang and Cohuna and a number of smaller settlements including Koondrook, Quambatook, Leitchville, Lalbert, Lake Charm, Murrabit and Mystic Park (Kangaroo Lake).

Located on the Murray River, the Gannawarra is just 1.25 hours from Bendigo, 40 minutes from Swan Hill and 3 hours from Melbourne. It is serviced by the Murray Valley Highway and the Loddon Valley Highway. Regular passenger rail services also exist from Kerang to Swan Hill and Bendigo with connections to Melbourne.



2.2 STRATEGIC POLICY CONTEXT

A number of policy and strategy documents were reviewed to understand the existing economic landscape within the Gannawarra:

Council documents

- Gannawarra Shire 2025 Community Plan
- Council Plan 2017-2021
- Loddon Mallee Regional Strategic Plan 2015-2018
- The Municipal Strategic Statement and Local Planning Policy Framework
- Gannawarra Shire Council Economic Development Plan 2011-2015
- Gannawarra Shire Council Tourism Strategy
- Murray Regional Tourism Destination Management Plan
- Gannawarra Waterfront Development Plan 2019

Agriculture reports

- Corporate Managed Investments in the Goulburn Murray Irrigation District [GMID] (Adviser Edge, January 2009)
- The Socio-Economic Impact of reduced water allocations in the Murray Darling Association [MDA] Sub Region (CSRC, nd)
- Impacts of Sales of Permanent Water Entitlements and Land use Planning Options for new dryland (February 2010)
- Agriculture Victoria: Loddon Murray
- ABARE Report About my region
- NCCMA; Regional Sustainable Agricultural Strategy
- Marsden Jacob MDBP water markets
- RMCG Basin Plan Impact GMID

Other documents

- EITHER | Final Report; A review of socio-economic neutrality in the context of Murray-Darling Basin Plan implementation
- Large-scale Solar Energy Opportunity (Gannawarra, Loddon, Bendigo, nd)
- AEMO- Energy Integration in Western Victoria 2018 – and beyond
- 2016 CENSUS Report

Other key findings in relation to economic development and tourism in the Gannawarra include:

- Economic development is a key priority for Gannawarra Shire and Council is proactive in supporting new business and investment to the region.
- The local economy is still dominated by a strong (but changing) agricultural base which is complemented by value-added processing industries, manufacturing, retail, tourism, energy and health services.
- The dairy industry is Victoria's largest rural industry and relies heavily on irrigation water and farm gate pricing to maintain production stability. There is opportunity to further diversify the dairy sector with value-adding opportunities that provide better market security for local farmers. The dairy sector needs strong Council support and advocacy.
- Gannawarra Shire has numerous environmental features which provide the foundation for much of the passive recreation and nature-based tourism in the Shire.
- Council is supportive of the development of the tourism industry and recognises this as one of several areas for economic growth in the municipality.
- The introduction of water trading has created new opportunities for local irrigators. The economic and social impacts of water trading have been both positive and negative for local communities with water security being a key concern for many irrigators.
- Irrigation water is predicted to continue to be in high demand from maturing horticultural crops in the Sunraysia region. Development opportunities that are not critically reliant on irrigation water will provide greater scope and opportunity, including intensive animal industries and greenhouse horticulture.
- The trend for corporate farms will continue as the capital required to maintain scale in agriculture will be beyond many of the smaller family farms.
- The retail sector needs to be more skilled and more cohesive in order to cater for consumers changing needs.
- Towns require a strong business group or chamber of commerce that can provide leadership within and work professionally with Council. This will be critical for the ongoing growth of retail in the towns.
- Industrial estates are creating jobs, with many businesses expanding. More resources are needed to assist the business community in regional Victoria.
- Renewable energy is a growth sector and while Council has been very proactive, it is time to identify the second stage of growth. Kerang has the potential to be the Latrobe Valley of North West Victoria, but only through a unified and strategic approach.
- Rural towns need to be developed to support their target markets if they expect to sustain future growth. Towns need to be culturally creative to attract youth and creative industries. "Prosaic" communities will struggle to grow.

3.

ECONOMIC PROFILE



This section provides an overview of the population, demographics, education, employment and industry sectors for the Gannawarra.

3.1 POPULATION TRENDS

At the time of Federation, the Australian continent contained about four million residents. Around half lived in rural and regional Australia (for instance, at that time Ballarat was bigger than Perth). Very few lived on the coast outside of capital cities.

Fast forward more than a century and Australia and its people have been transformed. While the number of people living in rural and regional Australia has doubled as a proportion of the nation's population it has reduced from one-half to one-sixth.

Like many rural communities the Gannawarra is struggling to maintain population but the 2016 Census showed a population increase, the first for many years.

The local evolution

Despite low rainfall and high temperatures, pastoral activity reached the Mallee area of Victoria in 1846 with most farms choosing to develop close to designated waterways. Today the scaling up of agriculture, along with deliberate rationalisation, has resulted in many areas experiencing significant population decline.

This population decline was in fact evident prior to the amalgamation of the Cohuna and Kerang Shires in 1995. It could be argued that population decline has been evident as far back as the early 1960s across rural Victoria as the shift to greater mechanisation commenced and transport allowed greater movement between areas.

Population in the Gannawarra has been heavily influenced by the following factors:

- A high reliance on agriculture which can be a volatile market and has been subject to ongoing change over many years.
- Rationalising and scaling up of irrigation and dryland farms with water prices increasing and availability decreasing.
- Rationalising of government services.
- Youth moving away for education, employment and lifestyle.
- Rationalising of major food processing businesses such as the Murray Goulburn factories in Leitchville and Rochester.
- The commencement of permanent water trading in 1996, leading to the local area reducing its water right by around 43 per cent from 350,000ML to 208,000ML.
- The adaptation of technology and a more mechanised approach to industry.
- People becoming increasingly commercialised and wanting improved services and a more affluent lifestyle.



TABLE 4 POPULATION FORECASTS 2016-2028

| Estimated Resident Population | 2016 | 2020 | 2024 | 2028 | Average Annual Growth |
|-------------------------------|--------|--------|--------|--------|-----------------------|
| Gannawarra Shire | | -- | 37 | -- | 38 |
| Victoria | 6.048M | 6.491M | 6.947M | 7.395M | 1.45% |

Source: Victoria in Future (2016)

TABLE 5 LGA COMPARISON 2011 - 2016

| LGA | 2011 | 2016 | Change |
|------------|--------|--------|--------|
| Gannawarra | 10,366 | 10,549 | +183 |
| Loddon | 7,459 | 7,516 | +57 |
| Campaspe | 36,365 | 37,061 | +696 |
| Swan Hill | 20,449 | 20,584 | +135 |
| Mildura | 50,979 | 53,878 | +2899 |
| Buloke | 6,201 | 6,384 | -183 |

Source: Victoria in Future (2016)

While the Gannawarra population was predicted to continue to decline by around 0.04 per cent per annum, the results of the 2016 Census showed an increase in the overall population of 183 people.

To experience population growth, communities must be prepared for and plan for major changes within their municipality, such as:

- Be supportive of new business developments that drive jobs growth. Intensive animal industries, processing factories, corporate farming, intensive agriculture.
- Be prepared for new people, new cultures and new thinking that encourage change.
- Be prepared to work together for the betterment of the wider region.
- Be prepared to increase their learning's and skill development and accept new technologies. Data shows that knowledge drives growth, understanding and new thinking.
- Be prepared to learn what new residents require and work within the community to provide new services and assistance. Developing communities need to understand what will bring new people to town. Town infrastructure needs to cater for new residents and not just the current demographic.
- Be prepared to accept that towns may become busier, there will be more competition for housing and jobs, they won't know everyone in the street and that their community will change.
- Be prepared to share local resources that encourage visitation and growth
- Be prepared to support the major employers and the businesses that drive the local economy. Ensure that policy supports growth and the regulatory aspects don't deter development.
- Be prepared to take a strategic approach to developing their community – it takes time.



3.2 DEMOGRAPHIC PROFILE

3.2.1 AGE COMPOSITION

The primary demographic for the Gannawarra is older adults predominately 55-59 years and over which has increased from the 2011 ABS Census. At the other end of the spectrum, the Gannawarra is under-represented in the 10 to 19-year-old age bracket. The 20 – 24 years bracket has increased by 21% since the Census in 2011.

The Shire is ageing rapidly as younger people leave to find education and work and as their appetite for city living increases. Table 2 shows the changes in demographic sectors with the most positive change being growth in the 20 – 24 years sector. The jobs market is a key to growth in the 20 – 24 years to 50 – 54 years sector.

