T R A N S C R I P T

LEGISLATIVE ASSEMBLY ENVIRONMENT AND PLANNING COMMITTEE

Inquiry into Securing the Victorian Food Supply

Morwell – Thursday 16 May 2024

MEMBERS

Juliana Addison – Chair
Martin Cameron – Deputy Chair
Jordan Crugnale
Daniela De Martino
Martha Haylett
David Hodgett
Nicole Werner

WITNESSES

Bronwyn Koll, Regional Coordinator, Keep Yarra Valley Fruit Fly Free;

Kevin Sanders, Sanders Apples and Yarra Valley Council Rural Advisory Committee; and

Hamish Mitchell, Managing Director, Speciality Trees, and Yarra Valley Council Rural Advisory Committee.

The CHAIR: Welcome back to the public hearing in Morwell. I will just run through some important formalities before we begin.

All evidence taken today will be recorded by Hansard and is protected by parliamentary privilege. You will receive a draft transcript of your evidence in the next week or so for you to check and approve. Corrected transcripts are published on the committee's website and may be quoted from in our final report.

Thank you for making the time to meet with the committee today. I was just saying to Bronwyn and Kevin, and Hamish, I will extend it to you, that if you get into the car park and you are driving home and you go, 'Damn it! I really wish that I had included this' or 'I would have really liked to have made that point', please feel free to email the committee, because we are really interested in your perspective, your point of view and the advice that you have for our committee.

In order to start – I will start with you, Hamish – could you please state your full name and title before we go into any opening remarks.

Hamish MITCHELL: I am Hamish Mitchell. I am the managing director of Speciality Trees in Narre Warren East.

The CHAIR: Thank you for being here today.

Bronwyn KOLL: I am Bronwyn Koll. I am the Regional Coordinator for a government-funded program called Keep Yarra Valley Fruit Fly Free. We are part of Victoria's managing fruit fly strategy 2021–25. I would also like to be here as myself, and that is a farmer in the Yarra Valley.

The CHAIR: Fantastic. Thank you so much for being here. Kevin.

Kevin SANDERS: Kevin Sanders, Coles Road in Three Bridges. We are apple farmers, and this is my last year as an apple farmer.

The CHAIR: Excellent. We will be interested in hearing from you. Starting with Hamish, did you want to make any opening remarks?

Hamish MITCHELL: Yes, thank you. I am actually not a food producer. I am at the beginning of that process as a nurseryman, but we have moved that particular facility to Benalla now. We are actually producing orchard trees, fruit trees, in Benalla as feedstock, if you like, into the orchard industry. That is not fantastic. There is not a lot in that space going on. As a sign of where the food production industry is going, particularly in trees, it is not fantastic, and Kevin will talk about that later on. But we are very engaged in the nursery industry. The NGIV, Nursery and Garden Industry Victoria, put in a submission. I read that this morning, and that is really very good and highlights that nurseries are struggling with the same processes that are happening with food production in that space.

The cost of land, the lack of infrastructure, all those sorts of things in that peri-urban area where we live and work are really making business very difficult to manage. I live on a rural road called Wellington Road in Narre Warren East. It is the major thoroughfare from Emerald to the city. There are 14,500 cars that go past on that road, they tell me, every day. Getting my trucks out in the morning is almost impossible now, so it just adds to the cost of what is going on. That road has been up for upgrading many times and has lost funding many times, and no doubt that is happening in other places as well. The point that I am trying to make is that we have got 14,500 cars going past on a rural road and that does not work anymore, so we have really got to do something about that. At 2 o'clock in the morning we can get to the city in half an hour, yet we are still working on a SWER line there. A SWER line is a power supply, a single-wire earth return. It was put in in the early 1900s

and has never been upgraded. That sort of stuff really makes life very difficult. NBN in my area is not non-existent, but it is very, very poor. So we are 30 minutes to the city and we cannot get good services, and that is really unfortunate.

