CORRECTED VERSION

OUTER SUBURBAN INTERFACE AND SERVICES AND DEVELOPMENT COMMITTEE

Inquiry into growing the suburbs:
infrastructure and business development in outer suburban Melbourne

Melbourne—27 February 2012

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Ms C. McLeish Mr C. Ondarchie

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Witnesses
Victorian Farmers Federation:
Mr J. McElwee, Policy Adviser Land Management;
Mr G. Leach, Chair, Land Management Committee; and
Ms J. Clements, Member, Land Management Committee.
The CHAIR—I would like to advise the public gallery we have our additional, long-awaited witnesses that I am about to welcome. The formal proceedings of the committee will start immediately. In my capacity as the chair of the Outer Suburban and Interface Services and Development Committee, we will start the formal processes. This is an all-party committee and we welcome you. There are some formalities that we need to read into the record before you make a contribution to us today. It is important for you to know that when you are before this hearing that all the evidence taken is protected by parliamentary privilege as provided by the Constitution Act of 1975 and further subject to the provisions of the Parliamentary Committees Act of 2003 and the Defamation Act of 2005 and, where applicable, the provisions of reciprocal legislation in the other Australian states and territories. Any comments you make outside this hearing, however, may not be afforded such privilege. That gives you the opportunity to speak with more freedom than you would in other environments.

It is important to know that this evidence is being recorded by our transcription services, and a hard copy of that evidence will be available approximately two weeks for you to look for typographical or spelling errors. There are no contextual changes to the transcription normally available. I understand Mr Gerald Leach is the chair of the VFF Land Management Committee. We have Mr Jacob McElwee, as the policy adviser on land management, from the Victorian Farmers Federation, and Ms Judy Clements as a member of the VFF Land Management Committee. We welcome you all and are very much looking forward to hearing your opening remarks. Once we have an appropriate amount of background information the committee members will put some questions to you. We are very interested in hearing what you have to say. From time to time in your opening remarks there might be a point where we would want to interrupt you. We want to be quite productive. You being late has put pressure on some other arrangements. If we could bear in mind we are going to allocate as much time as we possibly can, although we have to be very focused in perhaps your opening remarks, so if we can get the questions going very quickly.

Mr LEACH—Thank you, Chair, and firstly our apologies for our lateness. I will not go into it because that only takes time. In terms of this inquiry my understanding is that we have been invited to attend it. We did not put forward that we wanted to, and in fact we read the terms of reference and thought where do we fit in terms of this because there is no reference to agriculture in it. But we appreciate the fact that you have invited us to appear today because there are very significant issues in terms of the impact that urban development has on agriculture, that is in two ways, both in terms of the fact that it takes productive food and fibre producing land out of that production, but also very significantly in terms of the impact that urbanisation has on adjoining farmlands. It has an impact both in terms of the effect it has on land values and the flow-on effect of that then in terms of rates that the landholders have to pay—farmers, that is—but it also has a significant impact in terms of land use conflicts.

I think we all know the scenario of the situation where an airport is built, and then when people build around the airport, we hear of complaints about the noise from the aeroplanes; a similar situation in terms of the impact of urbanisation on urbanisation on agriculture. Those of us who practise agriculture think it is a pretty mundane and non-intrusive activity, but often people who are not used to it take exception to both the noise, the smell and the dust and whatever else from agriculture. The outcome of that is we tend to see significant restrictions placed on those agricultural activities that are close to new urban development; things such as not being allowed, for example, to use scare guns to keep birds away, and then when people go to an alternative, such as using netting, to keep birds out, then we find that for amenity reasons they are told they are restricted in using nets.

The CHAIR—Could I interrupt you at that point?
Mr LEACH—Yes.

The CHAIR—Is there a proportion you are actually allowed for landscape values?

Mr LEACH—Judy might be best to answer that.

Ms CLEMENTS—It may vary from municipality to municipality but I am aware in some cases that there is an area restriction of 60 per cent, for example, of an orchard or a vineyard area.

The CHAIR—that is 40 per cent left exposed to hailstorms and so forth.

Ms CLEMENTS—Yes.

