

## 21.05 ECONOMY

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### 21.05-1 Overview

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Towong Shire has the least diverse economy in the North East region, being heavily dependent upon agriculture. The agricultural sector in turn is the least diverse in the region, relying heavily on beef grazing. Economies with a narrow base such as Towong Shire, are particularly vulnerable to external forces, including changes in terms of trade, fluctuations in commodity prices, the vagaries of seasonal variations and climate change.

The townships of the eastern sector of the Shire are faced with the challenge of planning for an ageing and declining population as youth seek education and employment opportunities elsewhere. The ageing population has created opportunities in the area of health and community services with a range of such services located in Corryong, Tallangatta and Walwa.

### Employment

The size of Towong Shire's labour force in 2011 was 2863 persons, of which 904 were employed part-time (31.6%) and 1643 were full time workers (57.4%).

An analysis of the jobs held by the resident population in Towong Shire in 2011 shows the three most popular industry sectors were:

- Agriculture, Forestry and Fishing (603 persons or 21% of labour force)
- Health Care and Social Assistance (255 persons or 9% of labour force)
- Education and Training (187 persons or 7% of labour force)

In combination these three industries employed 1,045 people in total or 37% of the employed resident population.

A clear dichotomy exists between the eastern and western parts of the Shire in relation to employment. The breakdown of employment by industry indicates a higher percentage of employment in agriculture, fishing and forestry in the eastern part of Towong Shire and a greater percentage of employment in construction, education, manufacturing, government administration, defence, property and business services in the west of Towong Shire, reflecting the greater reliance on Albury/Wodonga as an employment centre for residents in this part of the municipality. Overall 30% of all employed residents of the Towong Shire work outside the Shire, and around 80% of those who work outside the Shire work in Albury/Wodonga. Household incomes in the west of the municipality appear significantly higher than in the east where income is more reliant on agriculture.

Employment in SLA B remains heavily dependent upon agriculture whilst SLA A, chiefly because of proximity to Albury Wodonga, has a broader range of employment opportunities and is more advanced in its decoupling from the agriculture sector. In 2011 Towong SLA 'B' had 42.1 % of persons employed in this sector, which was more than four times the proportion in Towong SLA Part 'A' (9.3 %). Almost all of the decline in employment in this sector within the Shire can be attributed to losses in SLA 'A' in the west of the Shire, with employment in this sector in SLA 'A' contracting by almost a third since 1991. The retreat of agriculture as a land use from the SLA 'A' landscape has been significant and sustained.

There is considerable gender imbalance in agricultural employment in Towong, with female employment in the agriculture, forestry and fishing sector being relatively stable at around 30% of total agriculture employment. This underscores the significance of the sector for the employment of men within Towong Shire at around 70% of total employment in the agriculture sector.

- The rural areas in the eastern and northern parts of the Shire are indicative of lower household incomes where much of the wealth of these rural communities is contained

within the assets they hold, rather than income generated. In these rural areas the relatively high proportion of low income households is largely a function of the dependence upon agriculture and because of the lack of alternative off-farm income sources.

- Whilst most areas with a large proportion of high income households tend to also have fewer low income earners and vice-versa, the western part of Towong Shire is an exception. This area has both a high proportion of high and low income earners and displays a distinct polarisation of weekly household incomes. Eastern Towong Shire is experiencing an increase in those not in the labour force with the changing age profile the most likely explanation.

## **Tourism**

Tourism has significant potential because of the Shire's proximity to the Alpine and Kosciusko National Parks, major State Parks, the Murray River, Lake Hume, Dartmouth Dam and other key waterways.

The natural environment provides large areas suitable for outdoor recreation such as bushwalking, camping and four-wheel driving. Towong Shire contains some of the finest landscapes in the country with spectacular vistas of the Murray River and Snowy Mountains.

There are significant buildings, mining heritage and railway bridges which all contribute towards the cultural heritage of the Shire.