Anyway, as far as the cost of the land and what we are doing on that land now, it has to be very intense, and that is not happening as far as food production. Even nursery production now is starting to be marginal where we are. The average cost of a block where I am is about $3 million, so the only people that can buy that is somebody with off-farm income. They do not do anything with it. We have got a neighbour, and we mow their paddocks now because they are not being grazed or used for any other purpose. All they were growing were wild blackberries, and that was impacting my business. We are now looking after that property as well, so there is a real issue. And we have got issues with deer, 30 minutes from the city. Those things are not being managed properly in our space, and that is just adding to the cost of dealing with what we are doing. They are the things that we really need to address in this space. I think that is probably enough from me.

The CHAIR: Thank you very much, Hamish. We look forward to digging deeper into some of these issues. Bronwyn, wearing multiple hats today, would you like to make some comments?

Bronwyn KOLL: I grew up in Wonga Park. Kevin's family knew my family and still do. My earliest experiences of that were the neighbour ringing up my mum and telling her to get her rabbits off the windowsill that were eating her pot plants and some blue lights up on Launders Avenue, wondering what the noise was at night when Dad was putting out his spray on with the tractors. My family relocated out to Coldstream, and Dad and my grandfather continued orcharding out there. Just recently my parents have sold that property. Pretty much, to quote my dad, 'Why should I keep working to feed the nation when it costs me $8000 a year for the privilege to do so?' I would have liked to have kept farming and continued on the tradition of growing apples with my family. At the end of the day, my parents could not afford to give us the farm, and I could not afford to buy it. Their money that they have managed to accrue in that time of that orcharding phase has pretty much only just covered what super they need, because they did not put any super away producing apples and fruit for the Victorian public and wider public to consume.

So I took on the education, doing agricultural science in Dookie, and that is your 'getting the city kids out to the country kids' model of education. From there I have had kids, I have married a nurseryman and we too, a family business, are trying to supply fruit trees to these orchardists – and you are not buying enough, Kevin. We cannot sell enough fruit trees. The role that I have taken on as the Regional Coordinator for Keep Yarra Valley Fruit Fly Free has led me to understand even more of this problem that my parents have had and other orchardists and other farmers have had with the subdivision and the urbanisation of this peri-urban space. My job is to teach people about Queensland fruit fly. It is an emerging pest. This is a government-funded project pretty much to support fruit growing in Victoria. It underpins a lot of fruit growing for export too. The challenge is to get everyone in a region on the same page with regard to the management of a pest.

Unfortunately, in my job I have to speak to so many people and try and get so many people with different interests on the same page about investing money and time and resources into the management or prevention of a pest, and herding cats would be probably easier. I speak with commercial orchardists. I speak with commercial strawberry growers. I speak with people that have planted 500 lemon trees on their property in order to lower their council rates, and that is their primary interest in having planted those lemon trees. I speak with community gardeners. I speak with backyarders. I try and speak with waterways authorities. I try and speak with councils. I try and speak with VicRoads to reduce this biosecurity threat where these fruiting weeds and unmanaged properties actually harbour fruit fly, which the farmer can then do nothing about, because he can only control what is inside his fence. So, my issue that I would like to bring to the panel's attention today is about biosecurity and the gaps that exist between the local council and government whereby a farmer is under threat of having their fruit crop destroyed because there is no-one to help him clean up the neighbour's backyard.

The CHAIR: Thank you very much – very, very interesting things that I look forward to learning more about. Kevin, tell us about what brings you here today and some opening remarks, please.

Kevin SANDERS: My remarks obviously start from childhood. We grew up in East Doncaster. It was then an area not unlike where we live now in the Yarra Valley, which is right at the top of the Yarra Valley up near Powelltown. There was farmland all around us, from our place almost all the way to Box Hill, which is

obviously a very urban area these days. The reason we moved out of Doncaster was the encroachment of the peri-urban area. In fact it was completely urban not much after we left. We moved miles away out to the top of the Yarra Valley and assumed that no-one would annoy us for the rest of our lives, but in fact that has not happened.