Mr LEACH—in terms of other things, there is the issue of, for example, green wedge areas where supposedly they are protected for agriculture but then there are impositions placed on those green wedge areas that make agriculture very difficult, on top of the fact that speculation also tends to increase the value of those properties which again increases the municipal rating burden on them. We would like to think there are some solutions to all this. I know some of my colleagues would say the solution is to tell the people to buzz off, but we know it is a much deeper problem than that. I could say a lot more but I think it is important that Judy who has a lot more detail than me, as someone who lives in the environment that we are talking about—should say some more.

The CHAIR—we will look forward to hear from Ms Clements. Would you like to start?

Ms CLEMENTS—Yes, thank you, Madam Chair. Thank you, Gerald. I would like to by way of introduction—because I think it is important to provide a little bit of background—as to why I feel strongly on many of these issues. My farming experience has been passed down through the generations. I am a fifth generation farmer. We are farming in the Whittlesea municipality and also up in the Goulburn Valley between Shepparton and Echuca. We have been farming in the Whittlesea district since the 1840s, initially as a dairy farm, and we have continued that dairying involvement and it is ongoing, in some respects, in northern Victoria. We were dairying in the Whittlesea area and it is now a beef operation. We are broadacre commercial farmers and have been involved with Victorian Farmers Federation over a long period of time and actively involved with the Whittlesea branch of the Victorian Farmers Federation and, as you have heard, I am involved with the Land Management Committee.

The reason why I felt it was important to say that is that I think from that background comes a very strong, for me, powerful, driving passion in relation to agriculture and to what I see is a decline in agriculture over, particularly, the last 20 years or so. There are a number of these factors that I think are combined to bring us to where we are today, and the changes that we see in the peri-urban and interface areas.
A lot of my experience comes, on this subject, directly from farming in one of those peri-urban areas and the difficulties that creates, and then my ability to compare that with a traditional farming area in northern Victoria where farming activities are seen as very typical in an everyday sense and are not seen with the same degree of, in some respects, negativity that they are on the urban fringe.

If I could perhaps state a few benefits in what I see as important in relation to farming in the interface and fringe areas, green wedge, whatever we call them. They add up to the same issues eventually. The first one I have listed here is in relation to food miles. We have many examples in other parts of the world, particularly in parts of Europe and Britain, where there seems to be a greater ability for farming and urban activities to come together. I do not whether it is something that changes with the passage of time, or whether it is something to do with Australia not having had the same deep and lasting experience of shortage of food that some of our European, British and many other nations may have experienced over the centuries. But there does seem to be a difference with how we view our farmers. That has become more evident in the last 20 years or so. We do not seem to have the same recognition factor and the same value for what they do.

If we look at the changes in that over a period of time, even through the changes in education and the experience that children have growing up through the education system, or the limited number of people now, as young children, spend time on a farm, compared with what used to happen, and the fact that education does not talk to the same extent that it used to once upon a time about farming and food and fibre production, and the importance of our farmers. Children grow up to be the policy-makers and then we end up with this much greater gap in the understanding between urban and rural. It is particularly exacerbated in the rural fringe. From another perspective, food miles, which we often here about now is something so significant to all of us in a time of greater awareness of the environment and the importance of reducing food miles, then it should be, if nothing else, one of the driving factors that cause us to look at the urban sprawl and how we treat our farming land.

Secondly, my involvement over recent years with green wedges. I have read many documents by governments and departments where there has been an open acknowledgment that what green wedge are about are to 'safeguard agricultural uses and preserve rural and scenic landscapes'. We all know—and there have been studies written throughout the world—of the importance, for physical, social and psychological reasons, for people to be able to get beyond the bitumen. There is an obvious benefit in terms of fresh air. There are vistas. There are a lot of things, but it is always and often hard to quantify but they all exist. I am sure that every one of us here today would understand the difference between driving through a rural area, compared with being in a heavy urban setting.

There is another aspect to the benefit of where these areas sit in relation to urban centres, and that is the role that the farmer plays in maintaining that land in relation to weed and pest control, compared with how these areas can be, if they are left as open space that is unfarmed or open space in terms of public parkland and state forests and so on. The farmer plays an important role in maintaining that.