TABLE 6 GANNAWARRA POPULATION CHANGE COMPARISON 2011-2016

| Age | Gannawarra (S) 2011-2016 +/- % | Victoria 2011-2016 +/- % |
|-------------|-----------------------------------|-----------------------------|
| 0-4 years | -10.4% | +7.1% |
| 5-9 years | +5.1% | +11.5% |
| 10-14 years | -24.2% | +3.8% |
| 15-19 years | -6.4% | +3.1% |
| 20-24 years | +21.5% | +9.3% |
| 25-29 years | -2.9% | +11.9% |
| 30-34 years | +5.2% | +16.9% |
| 35-39 years | -8.2% | +5.1% |
| 40-44 years | -14.4% | +2.6% |
| 45-49 years | -2.5% | +7.3% |
| 50-54 years | -0.1% | +6.4% |
| 55-59 years | +0.4% | +11.2% |
| 60-64 years | +7.5% | +8.1% |
| 65-69 years | +17.9% | +22.8% |
| 70-74 years | +12.0% | +18.7% |
| 75-79 years | +27.5% | +15.0% |
| 80-84 years | +2.6% | +4.9% |
| 85 years + | +8.9% | +17.9% |

Source: Victoria in Future (2016)



3.3 EDUCATION

Table 6 shows the level of education attained in both the Gannawarra, Victoria and Australia. In 2016, 42.2% of the Gannawarra population had completed year 12 or higher as their highest level of schooling, compared to 63.8% for Victoria suggesting that residents of the Gannawarra generally have a lower level of schooling education relative to Victoria. This coincides with many rural communities reliant on the agricultural and manufacturing sectors.

TABLE 7 HIGHEST LEVEL OF SCHOOLING, 2016

| Level of highest educational attainment | Gannawarra (S) | % | Victoria | % | Australia | % |
|---|----------------|------|-----------|------|-----------|------|
| People aged 15 years and over | | | | | | |
| Bachelor Degree level and above | 701 | 7.9 | 1,177,540 | 24.3 | 4,181,406 | 22.0 |
| Advanced Diploma/Diploma level | 550 | 6.2 | 447,023 | 9.2 | 1,687,893 | 8.9 |
| Certificate level IV | 233 | 2.6 | 138,313 | 2.9 | 551,767 | 2.9 |
| Certificate level III | 1,416 | 16.0 | 555,583 | 11.5 | 2,442,203 | 12.8 |
| Year 12 | 844 | 9.5 | 772,461 | 15.9 | 2,994,097 | 15.7 |
| Year 11 | 865 | 9.8 | 298,342 | 6.2 | 941,531 | 4.9 |
| Year 10 | 1,255 | 14.2 | 376,237 | 7.8 | 2,054,331 | 10.8 |
| Certificate level II | 6 | 0.1 | 3,233 | 0.1 | 13,454 | 0.1 |
| Certificate level I | 0 | 0.0 | 542 | 0.0 | 2,176 | 0.0 |
| Year 9 or below | 1,554 | 17.5 | 430,152 | 8.9 | 1,529,897 | 8.0 |
| No educational attainment | 20 | 0.2 | 48,920 | 1.0 | 145,844 | 0.8 |
| Not stated | 1,255 | 14.2 | 482,823 | 10.0 | 1,974,794 | 10.4 |

Source: 2016 ABS Census

TABLE 8 EDUCATION LEVELS BY COMPARISON

| Level of Education | Loddon Mallee Region | | Gannawarra | | Loddon | |
|---|----------------------|---------|------------|---------|--------|---------|
| | Jobs | % | Jobs | % | Jobs | % |
| Postgraduate Degree | 3,582 | 2.77% | 50 | 1.24% | 32 | 1.18% |
| Graduate Diploma and Graduate Certificate | 3,921 | 3.03% | 45 | 1.10% | 65 | 2.36% |
| Bachelor Degree | 19,063 | 14.73% | 417 | 10.29% | 308 | 11.26% |
| Advanced Diploma and Diploma | 13,053 | 10.09% | 368 | 9.09% | 225 | 8.21% |
| Certificate | 37,024 | 28.61% | 1,212 | 29.92% | 827 | 30.26% |
| Level of education inadequately described | 541 | 0.42% | 7 | 0.17% | 3 | 0.13% |
| Level of education not stated | 3,105 | 2.40% | 91 | 2.25% | 45 | 1.66% |
| Not applicable | 49,128 | 37.96% | 1,861 | 45.94% | 1,229 | 44.94% |
| Total | 129,417 | 100.00% | 4,051 | 100.00% | 2,734 | 100.00% |

Source: 2016 ABS Census



3.4 EMPLOYMENT AND INDUSTRY

Table 8 shows the total number of jobs per industry in 2016 and the industry growth between 2011 and 2016. A total of 4,397 persons were employed in the Gannawarra in 2016. The largest employing industry sector is Agriculture, Forestry and Fishing with 24% of the workforce followed by Health Care and Social Assistance (11.9%), Retail Trade (10.4%) and Construction (7.4%) employing a further 29.7% of workers between them.

During the 2011 to 2016 period, the Gannawarra saw significant growth in the Construction, Health Care & Social Assistance and Professional, scientific and technical services. At the same time, there were declines in the Manufacturing, Retail Trade and Wholesale Trade industries.

TABLE 9 EMPLOYMENT AND INDUSTRY CHANGE 2011 - 2016

| Industry | Gannawarra Shire 2016 | | Industry Growth 2011-2016 | Industry Growth by % 2011 - 2016 |
|---|-----------------------|--------------|---------------------------|----------------------------------|
| | Persons | % | | |
| Agriculture, forestry and fishing | 1057 | 24.0 | +11 | +0.1% |
| Health care and social assistance | 523 | 11.9 | +62 | +1.4% |
| Retail trade | 457 | 10.4 | -53 | -1.0% |
| Construction | 324 | 7.4 | +24 | +1.4% |
| Manufacturing | 283 | 6.4 | -57 | -1.4% |
| Education and training | 247 | 5.6 | +3 | 0.0% |
| Public administration and safety | 216 | 4.9 | -8 | -0.2% |
| Accommodation and food services | 197 | 4.5 | -10 | -0.2% |
| Transport, postal and warehousing | 184 | 4.2 | -12 | -0.3% |
| Professional, scientific and technical services | 125 | 2.8 | +22 | +0.4% |
| Electricity, gas, water and waste services | 88 | 2.0 | -21 | -0.5% |
| Wholesale trade | 84 | 1.9 | -25 | -0.6% |
| Administrative and support services | 78 | 1.8 | +3 | +0.1% |
| Financial and insurance services | 56 | 1.3 | -20 | -0.4% |
| Arts and recreation services | 39 | 0.9 | +7 | +0.2% |
| Mining | 44 | 0.7 | 0 | 0.0% |
| Rental, hiring and real estate services | 26 | 0.6 | +8 | +0.2% |
| Information media and telecommunications | 13 | 0.3 | -11 | -0.2% |
| Other services | 153 | 3.5 | -10 | -0.2% |
| Industry not classified | 203 | 4.6 | +101 | +2.3% |
| Total | 4,397 | 100.0 | | |

Source: 2016 ABS Census



TABLE 10 EMPLOYMENT AND INDUSTRY COMPARISON 2016

| Industry | Loddon Mallee Region | | Gannawarra | | Loddon | |
|---|----------------------|----------------|--------------|----------------|--------------|----------------|
| | Jobs | % | Jobs | % | Jobs | % |
| Health Care & Social Assistance | 20,008 | 15.46% | 509 | 12.56% | 246 | 9.00% |
| Retail Trade | 15,348 | 11.86% | 429 | 10.59% | 193 | 7.06% |
| Manufacturing | 11,834 | 9.14% | 207 | 5.11% | 226 | 8.27% |
| Agriculture, Forestry & Fishing | 11,768 | 9.09% | 1,129 | 27.87% | 1,186 | 43.38% |
| Education & Training | 11,616 | 8.98% | 263 | 6.49% | 210 | 7.68% |
| Construction | 11,040 | 8.53% | 311 | 7.68% | 121 | 4.43% |
| Accommodation & Food Services | 9,100 | 7.03% | 164 | 4.05% | 82 | 3.00% |
| Public Administration & Safety | 6,976 | 5.39% | 202 | 4.99% | 126 | 4.61% |
| Professional, Scientific & Technical Services | 5,168 | 3.99% | 135 | 3.33% | 30 | 1.10% |
| Other Services | 5,065 | 3.91% | 149 | 3.68% | 38 | 1.39% |
| Transport, Postal & Warehousing | 4,680 | 3.62% | 169 | 4.17% | 81 | 2.96% |
| Administrative & Support Services | 3,930 | 3.04% | 88 | 2.17% | 42 | 1.54% |
| Financial & Insurance Services | 3,450 | 2.67% | 51 | 1.26% | 10 | 0.37% |
| Wholesale Trade | 2,682 | 2.07% | 67 | 1.65% | 46 | 1.68% |
| Arts & Recreation Services | 1,731 | 1.34% | 24 | 0.59% | 17 | 0.62% |
| Electricity, Gas, Water & Waste Services | 1,410 | 1.09% | 83 | 2.05% | 30 | 1.10% |
| Rental, Hiring & Real Estate Services | 1,295 | 1.00% | 22 | 0.54% | 5 | 0.18% |
| Mining | 1,168 | 0.90% | 42 | 1.04% | 42 | 1.54% |
| Information Media & Telecommunications | 1,148 | 0.89% | 7 | 0.17% | 3 | 0.11% |
| Total | 129,417 | 100.00% | 4,051 | 100.00% | 2,734 | 100.00% |

Source: 2016 ABS Census

Farm numbers have steadily decreased over the past three decades whilst average farm size and milk production generally increased. This is due to growth in cow numbers and improved cow yields – up until the major widespread drought of 2002/03. The following decade saw a period of consolidation for the industry, with falling cow numbers and dry seasonal conditions constraining production, particularly in northern Victoria.