The former Wodonga-Tallangatta-Cudgewa railway line traverses a scenic route that includes numerous historic trestle bridges and has significant potential as a recreation trail, particularly with the completion of the bridge on the Sandy Creek arm of Lake Hume.

These features combine to offer a comprehensive tourism product based around the natural environment providing opportunities for active and passive recreation, accommodation and tourism based activities ancillary to agriculture.

## **Timber Plantations**

Towong Shire provides a favourable environment for plantation forestry and provides significant potential to grow commercial crops of trees in plantations. Softwood plantations have a strong spatial association with locations that offer a physical environment that provides high rainfall and suitable soils, and the presence of these attributes has seen extensive plantation development centred around the Shelley-Koetong Plateau.

The plantation estate in the Shire was commenced during the 1960s and continued to expand until the mid-1980s. Since the early 1990's there has tended to be very little investment in new industrial-scale softwood plantations in Towong Shire.

The plantations within Towong Shire have not been of sufficient scale to support local processing, and all plantation logs are hauled to processing centres in other local government areas. This situation in regards to large scale processing is unlikely to change even if there is further expansion of the plantation estate. However, there is opportunity within Towong Shire for other ancillary and complimentary, forestry based industries that rely on proximity to the resource to reduce haulage and transport costs.

Whilst plantation forestry may yield comparatively high returns per hectare and is a large land use in terms of total area, it does not appear to make a commensurate direct contribution to the social and economic wellbeing of the Shire. Plantation forestry makes a very minor contribution to direct employment within Towong Shire. In 2011, of the 603 Towong Shire residents employed in the 'Agriculture, Forestry and Fisheries' sector only, around 11 people or 1.8% of these residents were employed in forestry and logging (excluding timber processing). In this way, whilst plantation forestry is a significant land use within the Shire and provides quite substantial overall economic returns and scope for indirect employment such as, accommodation suppliers for harvesting contractors, mechanics, roading contractors, fuel suppliers, and spraying contractors, it appears to be

making only a modest direct contribution to the economic and social well-being of Towong Shire.

### **Agriculture**

The value of agricultural production within Towong Shire has increased steadily from \$52 million in 1997 to \$78 million in 2006. The performance of agriculture in Towong during this period matched the overall average increase across all local government areas in the region.

Importantly, the increase in Towong Estimated Value of Agricultural Operations has not been evenly distributed across both Statistical Local Areas. In Towong SLA 'A', where there has been pressure for land use change for rural living purposes the increase was 46% compared to 54% for SLA 'B'.

Some key trends are evident in the rural sector within Towong Shire. These are:

- Declining overall farm numbers.
- Increasing overall production.
- Increasing importance of beef grazing.
- Increasing economic scale of agricultural enterprises, though there are still very few economically large enterprises.
- Smaller comparative economic scale of enterprises when compared to similar enterprise types at a state or national level
- Declining employment in agriculture. Important in this regard is the declining employment in agriculture of the Towong 'rural balance' population.
- Declining agriculture in SLA 'A' in the western part of the Shire.
- Demand for rural living chiefly in the western part of the Shire.
- Impact of wild dogs on sheep production.
- Significant spatial variation in the productive capacity of rural landscapes. It is estimated that:
  - Around 40% of Estimated Value of Agricultural Operations (EVAO) is produced from approximately 6% of the freehold rural land.
  - Approximately 50% of freehold rural land produces 90% of EVAO.
  - The remaining half of freehold rural land only produces around 10% of EVAO.

In Towong, the most noticeable change in the economic size of farms has been a sharp and sustained contraction in the number of economically small farms with an Estimated Value of Agricultural Operations (EVAO) of less than \$200,000 per annum. Within a decade, the number of farms operating at this economic scale has almost halved. By enterprise type, the greatest decline in economically 'small' farms has been within the dairy sector.