One that I am sure that for all of us is never far from our minds is the impact of the disastrous Black Saturday fires. If we look at areas surrounding Melbourne, particularly to the north and the north-east there are the physical limitations of mountain ranges. We have seen from that experience not very long ago that when you bring together a greater level of urbanisation into those settings that have been traditionally farming rural settings, then there brings something very different. There brings the obvious increase in population but also it brings a different thinking. Sometimes the two do not mix.
Having been through the experience of Black Saturday and the loss of some of our farming land—which in no way compares with the horrific circumstances in the loss of life that so many people experienced—it caused me to think about it a lot more afterwards and to see that the further we go to those geographical features, the more we are creating an enormous challenge for the future and the potential for even greater loss of life.

I see there are benefits in retaining these agricultural activities, but for any of these things to be able to be economically sustainable and viable into the future, they have to be just that. Farming is no different to any small business or any business in that if it is not economically viable it does not really have a future. Yet on the other hand we only need to look at the statistics, and particularly some of the recent figures that came out that reinforced what we all understand is the importance of funding in an economic sense to Australia—and the Victorian figures were particularly impressive—but also what we do as farmers in two respects, and that is the production of food for our nation and for export purposes, but also the role that we play as almost—I like to call it—environmental caretakers. I think there is such an opportunity for that to come together.

The reality is that we experience on the interface enormous impediments to continuing to do our job. Certainly, Gerald has touched on a number of those that I classify under the topic of Right to Farm. They are the opportunity in these areas to carry out what we would consider as normal practices in other farming areas, such as a pump operating during the night to fill a dam or a water trough; the use of agricultural machinery at odd hours because that is when the weather dictates that a harvest needs to happen; the netting, as we have already touched on; movement of animals and farm machinery on roads; the problems of dogs intruding onto farming properties and loss of livestock; the impediments, such as some councils requiring planning permits over a cap of a certain number of animals, livestock, on a farm. These things vary quite a bit from council to council. There is also the impediment of planning permits or restrictions on people ploughing a paddock, for example, that might have been declared to hold native grasses. Yet these are activities that from a farming perspective are all seen as quite normal and natural in going about our day-to-day farming activities.

The CHAIR—Ms Clements, can I ask you a question at that point. If attractive farming land has been declared an area for preservation of native grasses, we are assuming that is productive land that is then taken offline, or can it be used in some other seasonal way? What sort of compensation is there for that acquisition or varied use?

Ms CLEMENTS—Right. My understanding is—and again I cannot say that this would go across every municipality but from the experience that I have had with some of our local branch people—they have experienced restrictions on their ability to plough paddocks because of that, that they have had a declaration of native grasses in those areas. It may mean that they can carry out certain activities, such as grazing, and certain seasonal management, but these were paddocks that traditionally those people had been permitted to plough for growing crops, and once there was a recognition of that other element, which I am not denigrating—I think there is such an important role that farmers and the environment have—but there is an expectation that farmers will carry the burden for those things. If there is a loss of income, because it has changed their ability and the normal activities that they could carry out on their farm, the only person here that carries the financial burden of that is the farmer.

The CHAIR—In the rural urban interface, is there a heightened infestation of weeds? Do the weed problems multiply in that urban interface?
Ms CLEMENTS—There is potential for that to occur. In those interface areas we have a combination of people who, like ourselves, are commercial broadacre farmers who understand the importance, and have grown up throughout our generations of farming of understanding and maintaining the land in relation to pest, plants and animals. You also then have properties that are purchased for lifestyle purposes. Whilst that can bring positive attributes to an area, you are also relying on those people having the same degree of understanding and commitment, and then there can also be issues with the spread of weeds through contractors and from public land, and along roadsides through contractors and so on which then, of course, become an issue for the adjoining farming land as well.

The other matter that I wanted to touch on which I think is probably the most significant example of underpinning the whole economic viability of farming land in these areas is the subject of municipal rates. As a branch, and the Victorian Farmers Federation generally, we have campaigned long and hard over the years for adequate recognition of the issue of rates on farming land right throughout the nation. But again this is exacerbated in areas that are closer to any urban setting. That can be on the fringes of Melbourne, and it might be on the fringes of Warragul, for example, or a regional centre where, because of the changes in land value, it has a significant impact on the rates that are applied to that farming property. Whilst valuation continues to form the basis for rates on farming land, unless there is a legislated change we are going to continue to have that problem.