The dairy sector has long been the key generator for the local economy in the Gannawarra but with the impacts of climate variability and irrigation policy it is predicted that dairy production could continue to decrease.

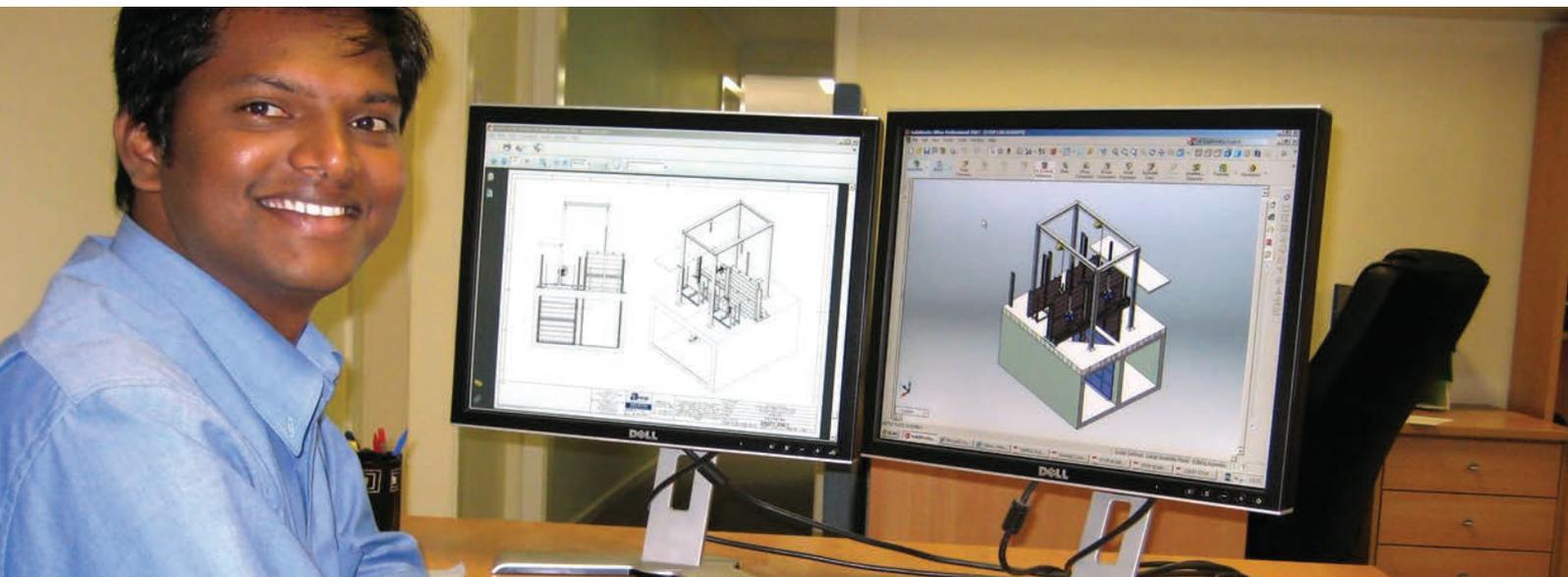
The irrigated cropping sector has grown with new plantings of lucerne, cotton and corn. Along with irrigated cropping there has also been an increase in horticulture with large scale crops of organic tomatoes and stonefruit.



TABLE 11 GROSS REGIONAL PRODUCT

| Gross Regional Product (GRP) | | | | |
|------------------------------|------------------|-----------|----------|-------------------------------------|
| | Gannawarra Shire | | Victoria | |
| Year (ending June 30) | \$m | \$ change | \$m | Gannawarra Shire as a % of Victoria |
| 2018 | 556 | + \$81M | 411,541 | 0.15 |
| 2016 | 475 | - | 387,457 | 0.13 |
| 2011 | 500 | - | 344,097 | 0.16 |
| 2006 | 586 | | 306,805 | 0.20 |

The Gannawarra Gross Regional Product was \$556M as at June 30, 2018 showing an increase of \$81M from 2016.



In summary, while the Gannawarra enjoys a diverse economy with representation across all sectors, the key existing industries (according to the 2016 ABS data) are:

- Dairy. The dairy industry in the Gannawarra has been under significant pressure during the past five years from irrigation water prices and availability, farm gate milk prices, rising costs of inputs and a general downturn across much of the industry. Dairy farmers are somewhat used to the variability of the industry and some of the larger farms are considering new technology such as robotic milking systems.
- Cropping. The cropping sector is diverse, ranging from irrigated cropping to broadacre dryland activities. While prices for many commodities have been down a record grain harvest in 2016/17 has pushed production to capacity. Irrigated crops such as canola, corn, cotton and tomatoes have performed well in recent years with many farmers introducing improved on-farm irrigation systems. New crops such as cotton will have an impact on the areas of irrigated cropping into the future.
- Livestock. The Australian beef market is currently very strong and while prices are expected to fall, trade will remain strong until cattle numbers get back to 2011 levels. While the overall number of lambs is down, the market is expected to remain strong due to low numbers nationally. World demand for protein will see many opportunities in livestock although at a local level the ability to efficiently produce feed with rising irrigation costs will determine the production outputs.

- Retail trade. Many of the retail businesses are strong performers. Vacancy rates in Kerang and Cohuna are “reasonable” but many smaller businesses are under pressure to maintain a strong customer base. The retail sector will struggle to retain the current numbers without a significant increase in customers, without service improvements and without better alignment with the product needs of customers.
- Manufacturing. This industry is relatively strong with major businesses dominating the national market across farm machinery manufacturing, water regulation components and food. The expansion of industrial estates in Kerang and Cohuna has greatly assisted the manufacturing sector and will continue to provide significant economic opportunity.
- Government services. (education, healthcare & social assistance and public administration and safety). The health sectors employ significant staff along with the education sector. A new hospital in Kerang along with community health facilities and an aging population should see a strong future focus for health. Kerang in particular may benefit from a P-12 College.

The Gannawarra should acknowledge the importance these sectors play in the local economy and work cohesively with the sector leadership to maintain a strong industry position.



3.5 TOURISM

Tourism - an amalgam of activities across various industry sectors such as retail, accommodation, cafes & restaurants, cultural and recreational services. The tourism industry services the activities of persons travelling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes.

The tourism profile for the Gannawarra is drawn from National Visitor Survey data and a review of the existing literature and statistics collated locally. The key findings include:

- The Gannawarra tourist visitation is estimated at around 250,000 visitors per annum. The Shire has significant natural features which form the basis for much of the tourism in the area including the Gunbower Forest, Kerang Lakes and Murray River.
- Tourism and hospitality businesses in the Gannawarra are largely independent operators. Many (certainly not all) have a limited engagement in strategic tourism activities.
- Tourists visiting the Mallee statistical region (an area which covers the western part of the Murray region including the Gannawarra) tend to come from regional Victoria, South Australia and Melbourne, and are most interested in social activities and visiting friends and relatives. The typical visitor is an older, retired couple or a young family. They tend to stay longer than visitors to regional Victoria as a whole.
- Visitation is largely characterised by informal camping, recreation and fishing, passing tourist trade from neighbouring areas, attendance at special events and visiting friends and family.

TABLE 12 EMPLOYMENT AND INDUSTRY, TOURISM JOBS COMPARISON 2016

| Industry | Loddon Mallee Region | | Gannawarra | | Loddon | |
|---------------------------------|----------------------|---------|------------|---------|--------|---------|
| | Jobs | % | Jobs | % | Jobs | % |
| Health Care & Social Assistance | 19,897 | 15.37% | 506 | 12.49% | 244 | 8.92% |
| Retail Trade | 13,828 | 10.68% | 386 | 9.53% | 174 | 6.36% |
| Agriculture, Forestry & Fishing | 11,669 | 9.02% | 1,128 | 27.84% | 1,184 | 43.31% |
| Construction | 11,040 | 8.53% | 311 | 7.68% | 121 | 4.43% |
| Tourism | 8,331 | 6.44% | 210 | 5.18% | 118 | 4.32% |
| Accommodation & Food Services | 4,431 | 3.42% | 51 | 1.26% | 13 | 0.48% |
| Arts & Recreation Services | 1,424 | 1.10% | 20 | 0.49% | 13 | 0.48% |
| Total | 129,417 | 100.00% | 4,051 | 100.00% | 2,734 | 100.00% |

Source: 2016 ABS Census



3.6 TOURISM MARKET SEGMENTATION

The tourism market in the Gannawarra is highly segmented from a demographic perspective. The area has significant appeal to young families and older couples. These groups together make up over 60% of visitors. On the flipside, the region has less appeal for young/midlife singles and couples (21% compared to 26% for regional Victoria). These groups tend to have higher rates of disposable income than older people and families.

The Gannawarra has identified that to grow the local tourism market far more investment in infrastructure and product is required. Additionally, the target market should be the socially and environmentally aware, aged between 25 and 45, who appreciate the natural environment, enjoy outdoor recreation such as cycling bushwalking and kayaking, and appreciate good food and wine. Attracting more of this market will see growth in new accommodation facilities, new product developments and new food and hospitality businesses.