I can remember when the Dandenong Ranges authority was first brought in and the green wedge was first brought in and the impact that it was supposed to have. The ideal that was behind it was that it would enable people such as us to remain in farming for the remainder of our lives. It has worked somewhat. The real difficulty has been that it has not worked at all, because what happens is that the peri-urban area fringe – that is, the boundary of the green wedge – stalls on an edge, and then anything that is outside that edge for the next 20 or 30 miles becomes 1-acre blocks, 5-acre lots, 10-acre allotments and, depending on where the council is and what the Victorian government decides, subdivision minimums of 80 acres. That is the current process. The area has gone up during my lifetime, and it doubles every 10 years, much like farm sizes are supposed to do. But it does not help. It just means that the wealthier people move into those areas, not the more modest people, so it really has not helped farming whatsoever. I can remember growing up when there were farms throughout Wantirna, the lower Dandenongs, right throughout the Yarra Valley.

My generation – and I was talking to Hamish earlier – will be the last generation of the last 22 commercial farmers in the Yarra Valley, because no-one sees an income in it. The reason I am getting out is I am 70 years old this year. My family has been in farming – and this is the real shame about this part of it – for 99 years in Australia, and we are not going to make a century. It is a shame, because for people who know me, I am absolutely passionate about our industry. I have spent most of my working life working both for our family farm and for the national industry. I spent 24 years on the board of APAL working for growers' interests on a national basis, so my passion has extended me to trips overseas to see how other people do it and how to do it better. As it says in my CV, we won an award quite a few years ago; Minister Joe Helper gave us an award for being the smartest guys in town in those days, but it has not helped us, being the smartest guys in town.

The problem that has encroached upon us is really to do with the domination of the changes in the supply chain. The movement of the supermarkets into our system has taken away the opportunity for small and modest farmers. We are not a small farm anymore, but we were in those days. We grew bigger thinking that that was the way to go, but it is clearly not. You know, our farm size now is 10 times what my father started with, and it has not given us an income that supports the families that we do. We have got quite a lot of staff. All of those people will obviously be out of work in some near-term future because there is just no more money in it. That is the literal truth of it. None of the guys I know want their kids to go into it, because there is no money in it, and it is heartbreaking from a point of view of.

You know, when you think about your food security, it is not our generation's problem. Our generation is quite alright. There will be food. But the next generation, when the farmers of our age finish up, there are no more kids in it. We have got two builders, one lawyer, three excavator drivers; there are 12 kids in the family. They are all making a fortune. As I said to Hamish, last week I worked 84 hours, and I am 70 years old and I am not paying our way. We have run losses for the last four years in the company, and we are putting superannuation back into the business so we can just do it. What is the point? There is not really much sense in it, because if we sold the farm, financially we would be much better off, but I would not be a farmer any longer. But we have had to come to that decision.

So that is kind of where we are at, and the reality of it is some of your thoughts on green wedge – it is a common thread: no-one often asks the farmer where he wants to be in the next 20 years. We did not envisage 20 years ago that we would come to this space now and say, 'I'm sick of farming,' because it is not really true. But it is. I am sick of not making any money, and if your recompense, from people's view, is that they measure on money, then we are destitute. If it is on the value of what we think we are doing, then we have been winners. I have enjoyed it, but I will enjoy retirement too. Thank you.

The CHAIR: Thank you, Kevin. It is great to have you here with your perspective and your experience, particularly after just previously hearing from young Sterling, who is 18, at the beginning of –

Jordan CRUGNALE: He is still here.

The CHAIR: He is still here – his journey. Daniela, I am going to say, as the local member for the Yarra Valley, would you like to kick us off?