There are some municipalities, and one of them is the peninsula, where there seems to be a different recognition of the farmers in that area where they apply what is called a house and curtilage system. I am not saying that is the only system that could be applied but what it needs is some creative thinking but, more importantly, it needs a recognition that if we are going to have farmers continuing in the interface regions, then probably one of the greatest drivers in causing them to either have a worsening, declining farming income or to drive them off the land altogether, is that whole issue of valuation causing the basis. If I could give you an example—and it is a very specific example from our own experience—in our farming land closer to the interface or in the interface, we are paying around about $53 per acre for our rates. For our farming operation in northern Victoria the figure is $7.50 per acre. It is a vast difference. I am sure we could draw on those examples right throughout the state.

Our farming operation is not fundamentally different to what it is in those two locations but our costs of production become exacerbated, predominantly through the cost of the rates, and also those other factors that I put under the Right to Farm heading. The closer we are to an urban setting, the more we are under the spotlight of the public thinking and policy-makers in a way that does not seem to be the case to the same extent in other areas where it is general practice, and accepted as general practice, for a lot of those normal farming activities.

We also suffer extreme increases in those rates from valuation to valuation. There are some examples in our area where the rates have increased in that two-year period with the valuations by 100 per cent. But the value of that property bears no connection whatsoever to its potential earning capacities from a farming perspective. A 100 per cent increase is probably at the extreme end, but 20 to 40 per cent increases in the rates from one valuation to another is not uncommon at all, again without any connection whatsoever to that farming operation.

The CHAIR—Can I interrupt you at that point.

Ms CLEMENTS—Yes.
The CHAIR—Through any research you might have undertaken, do you have any forecasting as to how many farmers in these interface areas might be prepared to walk off their land to stop it being a productive environment and actually cash it in? Do you have a way of dimensioning the movement or the churn?

Ms CLEMENTS—I do not have strict figures. I am not sure if that is something that the VFF has—or even the NFF. I do not have strict figures but certainly anecdotally the changes in these areas are enormous. It also becomes a very tricky issue because opinions can be very divided over whether farmers should be staying in those areas or not, and the other driving factors being the urban spread. In a local sense I have chosen not to get into that whole debate of whether zoning should change in particular areas or what should happen because it is an issue that can divide communities enormously, and I understand the reasons why. What I have tended to believe is that if we are going to acknowledge that the interface regions can rightly have activities that are farming based—and the current planning provisions encourage that in one sense—then what we also need to do in balancing the ledger is to make sure that we have the adequate safeguards, that those people can continue to farm and do not feel driven out by the types of factors that we have already mentioned.

The CHAIR—Another question I would like to put to you: to give us an understanding as to the economic benefit in these urban rural areas, the peri-urban areas, in terms of economic development—I am thinking of people farming beef cattle—that does flow to the export market via a local abattoir, for instance? If you could give us some examples of perhaps even the vertical integration of the farm products and how that flows through the local economy and into the national economy.

Ms CLEMENTS—I suppose there are both positive and less positive examples, depending on which area in the fringe we are talking about, but certainly looking at it across the board from a positive perspective—and this is certainly the case when we look at other farming areas throughout the state. There used to be an old saying about, 'When things are good on the farm, then they're good in the town and they're good elsewhere,' and I am paraphrasing that a little. But the general gist of that is there can be such potential for a positive flow-on from a viable farming community. That can exist whether we are on the fringe or whether we are in other traditional farming areas that are further out.

One of the difficulties that we find in a lot of these areas is that the surrounding infrastructure and the businesses that once upon a time were there, going hand in hand with the farming operation, supporting each other, reciprocal benefits, is that in some areas these things no longer exist. For example, in our district if you are transporting cattle to the saleyards, typically they might now be going to Pakenham. In some cases they might go to Shepparton or to Kyneton. A lot of those structures are nowhere near as close as what they used to be. Once upon a time a lot of the livestock from this area would have gone straight to the Newmarket saleyards. If I think of areas such as the Yarra Valley, we are probably getting that vertical integration, or even on the Mornington Peninsula, where there is that embracing of farming activities, particularly, I would say, in vineyards where one then flows on from the other, provides a real attribute for the others to follow on. It will vary quite a bit, but certainly the changes in many of these farming communities are significant and noticeable.