3.7 LAND AND HOUSING

Residential housing prices in the Gannawarra in 2016 were around 40 per cent lower than the regional Victoria average and are still relatively affordable. Waterfront living is sought after and new subdivisions have been undertaken at Island Rise, Murray Sound and Island Road in Cohuna. Waterfront developments are also planned for Lake Charm and Koondrook on the Gunbower Creek.

Several extensive strategies have been prepared to guide further developments around the local waterways. In November 2007, the Gannawarra Urban and Rural Strategy Plan was developed and in July 2013 the Lake Charm, Kangaroo Lake and Gunbower Creek Environs Strategy was produced. Both of these documents provide significant guidance for the development of these popular but sensitive locations, providing a critical assessment of the future development and subdivision potential of these locations.

3.8 INDUSTRIAL LAND

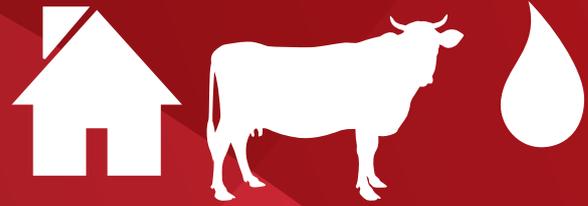
Council has industrial estates in Koondrook, Cohuna and Kerang.

The Koondrook Industrial Estate reached capacity in around 2009 and as such there has been no further expansion due to the lack of vacant land with access to services suited to industrial uses and the fact that neighbouring Cohuna and Kerang have serviced estates. Several parcels of land have been considered in Koondrook to cater for larger manufacturing and service based businesses and Council is undertaking analysis of potential development sites suitable for industrial development.

Tate Drive Industrial Estate in Kerang has assisted the development of around 55 businesses, 130 jobs and around \$12M worth of investment. The estate in Kerang is very successful by industry standards especially compared to other towns of a similar size.

4.

COMPARATIVE ADVANTAGES OF THE GANNAWARRA



The Gannawarra has several unique comparative advantages that serve to differentiate it from other similarly-sized municipalities in the region.

4.1 A DIVERSE AGRICULTURAL BASE

The Gannawarra has a diverse agricultural economy comprised of dairy, cropping, livestock (including intensive animal production), viticulture and horticulture. A variety of soil types combined with a suitable climate can support a range of agribusiness enterprises across both irrigated and dryland farmland.

This diversity places the Gannawarra in a reasonable position to respond to the myriad challenges facing agriculture, but it certainly won't be an easy task given the macro issues such as the MDB Plan.

While the level of diversity in the Gannawarra is reasonable compared to some municipalities, there is still far more development and investment required in the local agricultural sector that will provide more jobs and revenue for the business community. Much of this investment will need to come from investors, channelled through the corporate farming models.

Council's Agricultural Investment Strategy will facilitate scope for further diversity within the municipality, across irrigated, dryland and in the value adding sectors of agribusiness.

4.2 NATURAL ATTRACTIONS

The Gannawarra is home to a wide range of popular natural attractions including the Murray River, Gunbower Forest and the Kerang Lakes. These features serve to attract tourists and people who have an appreciation for passive recreation. There are also opportunities to develop waterfront land for the purposes of commercial tourism enterprises. These natural attractions are being progressively developed with the recent release of the Waterfront Masterplans, construction of the Koondrook Wharf and Nature Based Tourism Hub in Koondrook.

4.3 IRRIGATION AND INFRASTRUCTURE

The Gannawarra is fed from two irrigation systems (Murray and Goulburn) and has access to Murray storages in Kangaroo Lake and Lake Charm. In addition, the area has modern irrigation infrastructure both in the distribution system and on-farm courtesy of the Northern Victoria Irrigation Renewal Project (NVIRP). As such, the region has potential to maintain a significant irrigation footprint in spite of the many regulatory issues in the water industry.



4.4 AFFORDABLE LAND AND HOUSING

The Gannawarra has a plentiful supply of affordable residential, rural and industrial land. Residential house prices in 2016 were around 43 per cent lower than the Victorian average.

New housing estates in Kerang, Cohuna and Koondrook provide the majority of new building developments. Housing development is popular in Koondrook and Cohuna as the attraction of living close to water generates increased demand for property.

Rural land is reasonably priced with large tracts of land available suitable for a variety of uses, in particular, large-scale land and water aggregation opportunities. Land prices vary depending on soil types and locations, and the type of infrastructure on site.

Industrial land is also well priced and presents businesses with the opportunity to acquire large fully serviced allotments – providing an incentive for development. These factors combine to make the Gannawarra an attractive destination for business investment and residential relocation.

4.5 LARGE SCALE SOLAR ENERGY

The Gannawarra has several unique strengths that has resulted in significant demand for land to suit large-scale renewable energy projects. As at March 2019 Council had issued eight planning permits and has interest from a variety of other companies in the energy sectors.

Ultimately, the capacity of the transmission network between Kerang and Bendigo will determine the level of development in the Gannawarra. The upgrade of the transmission network is a key priority of Council's advocacy strategy.

The north west councils of Mildura, Swan Hill and Gannawarra have recognised the need for a strategic approach to renewable energy and have been active in lobbying the State Government for potential transmission upgrades.

Strengths include:

- Solar resource – the Gannawarra has solar radiation levels suitable for commercial scale energy generation.
- Transmission network – the 220kv, 66kv and 22kv systems can support grid connections as will the Kerang Terminal station.
- AEMO plans for the Victoria – NSW interconnector to be constructed (Kerang)
- Available land in proximity to the infrastructure.
- Council's Economic Development Unit has been proactive in its intentions to establish a large-scale solar industry in the region – to the stage that the Gannawarra is now recognised as a state-wide leader in renewable energy development.
- Proximity to Melbourne and Bendigo – the relative proximity of Kerang to Melbourne is a comparative advantage in terms of power generation for major regional locations south of Kerang.



4.6 PROACTIVE COUNCIL

The Gannawarra has a history of being proactive in developing new industry opportunities.

In the 1990s Council was a member of the Loddon Murray Agribusiness initiative along with Loddon Shire, City of Greater Bendigo and State Government agencies. This group initiated the “New Mediterranean” marketing campaign aimed at attracting new horticultural development into the region along with the identification and promotion of prime development zones.

Development of an Agribusiness Investment Strategy in 2017 was a first for the Loddon Murray region and replicated by Regional Development Victoria (albeit in a different format for other rural councils). This document is being used to highlight the many opportunities available in large-scale agricultural development.

The Gannawarra has quickly established itself as a leader in renewable energy and is now recognised at a State, National and International level in the large-scale solar field.

Other proactive developments include.

- Kilter Rural aggregation and development of 9,000 ha north of Kerang – producing cotton, tomatoes, organic crops and stone fruit. Kilter currently employ 40 staff and this is likely to grow to around 100.
- Development of Koondrook/Cohuna into a nature-based tourism destination that is attracting commercial investment.

4.7 INDUSTRIAL ESTATES

The Gannawarra benefits from modern, well serviced industrial estates in Kerang, Cohuna and, to a lesser extent, Koondrook. Each of these three industrial estates is serviced by water, sewerage, electricity and broadband infrastructure. Furthermore, Council has been proactive in rezoning land for industrial use to meet demand as well as taking a ‘hands-on’ approach to developing strong, viable industrial estates in the Shire. Finally, the Shire (and in particular Kerang) benefits from good road, rail and air infrastructure. The key arterial road network, in particular, is continuing to improve, which reduces travelling time to markets and customers bringing the region closer to Bendigo and Melbourne. With these factors in mind, the Gannawarra is well positioned to drive further industrial growth, primarily in Kerang and Cohuna.

4.8 EARLY RECIPIENT OF NBN BROADBAND SERVICES

Cost-competitive superfast broadband presents a unique opportunity for local businesses. In the short term, broadband can deliver significant benefits to the health and education industries allowing for remote medical services and virtual universities. Longer term, broadband may become an attractor for new residents, home-based businesses and bandwidth-intensive industries to move to the area.

4.9 LIFESTYLE LIVING

The Gannawarra provides a quiet, relaxed and safe environment surrounded by natural beauty and outdoor activities within a Mediterranean climate. Above average sunlight days per year make the area an attractive proposition for prospective holiday home purchasers and lifestyle/treechangers.

Furthermore, the Shire offers some of the most affordable waterfront living in the Murray region. Cohuna, in particular, enjoys a privileged location nestled among rivers, parkland and red gum forest. Additionally, there is also residential waterfront development happening in Koondrook, Cohuna and around the Kerang Lakes.

5.

KEY STRATEGIC ISSUES AND OPPORTUNITIES



Opportunities relate to how the Gannawarra Shire can use its comparative advantages and available resources to address and/or reverse a given issue, and create a positive outcome for its stakeholders.

Strategic issues in this context are events, developments or trends that are perceived by decision makers as having the potential to impact on the Gannawarra residents and economy. These strategic issues are critical to the strategic planning process and influence where an organisation currently is, where it wants to be and how it will get there.

Opportunities relate to how the Gannawarra can use its comparative advantages and available resources to address and/or reverse a given issue, and create a positive outcome for its stakeholders.

The strategic issues and opportunities have been grouped under five broad categories: demographics, macro agricultural changes, local agricultural changes, manufacturing and industry, and tourism and retail.