Dairying is capable of earning much higher returns per hectare and can better afford to occupy the premium agricultural lands within the Shire. The proportion of economically large dairy enterprises has increased from around 8% of all enterprises in 1996 to 21% in 2011. The number of economically small dairy operations declined from 29 % of all dairy enterprises in 1996 to 5% of all dairy enterprises in 2011. Within the dairy sector there has been a pattern of increasing scale, though when benchmarked against the broader region, dairying is taking place in Towong at a much smaller scale and is less 'industrialised' than elsewhere in the region.

The trends in terms of changing economic size of beef enterprises within Towong parallels the dairy sector.

Apart from dairying, the number of economically 'large' farms (those with an annual EVAO of >\$500,000 per year) within the 1996-2011 period has remained relatively static.

The real growth in this period occurred in those enterprises deemed to be of 'medium' economic size (EVAO between \$200,000 and \$500,000 per annum). The Towong dairy and beef EVAO data suggests that within both enterprise types, a seemingly inexorable drive for increased economic scale is taking place.

There has been a significant decrease (29%) in the total area of farm holdings as measured by the area of agricultural establishments, from 1997 to 2006. Within the Shire there was an overall decrease in the area of farms of some 63,603 hectares over this period. This data suggests that most of the reduction in total land used for agriculture is taking place within SLA 'A' where there is greatest pressure for genuine land use change. In addition, the pace of this change has increased substantially since 2001 with the increasing 'peri urban' influence of Albury-Wodonga the key driver. The data is clear in illustrating the profound contraction of agriculture from parts of the west of the Shire, and the increasing pace of this contraction. Over the period 1997-2006 SLA 'A' accounted for 60% of the overall decline in the total land area used by agricultural enterprises across Towong Shire.

### **Economic Changes within SLA 'A'**

The retreat of agriculture as a land use from the SLA 'A' landscape has been significant and seems appears inexorable. It is clear that there is a progressive and shift away from traditional full time farming and associated production-based dominant land uses to a land use pattern dominated by rural residential development. There has been 28% a reduction in agricultural employment over the period 1991-2006. In 2011, 97% of all farm businesses in SLA 'A' had an annual Estimated Value of Agricultural Operations (EVAO) of less than \$350K meaning that these enterprises are under significant economic pressure if they are simply relying on income from the farm business alone. The decoupling of the agricultural sector within SLA 'A' over the period 2001-2009 is evidenced by the following:

#### Beef Grazing:

- 37% reduction in the number of beef enterprises.
- 47% reduction in the number of beef cattle.
- 48% reduction in the area of beef enterprises.

#### Sheep:

- 63% reduction in sheep population.
- 52% reduction in wool production.
- 46% reduction in the area under sheep production.

#### Dairying:

- 73% reduction on stock numbers
- 66% reduction in milk production.
- 74% reduction in the area under dairy production
- 76% reduction in the number of dairy businesses

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### **Key Issues**

Key planning issues associated with the economic development of the Shire are:

- Need for greater economic diversification.
- Need greater diversification within the agricultural sector.
- A small part of the overall Towong landscape provides a large proportion of the agricultural output.
- The inexorable drive for increased operational scale by existing agricultural enterprises.

- The smaller relative scale of agriculture in Towong.
- Limited opportunities for off-farm income, particularly in the east of the Shire.
- Declining agricultural employment.
- Many smaller agricultural enterprises are unable to achieve productivity gains which in turn impacts on their ability to maintain real income, jeopardising their long-term viability.
- Retreat of agriculture from the western part of Towong Shire, particularly within the Statistical Local Area 'A'.
- Need for greater cultural diversity and a broader range of cultural activities.
- An ageing and declining population, particularly in the eastern part of the Shire.
- Lack of employment, education and training facilities for youth.
- Need for improved infrastructure including telecommunication infrastructure.
- Protection of important landscapes and natural environment.
- Protection of high quality agricultural land.