The CHAIR—Ms Clements, we might move on a little bit from your setting the scene for us because I am thinking about the time. Does Mr McElwee want to make a formal statement or are you happy for the committee to interact with you?
Mr McELWEE—I am happy, yes.

The CHAIR—All right. I am going to open up the questions.

Mr ONDARCHIE—Judy, one of my passions, as you know, is about water use, water management and water conservation. How does the VFF work with developers, councils, local communities in managing that relationship between the farming community, water use and water management, and developers of urban communities?

Ms CLEMENTS—I think the VFF role in relation to water management is probably more of an overarching element in relation to contributing to policy in terms of water catchment rights and so on.

Mr LEACH—The VFF does not get itself into, if you like, micro-management, so we would see that as certainly something that would be worked out on a local community basis and not necessarily just the VFF would be one player in all that. Whilst the VFF would see its role as being, in terms of overall policy development and implementation, it certainly would not see itself as being involved on a community basis in that decision-making.

Mr ONDARCHIE—Do you have interface with the GAA?

Ms CLEMENTS—Yes, I think more from an individual perspective. If you find yourself as a commercial farming property alongside a development area, there are no end of challenges that can come your way. Apart from the obvious things in terms of triggering different ways the rates are seen and so on, there is no real attempt to any buffering scenario, as I currently see it, between the areas of urban development and then the line which beyond that the farming starts again, whether that is livestock properties or whether it is broadacre commercial farming, and that is my particular area of interest.

It is not uncommon in some situations to actually have on that line, which defines the boundary between the two, properties that are continuing to farm on a broadacre basis, with suburban urban settings, standard block size, where there might be a gate that opens out of the backyard and into the paddocks, an extension of the playground, in a sense. That brings many challenges to farmers where that situation exists. Buffering, I do not think, has been given adequate consideration. If nothing else it aesthetically changes the way we move from one to the other, that importantly, in a commercial sense, it changes the ability for the commercial farmers to be able to operate within that general region, as opposed to having a line that delineates a boundary of which on the other side the activity is vastly different.

In relation to water management and other practical day-to-day matters, there can be enormous problems that can flow from a development, and flow quite literally, across farming land where I think there is a lack of surveillance at a municipal and water authority level as to how those things are occurring and what potential impact they have on adjoining farming land and environmentally in relation to watercourses. It is enormously challenging to be located in those areas.
Ms HUTCHINS—Thank you for your presentation. It is really interesting and you have raised so many issues that I hear in my areas as well, particularly around the rates. One of the things that I get a lot of feedback about in the newer suburbs that are coming in the outer suburbs is lack of access to fresh fruit and veg, fresh meat, and there is a squeeze by the large retailers to only provide access to those things by supermarkets, and the old fruit and veg shop is not being built any more in those outer suburbs, and it is something that people are really looking for, I see a need. Is there any work that the VFF is doing around maybe some direct supply, or that the state government could be doing to have direct access to fresh fruit and veg and meat?

Mr LEACH—I would not say we have done recent research on that but I think what you are suggesting is something along the lines of farmers markets, that type of concept, or direct farm to plate—I think is the term they use—sales. The experience that we have had in a number of situations is that the market in that sense is very small. For whatever reason, most people seem to still prefer to shop at the two big supermarkets, and we ask a lot of questions about why that might be. We also ask questions about why they do not pay our farmers very much for their products either. We are talking, with due respect, about a very small market. We are really talking in that sense about niche markets. We would only see niche markets as taking up a very small percentage of the overall produce, bearing in mind that whatever we pay for food here in Australia is generally dictated to by the value of that product on the export market anyhow because we trade on the export market for a great number of our products. That market actually determines the price.