5.1 DEMOGRAPHICS

5.1.1 POPULATION DECLINE

The Gannawarra has been experiencing population decline since the mid-1980s. This outcome is not uncommon in regions dependent on more of the traditional agricultural enterprises. Understanding why the population has been declining relates primarily back to the underlying changes in agriculture.

There are examples where councils have used new development as tools to reduce population decline.

Transitioning horticulture in Mildura has created many new jobs resulting in an influx of agricultural labour to the Sunraysia region. Intensive animal industries in Nhill has seen an influx of immigrants to service the poultry industry, while Echuca has capitalised on tourism and the lifestyle factors of the Murray River to maximise relocation from Melbourne and outlying areas.

However, the reigning in of population decline in the Gannawarra has commenced and has seen a positive turnaround following many years of focused strategic initiatives across the economic development and tourism sectors.

5.1.2 AGEING POPULATION

The Shire's population is rapidly ageing. This is set to continue over the coming years, creating a number of issues for the Gannawarra.

At the same time, an ageing population creates opportunities in terms of expanding aged care employment and the development of an independent retirement living industry.

5.1.3 EDUCATION AND TRAINING

The Gannawarra residents have considerably lower levels of education when compared to the regional Victoria average both in terms of highest year of schooling and the level of post-secondary qualifications. This presents a number of issues for the Gannawarra around sourcing and retaining a skilled workforce.

Finally, the demise of the technical school system (and the failure of the current education system to equip students with the right level of agricultural and trades skills) has resulted in young people leaving the district for further education and / or not having the right training to enter the local industries.

It is estimated that around 400 jobs could be created with new developments proposed in the Gannawarra over the coming 5 years. These jobs will be in energy, industrial, mining, and agriculture and will flow on to other local services.



5.1.4 INCREASED INTERNET PENETRATION

The introduction of new broadband infrastructure to the Gannawarra as a result of the National Broadband Network (NBN) provides an excellent springboard opportunity to improve the connectedness of local businesses and residents. Council can play a key role in promoting the benefits of broadband and facilitating internet education and training opportunities to ensure that the Gannawarra Shire reaps the full benefits of the broadband revolution.

5.2 MACRO AGRICULTURAL INDUSTRY CHANGES

5.2.1 DROUGHT AND CLIMATE CHANGE

Victoria has already become warmer and drier – a climate trend likely to continue into the future.

Over the past 100 years, global surface air temperatures have risen by almost 1°C. Both the atmosphere and the oceans have warmed. Human activity is causing climate change through our release of greenhouse gases from the burning of fossil fuels, land use change and agriculture. Atmospheric concentrations of carbon dioxide are now more than 40% higher than they were before industrialisation. In Victoria, the rate of warming has increased since 1960. On average, rainfall has declined since the 1950s, especially in autumn. The harsh Millennium Drought (1996 to 2009) followed the wet decades of the 1950s and 1970s. Sea level today is approximately 225 mm higher than in 1880.

Being climate-ready in Victoria involves knowing the climate risks and impacts for the state, and making changes so that we can take advantage of the opportunities and reduce the negative impacts.

The following changes are predicted with a high degree of confidence;

- Average temperatures will continue to increase in all seasons.
- More hot days and warm spells are projected.
- Fewer frosts are projected.
- By late in the century, less rainfall is projected during the cool season.
- Even though mean annual rainfall is projected to decline, heavy rainfall intensity is projected to increase.
- Mean sea level will continue to rise and height of extreme sea-level events will also increase.
- A harsher fire-weather climate in the future.

The predictions of more intense droughts and unseasonal rainfall patterns is likely to influence the future of agriculture requiring a faster transition to new crops, new irrigation technology and new farming technologies.

There are some good examples of land use change in particular the Kilter Rural development north of Kerang. As the impacts of climate variability become more apparent agriculture will need investment capital to modernise irrigation systems and to implement new growing systems.

These changes create opportunities for consolidation of land to support new industries and business ventures, for example, intensive animal production, environmental projects and renewable energy activities. There are examples of dairy farmers moving to new production systems in light of changing weather patterns.



5.2.2 GLOBAL AGRICULTURAL INDUSTRY CHANGES

The performance of the Australian agricultural economy is subject to global industry trends and changes. These include:

- Subsidised production from overseas competing with local product
- Compliance requirements for customers and markets
- The need for further investment in Australian agriculture
- Threat from foreign domination of marketing arrangements, and
- Poor digital technology in rural areas

The Australian agricultural sector has long been susceptible to fluctuating world commodity prices usually associated with supply and demand.

5.2.3 CHANGES TO WATER USAGE

Over the years, the combination of natural droughts and increasing human use of the waterways for agriculture, manufacturing and communities has led to a decline in the health of the Murray Darling Basin.

In 2012, there was widespread agreement across government that a plan was needed to manage our water carefully and protect the Basin for future generations. The Murray–Darling Basin Plan was developed to manage the Basin as a whole connected system.

The aim of the Murray–Darling Basin Plan is to bring the Basin back to a healthier and sustainable level, while continuing to support farming and other industries for the benefit of the Australian community.

At its heart, the Basin Plan sets the amount of water that can be taken from the Basin each year, while leaving enough for our rivers, lakes and wetlands and the plants and animals that depend on them.

Recovery volumes are based on scientific methods and judgement. Figures are determined based on an analysis of historical data, environmental science, and social and economic analysis, as well as the modelling of different future scenarios.

Farmers today have to deal with the challenges and opportunities imposed by new irrigation and environmental water policies. As a result, many in the agricultural community are feeling the pressure of making important investment decisions for the future or commit to succession plans.

In the local dairy sector, water security has had a massive impact on farm production with many farmers having made previous investment decisions only to see the temporary water market become very costly.

Water security and price will continue to play a major role in the dairy industry especially with predictions that much of the irrigation water will be consumed by large orchards in the Sunraysia as the trees reach maturity and new plantings are undertaken. This will place added pressure on many pasture-based enterprises that will need to compete with horticulture on the open market.

There is also significant pressure to ensure that irrigation water costs are minimised and this will place pressure on Goulburn Murray Water to reduce operational costs and look seriously at the irrigation footprint in the GMID.

5.2.4 OPPORTUNITIES

The removal of water from (or the reduction in diversion limits allocated to) a given property provides an opportunity for reconfiguration or consolidation of the land to support other uses such as dryland agriculture, carbon offset plantings, biomass, bioenergy, feedlotting and horticulture. Consolidation of large areas of land can result in the creation of productive enterprises (based on scale and access to water), positive environmental outcomes and floodplain rejuvenation.

For the Gannawarra the opportunities associated with intensive animal industries and intensive covered horticulture needs to be a primary consideration to offset the reduction in available irrigation water and make better use of land, water and local services.

Many of the soil types in the Gannawarra are very heavy and wont be suitable for dryland cropping. Without irrigation their use is limited.



5.2.5 THE GREEN MOVEMENT

Recent environmental policy changes at the Federal and State level has created uncertainty for the farming community:

- Murray Darling Basin Plan
- Animal rights activists
- Right to farm legislation
- Native vegetation clearing
- Potential Carbon tax
- Irrigation pumping costs

5.2.6 CONFIDENCE LEVELS

Confidence levels will always be a shifting goal and the present business situation could be described as mixed. While many livestock farmers would be happy with the high beef and lamb prices (August 2018), the irrigated agricultural sector remains concerned about the level of uncertainty with irrigation policy and pricing. Irrigation is still impacting on the dairy sector as increasing competition for water drives prices up creating further uncertainty.

Rural land prices are continuing to rise and the interest from corporate farming businesses remains quite strong especially in the broad acre dryland sectors. However, the industry can turn around quickly and rainfall is certainly a key driver of confidence in the rural sector.

The retail sector is experiencing significant change as consumers have far greater choice to purchase goods and services. Demographics continue to drive retail change with smaller households and an ageing population. It is fair to say that retail confidence is being challenged as many struggle to maintain a sustainable customer and profit base.

The Gannawarra has an opportunity to assist the farming community by facilitating new agricultural projects that provide value to the wider community.