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**Objectives**

- Encourage economic diversification and greater agricultural diversity.
- Enable and facilitate genuine farm restructuring.
- Protect farmland of strategic significance and farmland important for food production.
- Identify and protect significant landscapes.
- Encourage additional residential and rural living opportunities.
- Protect key environmental assets important for the economic well-being of the municipality and that are pivotal for tourism growth.
- Encourage tourism investment.
- Improve the appearance and convenience of the key business and retail areas.
- Formalise existing commercial and industrial areas.
- Pursue opportunities for eco-tourism and cultural tourism.
- Discourage further plantation establishment in the following:
  - Identified significant landscapes;
  - Areas containing steep slopes;
  - Areas with remnant native vegetation;
  - Areas with high fire hazard;
  - Areas appropriate for food production;
  - Areas of high quality agricultural land; and
  - Areas of environmental significance.

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**Strategies**

- Rural land use planning:

Alternative land uses should be able to be considered on their merits particularly when they can increase the net benefit to the broader community, both now and into the future. In this

way rural does not necessarily mean agricultural. The vision and strategic position of the Municipal Strategic Statement supports a rural land use planning framework within the Shire that recognises and responds to a multifunctional landscape in order to cater for desired rural land use planning outcomes in different areas of the Shire.

This approach recognises three main functional landscapes:

1. **Production Towong** – this includes areas of farmland of strategic significance containing high quality agricultural land where agriculture and food production has primacy and where protection of agricultural land is paramount. In these areas the following are to occur:
  - a. The Environmental Significance Overlay is to be extended to apply to all high quality agricultural land as defined by the 1:50,000 agricultural quality mapping undertaken by the 1985 Rural Land Mapping Project.
  - b. Retention of the Farming Zone with a merits based approach to minimum subdivision size.
  - c. Undertake land capability mapping at the 1:25,000 scale to better define high quality agricultural land within Towong Shire and to provide the basis for a high quality agricultural land Environmental Significance Overlay and for the deployment of a zoning regime that gives primacy to agriculture.
2. **Transitional Towong** - being agricultural land of low to moderate quality where diverse land use planning outcomes are encouraged including deploying a zoning approach that encourages increased planning discretion and enabling consideration of a diverse range of land uses together with a merits based minimum subdivision size.
3. **'Peri Urban' Towong** - being land essentially located to the north west of the Shire within the 40min travel / commute contour of nearby Albury – Wodonga where rural residential development is to be encouraged and where there is an absence of high quality agricultural land.

Other strategic actions:

- Implement the recommendations of the Towong Shire Settlement Strategy (2010), including:
  - Rezoning in accordance with the individual town Structure Plans; and
  - Provision of additional rural living opportunities in the western part of the Shire and adjacent to existing towns.
- Implement the recommendations of the *Towong Shire Rural Land Use Study*.
- Protection of cultural heritage through implementation the recommendations of the *Towong Shire Heritage Study*.
- Implementation of the recommendations of the Tallangatta Tomorrow project.
- Provide a Local Planning Policy position that makes provision for genuine farm restructuring.
- Change the Rural Activity Zone schedule to enable the excision of a dwelling from a lot of any size.
- Encourage the development of tourist trails based on the cultural heritage features of the Shire.
- Encourage the establishment of industries complimentary to plantation forestry such as bio-energy from plantation wood waste.
- Protect natural and physical features which contribute to the overall tourism experience.
- Landscape protection through use of Rural Conservation Zone or Significant Landscape Overlay to cover important landscapes, including those identified within the Mitta Mitta and Murray River valleys, areas adjacent to the Mt. Granya State Park, Mt. Lawson State Park, Burrowa Pine Mountain National Park, along major touring routes and also at Tom Groggin Station.

- Provide a Local Planning Policy position that discourages timber plantation in areas containing:
  - Identified significant landscapes;
  - Areas containing steep slopes;
  - Areas with remnant native vegetation;
  - Areas with high fire hazard;
  - Areas of high quality agricultural land where food production has primacy; and
  - Areas of environmental significance.