If I can give a very quick example. For years the two main supermarkets were the dominant user of lamb in the market, and it was not until Meat and Livestock Australia developed markets in Europe and North America that created an export push that the prices for those products increased because then the export market became the price-setter. I think you can understand why we therefore value an export market quite considerably, notwithstanding the fact that there are other issues we face in terms of the current value of our dollar and so on. But certainly niche markets in themselves, to a degree, the price is still determined by what an alternative price is somewhere else. Might I add too, if I can, that Australians per hour, per dollar of wages earned, actually eat the cheapest food in the world, apart from New Zealand, where Jacob came from originally. We might think our food is expensive but it is not. The research that we have noted is that in fact because Australians eat such cheap food, relatively speaking, they put more money into housing which I am sure would be of interest to you.

Ms HUTCHINS—Can I make the point that with outer suburbs, many families tell me they are not getting the quality, and it is the irony of the fact that they are probably closer on the fringes, yet you have a better choice if you live in the inner city, 15 K's, to better quality food, than people on the 30 K's boundary.

Mr LEACH—it is interesting. I cannot explain why.

Ms CLEMENTS—Could I make a comment in relation to that. I also receive that type of feedback from time to time, but again I think that to cause these things to happen—and whilst it may not always fit the model that a larger-scale commercial operator is working under, as Gerald has said, it is a whole different scenario—there can still be a place for that greater interaction. The greater interaction can only be a positive thing in the long term. It is a bit of a chicken and egg situation also at the moment. Because we have had a number of years where people have lost that connection, we are really trying to make up a lot of ground again now.
Again, for those things to be really viable and positive attributes in a community in the future, they need to be embraced by, whether it is local council and state government, but they also need to be accompanied by this broadening of our thinking about what the importance is of our farming community to everybody's everyday existence and wellbeing, in terms of the quality of our food and our environmental management.

I wanted to touch on an example that we had a few years ago. I do not have evidence to necessarily say that this has changed significantly. A small horticultural operation was doing a great job in our area to get itself established, and one of the biggest impediments they had—once they were at a point where they wanted to tell the public who they were and where they were for that very reason, so that local people could come there and purchase the food that was probably within hours of coming out of their horticultural operation—was the difficulty with signs on the road. They had to spend a tremendous amount of time and effort convincing VicRoads and local council that they should have a sign on a main road to tell people where they were. To me, what seemed such an obvious thing and such a simple thing to support that operation, it was something that you had to jump through a number of hoops to achieve it. The underpinning planning provisions, if we say we want to recognise green wedge or interface areas for the benefits that they can bring to the broader population, and if we acknowledge the commercial agricultural activities, one of the approved activities in those areas, we need to back it up at state and local government level with perhaps a more realistic view of what that means.

The CHAIR—Thank you, Ms Clements. I will invite our local member, Cindy McLeish. I am sure she is very anxious to put questions.

Ms McLEISH—I could question all afternoon. I want to get onto the topic of taking away the productive land with the urban sprawl. It is something that does concern me, and it is questions that I have asked others. One of the responses I received recently at a public hearing such as this was, 'That's okay, the farmers just go elsewhere.' I was concerned that perhaps the valuable, productive farmland was the stuff that was being developed, rather than the land that is not as productive at all, that is full of rocks and things like that, that remains. But the easy to develop, valuable farmland is what does get developed and we lose that agricultural production. Is your feeling that it does go elsewhere?

Ms CLEMENTS—in some respects—and it will be interesting to hear Gerald's thoughts on this as well from outside these areas—it may well go elsewhere but it is probably not the only consideration that needs to be factored in. If we look in an arc around Melbourne we can see very recent examples of the loss of amazingly productive land in Werribee, in the sand belt, in the south-east, the Plenty Valley with rich soils. All of these areas have changed significantly and it may well have been taken up elsewhere, but I think that we, as farmers and policy-makers and law-makers, have reached the crossroads in this country. Even though we have this vast landmass, this is a finite resource that we are talking about. Because, in my opinion, farmers and farming activities have dropped off the radar to a large extent in terms of—we all know the significance and the role that farmers play, as I said before, in terms of food production and environment and economically. But my grave concern is that we are not going to see that reflected in the right vision for our nation until we have lost a lot more of it, and it gets to a point where then it is too late. It is a finite resource. Whether it goes elsewhere and whether it becomes consumed in some other operation and production figures may not reflect it, at some point we have to ask ourselves as a nation, what sort of communities do we want to create; what sort of urban sprawls do we want to create, and the issues that flow on from that; and how and where do we want to produce our food.
I have in front of me—and quite coincidentally—a quote that I came across when I was doing some reading this morning in preparation for today, and I have underlined in red here—it was said by Franklin D. Roosevelt in 1937, 'The nation that destroys its soil, destroys itself.’ I thought how pertinent that is to what we all do as farmers and what we all do as consumers of the farmers product.