5.3 MANUFACTURING AND INDUSTRY

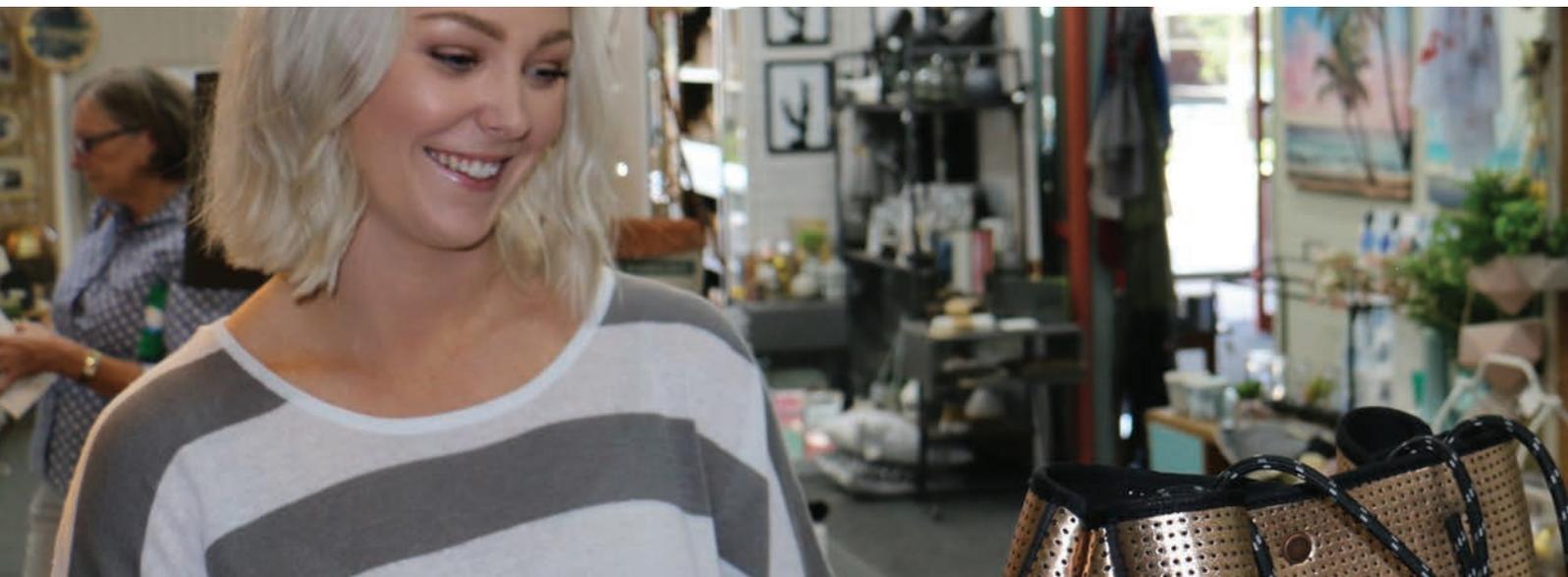
5.3.1 NATURAL GAS

The Energy for the Regions program commenced in 2011 to supply reticulated natural gas to communities across regional and rural Victoria.

At the time, many regional Victorian residents and businesses were paying up to 30 per cent more for LPG than customers connected to reticulated natural gas.

The program was established to provide the necessary infrastructure to connect regional Victorians to reticulated natural gas to reduce delete-their expenses.

Kerang is connected to natural gas allowing consumers far greater choice in energy options.



5.4 TOURISM AND RETAIL

5.4.1 LACK OF DEVELOPED TOURISM PRODUCT

The Gannawarra lacks quality refinements and commercial activities that are characteristic of other highly developed tourism areas of regional Victoria. Much of the tourism product is focused on self-organised low-yield activities such as fishing, watersports and camping. While these products have been great for the local market they lack the refinement to drive higher levels of visitation across the local economy.

The natural environment has the potential to support further product development but is restricted given much of the area is crown land controlled by Government agencies.

Better utilisation of the natural environment and an increase in visitation could see the development of new products, such as:

- Horse trail riding camps
- Kayaking tours
- Boat cruises
- Indigenous tours
- Further tracks and trails development
- Mountain biking
- New accommodation
- Improved food and wine culture
- Farm stays/farm tours/local produce
- Arts and cultural precincts

All of these products have potential; however, it will take significant time and effort to develop and maintain these types of market activities. In some cases it will require “passion over profit” particularly with farm to plate based businesses.

The Shire has several quality natural features and attractions that have the potential for tourism development, which in turn would drive increased visitation from new markets.

These include the Murray River, Kerang Lakes and the Gunbower Forest.

Other potential opportunities for tourism product development include the heritage town of Koondrook and the Gunbower Creek frontages in and around Cohuna.

Kerang which is regarded as the main service centre for the shire has seen improved product development with new park and rest area, new toilets and landscaping and improved recreation activities at the Kerang swimming pool. There is a need for improved food services and improved accommodation to capture more of the tourism market and encourage retail shopping experiences.

5.4.2 TOURISM SEASONALITY

The Gannawarra is primarily a summer destination with visitation revolving around outdoor water-based activities such as camping, fishing and boating. As a result, there is a significant degree of seasonality in the local tourism market. This is detracting from the region’s ability to become a year-round destination and draw enough visitations to support more infrastructure and tourism product investments.

Improvements to tourism product to create year-round all-weather attractions can help drive increased visitor numbers in the off season. There is also an opportunity to stimulate visitation through the scheduling of events during the off season and to continue to develop the emerging nature-based tourism industry in the Gannawarra. Products such as mountain biking, bushwalking, kayaking and quality dining experiences can drive greater visitation in the cooler months.



5.4.3 LIMITED QUALITY TOURIST ACCOMMODATION

Much of the accommodation in the Gannawarra is geared towards the lower yield market.

Opportunities exist to broaden accommodation options by facilitating the establishment of:

- Higher-quality accommodation. In particular motels, units and specialised accommodation options.
- Higher-quality tourist parks.
- Resort-style accommodation e.g. on the Murray River, the Kerang Lakes or Gunbower Creek.
- Nature based tourism/self-contained cabins.
- Farm stays.

5.4.4 A HIGHLY SEGMENTED TOURISM MARKET

The Gannawarra predominantly services the lower yield tourism market which is geared towards low expenditure visitation (e.g. camping and fishing).

The Shire has an excellent opportunity to attract higher yielding visitors by developing quality tourism product and marketing the area to specific new tourism segments. These activities could be mutually beneficial, i.e. bringing in new customers would increase tourism revenue and facilitate investment in new product development. This in turn would attract new visitors. The challenge is to secure hospitality business managers that have a good understanding of the products required.

5.4.5 LOW PRODUCT EXPOSURE TO MELBOURNE MARKET

At only three hours from the Victorian capital and with several high-quality tourism assets (including the Murray River, Gunbower Forest, Kerang lakes), the Gannawarra has potential to compete for the lucrative Melbourne market.

However, anecdotal evidence suggests the target market for the Gannawarra has generally been other areas of regional Victoria (e.g. Ballarat and Central Goldfields). The significant Melbourne market (apart from 'in-the-know' watersports, fishing and camping enthusiasts) is largely untapped.

Addressing this issue requires improved product development – especially quality food and accommodation, and a range of products that appeal to the market. The capacity of the Gannawarra to become a weekend tourist destination is presently constrained by the limited opening hours of shops, cafes, etc., and the lack of higher quality products, particularly higher-end dining, food and wine culture, and quality up-market accommodation.

Unlocking the potential of the Melbourne market is a significant opportunity for driving increases in both tourism yield and visitation. Furthermore, Council is encouraged to assess the need and potential for the provision of a higher quality dining experience in the Shire. Experience from other parts of regional Victoria (for example, Mildura and Dunkeld) has shown that just one good restaurant can become a destination in its own right, bringing with it aggregate tourism benefits to the surrounding region.



5.4.6 BUSINESS LEADERSHIP

There is generally a lack of business leadership in the region across all industry sectors. This is symptomatic of the lack of large-scale businesses in the area that have the resources and time to provide services to the local sector.

In particular, there is little evidence of the types of coordination and leadership needed to drive the retail and business sectors forward into the future. While Council can intervene and facilitate, ideally the business community will recognise this gap and work together.

A strong partnership is required between the private sector and Council to maximise the development and growth opportunities.

The neighbouring towns of Swan Hill, Echuca and Bendigo draw retail business away from the Shire. This is particularly an issue for some of the outlying settlements in the Gannawarra where the distances to these towns are less. For example, Leitchville is just 50 kilometres from Echuca whereas Mystic Park is a mere 36 kilometres from Swan Hill.

Enabling population attraction through employment generation is a key component of this strategic plan. Increasing the Shire's population will enhance the long-term viability of the retail sector and potentially open up the possibility to expand the local retail offer to compete with neighbouring regional centres.

5.4.7 SUSTAINING THE RETAIL SECTOR

The retail sector is a significant contributor to the Gannawarra economy and accounts for 11% of all jobs in the municipality.

Sustaining the strength and performance of this sector into the future will be challenging given the fast-changing pace of customers shopping habits. While Kerang and Cohuna offer a good retail mix for the size of the towns, they lack the higher end shopping and large format retail and wholesale outlets that only a larger urban centre can provide. As such, larger centres with retailers such as ALDI and Bunnings are attracting significant numbers of shoppers from outlying smaller communities.

No longer is shopping just shopping. For many people, shopping is an experience and they are seeking dining as part of that experience. Australia's retail sector also continues to face challenging operating conditions, with high levels of competition, increasing digital disruption, and weak household income growth slowing retail spending.

6.

STRATEGIC DIRECTION 1



FACILITATE THE DEVELOPMENT OF AN INNOVATIVE AND DIVERSE AGRICULTURAL SECTOR

6.1 RATIONALE

Irrigated agriculture is the engine room of the Gannawarra economy and the dairy sector has long been a key driver. While changing, agriculture is still the Shire's largest industry. Therefore, it is important for the Gannawarra to acknowledge the importance of the local dairy sector and initiate steps to strengthen the competitive advantages of this industry. Irrigation is critical to the success of the dairy sector in North West Victoria and will play a key role in determining the direction of the industry in the medium term.

Many of the industry changes are well beyond the scope of Council and the existing agricultural community to manage. Council does have the ability to assist localised investment in agriculture by undertaking positive facilitation and maintaining sound knowledge of future industry trends. The community needs to be welcoming of corporate agriculture as this sector will realise some of the biggest gains for small communities in terms of local investment and jobs. Over the past 30 years there has been a 40% reduction in the number of farm businesses and predictions are this trend will continue to place pressure on family farms.

The changing local landscape highlights what is possible when convention is challenged. The introduction of new crops such as cotton and corn, tomatoes and organic grains, along with new irrigation techniques will drive the future farming landscape. New directions for dairy with specialised feed sheds and robotics are also challenging convention.

Innovation will drive new opportunities and on ground development will require strong relationships with the investment sector. Agriculture requires a high level of capital investment to realise the opportunities that exist on the international market to drive further efficiencies and production scale. While over 90% of farms are family owned it is estimated that Australia will require up to 1 trillion of capital investment to double current exports by 2050.

A range of intensive industries that are less reliant on soil and water but have the capacity to increase production, increase employment and drive population growth should be supported. Intensive animal industries such as poultry, pigs, dairy and beef, a variety of crops grown through intensive hydroponics, and feed production to support intensive animal industries should be key focus areas for the Gannawarra.

Agriculture is the highest employment sector in the Gannawarra and is also one of the most volatile industry sectors. Council's role will be to recognise the importance of agriculture and provide suitable services, infrastructure, and policy aimed at encouraging further investment.



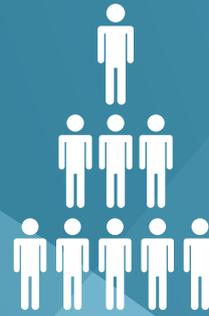
STRATEGY 1

FACILITATE THE DEVELOPMENT OF A DIVERSE AGRICULTURAL SECTOR

| ACTION | PARTNERS | KPIs | YEAR |
|---|---|--|-------------|
| Action 1.1 Utilise funding streams to ensure major transport routes are upgraded to accommodate high volume, high value agricultural production. | Local VFF leaders Community groups Industry sectors Processors | Funding sought | Ongoing |
| Action 1.2 Utilise and maintain the Agricultural Investment document to drive growth and diversity in agriculture | Local VFF leaders Community groups Industry groups | Document distributed | Ongoing |
| Action 1.3 Facilitate further value adding in agriculture to drive jobs and population growth | RDV Investment agencies | Value add projects developed | Ongoing |
| Action 1.4 Facilitate further organic farming opportunities in the local area. | Kilter Rural RDV | New organic projects | Year 1 to 5 |
| Action 1.5 Facilitate the development of intensive hydroponic growing systems for the agricultural sector. | RDV Council VFF State Govt. | Hydroponic systems developed | Year 1 to 5 |
| Action 1.6 Identify issues impeding agriculture and provide strong advocacy at a local, regional and State level. | RDV State and Federal Government | Advocacy undertaken | Ongoing |
| Action 1.7 Recognise Climate Change predictions and work closely with stakeholders to ensure farmers have the information to make informed decisions. | RDV Irrigated Cropping Council VFF UDV NCCMA | Information and initiatives undertaken | Year 1 to 5 |
| Action 1.8 Identify and utilise local infrastructure to support the development of intensive animal industries including new dairy opportunities. | G-MW Coliban Water Wimmera Mallee Water | Projects developed | Year 1 to 5 |
| Action 1.9 Host an annual farm walk event that highlights new diversity in agriculture. | Local farmers RDV Council Community Groups | Event held | Year 3 to 5 |
| Action 1.10 Invest in marketing that supports the innovation and investment required to grow the agricultural sector. | Council RDV | Marketing undertaken | Year 1 to 5 |

7.

STRATEGIC DIRECTION 2



DRIVE POPULATION GROWTH THROUGH BUSINESS AND LIFESTYLE ATTRACTION

7.1 RATIONALE

Business and lifestyle attraction is critical to maintain healthy population growth. While population forecasts have predicted longer term population decline, the 2016 Australian Bureau of Statistics Census confirmed a rise in population for the Gannawarra. A growing population is needed to support the retail sector and maintain local services.

Residents enjoy a relaxed and safe environment surrounded by natural beauty of the forests and waterways and outdoor activities within a Mediterranean climate with above average sunlight days per year. Furthermore, the Gannawarra has a range of new residential estates in Kerang, Cohuna and Koondrook that are selling strongly. Waterfront land close to the Gunbower Creek in Cohuna and Koondrook is popular while the Kerang lakes also provide growth opportunities. These factors combine to make the Gannawarra an attractive lifestyle choice.

While marketing the lifestyle attributes of the Shire is important, it is critical to combine this with efforts to increase employment opportunities. As such, Council should continue to be proactive in promoting opportunities to attract new business investment and facilitate the creation of new jobs. This will encourage working age residents to relocate (or return) to the area. This is one of the most critical aspects in the strategy.

The ageing population creates opportunities for aged care and retirement living, but the focus is the 25 to 45-year age group. Council must ensure that employment opportunities from the aged care industries are balanced against the increased burden placed on service provision, for example, healthcare and transport.

The implementation of high-speed broadband can act as an attractor for new residents, home based businesses and bandwidth-intensive industries to move to the area.

Infrastructure development in small towns needs very clear strategic direction. Council can no longer afford to develop towns for the “existing” population alone but must ensure development aligns to the future target markets and caters for creative and inspiring younger-aged residents that will assist to strengthen the local economy. This doesn’t mean that the existing demographic is overlooked but more so that Council ensures it is far more futuristic and innovative in developing local infrastructure.



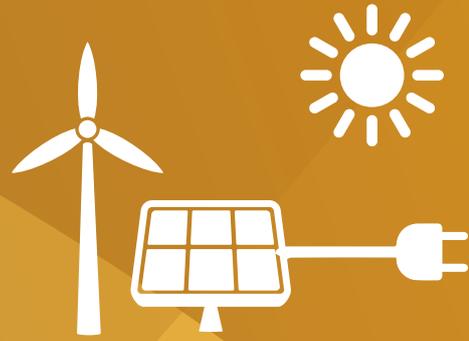
STRATEGY 2

DRIVE POPULATION GROWTH THROUGH LIFESTYLE AND EMPLOYMENT ATTRACTION

| ACTION | PARTNERS | KPIs | YEAR |
|--|--|---|-------------|
| Action 2.1 Maintain Council's Strategic Projects document, ensuring infrastructure is developed that supports liveability and commercial activity in line with the Council Plan. | Council CMA Parks DELWP Private partners | Document maintained and reported to Council | Ongoing |
| Action 2.2 Develop and implement projects and infrastructure from the Waterfront Masterplans. | Council G-MW NCCMA | Projects implemented | Year 1 to 5 |
| Action 2.3 Maintain a ready supply of industrial land in Kerang, Cohuna, Koondrook. | Council Business community | Land is available | Ongoing |
| Action 2.4 Facilitate the development of mineral sands mining activities that have the capacity to provide increased returns to landowners and create new jobs. | Commercial businesses Community | Facilitation and assistance provided | Year 1 to 5 |
| Action 2.5 Develop a strong marketing campaign and branding to attract new residents. | Council Business community | Campaign implemented | Year 1 to 5 |
| Action 2.6 Facilitate the development a multi-purpose facility in Kerang that meets the needs of the local communities. | Developers Community | Process facilitated with Council | Year 1 to 5 |
| Action 2.7 Facilitate the development of residential estates (including retirement living) in line with community needs. | Council Developers Community | Process facilitated and land available | Year 1 to 5 |
| Action 2.8 Provide a range of learning activities in partnership with training providers aimed at achieving a skilled workforce. | Council RDV TAFE Business | Learning Activities implemented | Year 1 to 5 |
| Action 2.9 Provide assistance to businesses via the RDV range of State Government programs and Council initiatives. | Council RDV Business | Assistance programs implemented | Ongoing |
| Action 2.10 Undertake a detailed retail strategy to provide direction for the sector to guide future growth opportunities. | Council RDV Business Community | Strategy completed | Year 1 to 2 |

8.

STRATEGIC DIRECTION 3



FACILITATE THE DEVELOPMENT OF THE GANNAWARRA AS AN ENVIRONMENTAL LEADER

8.1 RATIONALE

Economic, climatic and policy influences continue to drive land use change in the Gannawarra. As a result, there are large tracts of rural land available which are suitable for a variety of non-traditional uses.

Current shifts in Federal and State Government policy present a number of potential opportunities for 'green' land uses within the Gannawarra. This land use would not only drive forward the region's environmental credentials, but deliver direct and indirect benefits to the local economy. The most promising of these opportunities relate to environmentally-sensitive business practices, solar power, carbon offsets, biofuels and passive waste utilisation.

Increased regulation and changing customer preferences have combined to elevate the importance of good environmental management practice in agriculture and industry. Governments, corporate businesses, markets and customers are increasingly demanding ethical and environmentally-sensitive business practices in relation to land management, waste disposal and other business processes.

In June 2016, the Victorian Government committed to Victorian renewable energy generation targets of 50% by 2030.