Ms McLEISH—Following from that, and we mentioned earlier about economic viability and the impressive agricultural results that we have had earlier this year, just very recently, would you like to comment on the statement that the percentage of farmers making a profit is relatively low, and certainly in this area?

Ms CLEMENTS—I would support that statement wholeheartedly. I feel not only in this district where the potential for generating a profit from your farming operation is exacerbated by all those factors, but generally as a farming community we have been in a state of decline financially for probably over 20 years. I have not brought some of the figures with me, but if we look at the average farming operation, and particularly talking about farming families, we struggle to keep up with the cost of production. We have seen that further aggravated in the dairy industry and we probably see it across the board. I think if we were really serious with what we are doing as food producers and preserving that and what that means for the future, we would probably pay 50 cents a litre at farmgate to the dairy farmer for his milk, and at the moment we are paying something in the 30s to 40s. Not long ago, during the drought, we were under 20 cents a litre. In the diary industry we are either just below, just on or just above cost of production. I do not see that as sustainable and I think that even though meat prices have gone up more recently, what the consumer pays is not always a reflection of what the farmer makes. That is not good for the farmer and it is not good for the consumer. It is good for somebody in between. That is my thinking.

Mr LEACH—Can I follow on with that question please, Chair.

The CHAIR—Yes.

Mr LEACH—Can I make the point, as Judy said, we have a finite amount of land. We are not creating any more farmland. All clearing of land has stopped. What we are doing every time a farm is taken over for urban development we are reducing our productive capacity, full stop. The farmer might move elsewhere, purchase a farm somewhere else, but that is not replacing the productivity that has been lost to the urban development.

The CHAIR—Shrinking supply. Do you have a suggestion as to how we can impart the importance of the preservation of productive soils that it takes millions of years to create soils? Have you thought this through in terms of a message to inculcate the importance of this so that it becomes one of the things that is part of the considerations when these moves are made for development, that it is up there as an equal thing to recognise, along with other landscape issues, the productivity?
Mr LEACH—Chair, the only way is through avoidance, that is avoidance of the loss, because whilst we have found that farms strive to increase production—and I think I am right in saying if we look at figures from ABARES, for example, that Australian farm productivity has been very good in terms of its productivity growth, particularly in the last two decades—the result is we cannot continue to produce more off less, and in fact the serious issue in terms of a state like Victoria is that with the urban expansion of the greater Melbourne area, I suppose you would say, is that it is some of the most productive farmland, the higher rainfall farmland, is actually going out of production. I can assure you there are some parts of the state that I am sure you are well aware of that actually have diminishing communities, not because of decline in farming but in fact quite the opposite, because of technological advancement in farming where so few less people are required to produce the same amount of product.

What we are seeing there are communities that are dying because of lack of population; communities that might have had 500 people 20 years ago and they are down to about 150 people now, simply because less people are required to operate the farms. We are seeing the very opposite scenario. Rather than seeing expansion of an urban community, we are actually seeing a diminishing of it which brings in all sorts of issues, such as services for those communities because you cannot retain a viable community once you get below a certain figure.

The CHAIR—Mr Leach, thank you very much for making that point. I think it is a very important one. We have now run out of time for our hearing with you before us today. It has been really fascinating to hear your input and of great value to our deliberations. I thank the three of you for the high quality of your input and how focused it has been and how relevant and, from my point of view, might I say quite moving as well when we actually take in the ramifications of the points you have made. It has been insightful and most valuable. On behalf of the committee, thank you for coming here today.

Mr LEACH—Thank you.

Ms CLEMENTS—Thank you very much.

Witnesses withdrew.

Committee adjourned.