Wind and solar energy are considered to be the most commercially advanced renewable energy technologies in Australia and it is therefore likely that the majority of renewable investment over the next decade will focus on these two sources. It is predicted that by 2050 around 50 per cent of our electricity generation will be from wind and solar. Coal generation is predicted to make up just 11 per cent of the overall generation capacity. The cost of renewable energy is lower than coal generation. Additionally, the cost of battery storage is falling each year while many of the larger energy companies are opting for investment in renewables over traditional generation methods that are no longer "bankable".

The Gannawarra has several unique strengths that make it attractive for large-scale renewable energy investment and environmental business development. Council should leverage these competitive advantages and continue to be proactive in attracting green industry investment into the Gannawarra.



STRATEGY 3

FACILITATE THE DEVELOPMENT OF THE GANNAWARRA AS AN ENVIRONMENTAL LEADER

| ACTION | PARTNERS | KPIs | YEAR |
|--|--|-------------------------------|-------------|
| Action 3.1 Facilitate further development of the energy sector in particular new technologies such as micro grids, hydrogen and waste to energy. | AEMO DELWP MRGC Energy companies Community | Projects commenced | Ongoing |
| Action 3.2 Provide strong advocacy to upgrade the transmission network to allow further investment in generation. | AEMO DELWP MRGC Energy companies | Advocacy undertaken | Year 1 to 4 |
| Action 3.3 Leverage the current energy developments to assist new business start-ups in energy, tourism and hospitality. | Business Council Energy companies Community | New business leveraged | Year 1 to 5 |
| Action 3.4 Facilitate the development of community based energy programs with CVGA aimed at reducing costs for community members. | DELWP Energy companies | Community programs introduced | Year 2 to 3 |
| Action 3.5 Host an energy workshop open to the public with stakeholders such as DELWP, Swinbourne University and related energy businesses. | AEMO DELWP MRGC Energy companies Community | Event hosted | Year 2 |
| Action 3.6 Work with energy companies to develop waste projects that add value to the local economy and enhance the environment. | DELWP Energy companies Community | Projects implemented | Year 1 to 4 |
| Action 3.7 Develop appropriate car charging sites in the Gannawarra in line with the CVGA project. | CVGA MRGC Community Business | Sites implemented | Year 1 to 3 |
| Action 3.8 Brand Gannawarra in a way that creates a positive profile recognised Australia wide in the renewable energy field. | DELWP MRGC Community | Brand developed | Year 1 |

9.

STRATEGIC DIRECTION 4



DEVELOP THE TOURISM SECTOR THROUGH IMPROVEMENTS IN PRODUCT AND INFRASTRUCTURE

9.1 RATIONALE

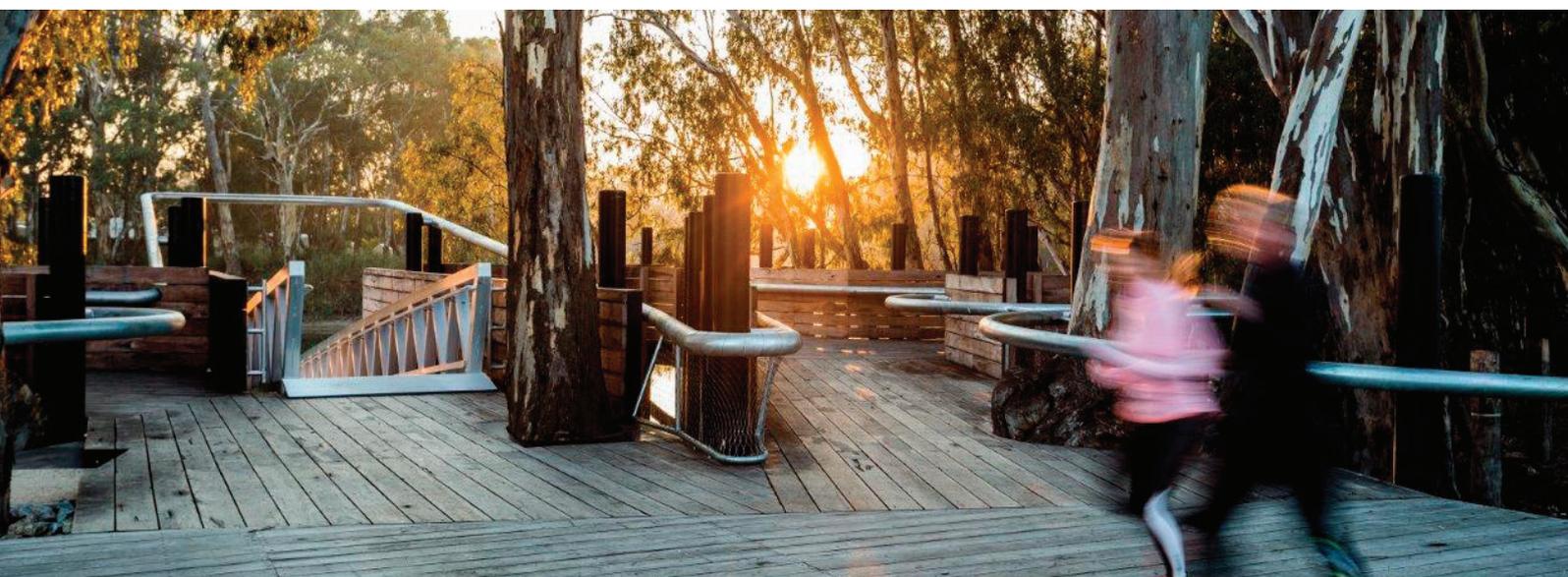
All over the country, small towns are looking to attract their share of the tourism dollars big cities are generating. This is because growing rural tourism can contribute to the economy of small communities and many communities see Tourism as a “quick fix” for economic growth. The Gannawarra is no different and has numerous environmental features within the local landscape with the capacity to provide new tourism product.

Much of the tourism product in the Gannawarra is out-dated and services the lower-yield markets, but there are signs of change with many new businesses recognising the emerging opportunities. New infrastructure is supporting commercial development including the Waterfront masterplans and Sir John Gorton precinct both of which will assist to improve the range of tourism products on offer.

A prospectus has been developed to highlight the development opportunities in places such as Kerang, Cohuna and Koondrook and these locations are being targeted by commercial developers investing in a range of new activities such as accommodation, food and hospitality and boating activity. Having the appropriate infrastructure is critical for the development of such projects.

The Koondrook waterfront is a good example of Council and the community recognising the strategic directions of tourism in the Murray region and working together to develop projects. These projects, which are being supported by both State and Federal Governments, are a combination of Council infrastructure and commercial investment – the perfect partnership.

Understanding the tourism markets and tourism products will be the key to developing the Gannawarra as a real nature-based tourism destination. Ports of the Murray, Murray River Adventure Trail and the Murray River Road are all regional projects that will benefit the Gannawarra and influence infrastructure development.



STRATEGY 4

DEVELOP THE TOURISM SECTOR THROUGH IMPROVEMENTS IN PRODUCT AND INFRASTRUCTURE

| ACTION | PARTNERS | KPIs | YEAR |
|--|---|------------------------------------|-------------|
| Action 4.1 Facilitate the development of nature-based tourism products. | Community Parks DELWP NCCMA | New products developed | Year 1 to 5 |
| Action 4.2 Participate in the establishment of the local stages of the Murray River Adventure Trail. | MRT MRGC State Govt RDV | Designs developed | Year 1 to 3 |
| Action 4.3 Facilitate the implementation of the Waterfront masterplans and seek funding to implement. | Community RDV G-MW Parks CMA | Projects implemented | Year 1 to 5 |
| Action 4.4 Facilitate the development of commercial hospitality projects and products that build tourism and lifestyle capacity. | Community Developers RDV | Projects and products developed | Ongoing |
| Action 4.5 Facilitate the development of “quality” accommodation options across the municipality. | Community Developers Council Parks DELWP | Accommodation developed | Year 1 to 3 |
| Action 4.6 Maintain a suite of marketing materials that are brand aligned to support the local tourism market. | MRT Community groups | Materials developed and maintained | Ongoing |
| Action 4.7 Facilitate activation of the Koondrook Wharf and Cohuna Waterfront. | Local community groups | Sites activated | Year 2 to 3 |
| Action 4.8 Facilitate infrastructure for passive recreation in Kerang Regional Park. | DELWP Parks CMA | Infrastructure developed | Year 3 to 4 |
| Action 4.9 Develop a business prospectus for Kerang (Lakes), Cohuna and Koondrook. | Developers Parks DWELP Council MRT | Prospectus developed | Year 1 |
| Action 4.10 Host an annual round table event aimed at setting strategic directions with stakeholders. | Developers Parks DWELP Council MRT | Event hosted | Year 1 to 2 |

10.

MONITORING AND EVALUATION



THE SUCCESS OF THE STRATEGY WILL BE DETERMINED BY MEASURING ITS PERFORMANCE OVER TIME.

It is recommended that the implementation of the strategy is monitored by the Economic Development Unit. The team should:

- Conduct an annual review on the progress of the strategy and the status of actions by assessing against the measures of success contained within the strategy action plan.
- Provide annual progress reports to Council on the strategy's implementation.

It is important for Council to understand that the structure of the local economic landscape is fundamental to shaping economic development within the municipality. In light of this, it may be necessary to update or change some of the strategies and actions recognising any macro changes to the economy during the implementation stage.





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