Daniela DE MARTINO: I will just clarify. First of all, thank you everyone for coming in. As the Member for Monbulk I cover the Dandenong Ranges, which actually includes Narre Warren East. I know Wellington Road only too well. That forms part of the boundary of my electorate, and it also includes Gembrook all the way out there and picks up Ferntree Gully and Sylvan and Wandin, so quite a bit of farming area and a lot of NGIV members there too, just to give you some background. I am almost overwhelmed as to where to begin to ask questions here, because there is so much in everything that the three of you bring here today. There is a lot to unpack. Without trying to pick the best question to ask or anything – there is no particular order here; it is just trying to drill into the information. I think I could probably spend the day talking with all of you.

Bronwyn KOLL: You are welcome to do so after this is up.

Daniela DE MARTINO: I will. That would be great actually. I am just trying to look at where the best place to start is, because as I say, there is so much to unpack, and my mind is just ticking over with where we go here. Maybe this is a general question for the three of you, and whoever wants to answer first, feel free to do so. We cannot undo what has been done in the past. But we can absolutely choose the direction of the future, and that is why this inquiry is occurring. What would you say are the key things that the Victorian government needs to look at to ensure our food supply and security going into the future? What are the key things? I am not trying to get you to simplify, but to start unpacking it, where do we begin?

Hamish MITCHELL: Can I have a crack at that first? The answer is that you have got to make people successful. People are not going to do what they want to do unless they are successful, and successful means a whole range of things for different people. Kevin said before that he has lived a wonderful life, and he has not been able to hand that on to his kids. In a way I am the same. Neither of my children are in the slightest bit interested in doing what I am doing, and that is fine. This was my dream, not theirs, and we have been able to support them in their dreams and make that happen, which is great. But what happens next with the succession plan, and where does that go? We have got three properties in Narre Warren East – and I do not know what that is worth – and a debt equal to that, so we have got to make money to make that pay. It is not there at the moment. If the government wants businesses like ours and food production and those sorts of things, they have got to make it so that those people can be successful in that space and doing what they want to do, and I think that is the big thing that is missing at the moment.

The infrastructure cost of producing intensive horticulture is massive. The only people that can afford to do that are the Costas and these big groups at the moment, and that is what is happening with the fruitgrowers. The big guys are getting big, and the little guys are not going to be there. That creates all sorts of issues around food security, because you got the same things happening with the inquiry into the supermarkets and those guys at the moment. It is the same thing that is happening down the supply chain as well where the big guys are getting bigger and the smaller guys just do not exist anymore. Somehow that has got to happen in a productive way. The other thing that really needs to happen is in those peri-urban areas, because the farmers cannot make a quid in that. Those areas are becoming more and more neglected, and that is one of the things that makes Melbourne a fantastic place to live, those peri-urban areas. There needs to be strategy around how that is going to be looked after, and I think that is a really important part of that as well.

Daniela DE MARTINO: Thank you. Bronwyn.

Bronwyn KOLL: I see a lot of farmers telling me that they are making money; I know they are not. They are either funding that with off-farm income or they are farming because it is sentimental and three or four generations did it before them. I think we need to make farming rewarding – financially rewarding. You cannot have environmental sustainability, you cannot have biological sustainability, you cannot have soil preservation and you cannot have weed management if you do not have the money and time to do it. If there is no money in the bank at the end of the day, and I am trying to ask a farmer to go and pick a crop that is not yet harvested, because it is not financially viable to harvest it, and fruit fly are sitting in that fruit or potentially sitting in that fruit and it is of no impact to that farmer's bank balance, why would they do it? I do not understand, and this is very naive, why my parents did not make enough money from farming their whole life in order to be able to buy new property and in order to be able to spend money on the things that they love doing and put money into super. It simply was not there, so their only superannuation is going to come from the sale of that property.

Why is it that our farmers are feeding the nation and having to pay for the privilege to do so? What can we do about that? I do not know.

Daniela DE MARTINO: Picking up on biosecurity though, fruit fly thrives on neglect, from people doing their part, doesn't it, because I have seen –

Bronwyn KOLL: Not doing their part.

Daniela DE MARTINO: That is right, from not doing their part. As you say, if there is no incentive to harvest the crop, no financial incentive to harvest – in fact it costs you to go and harvest it – then you are leaving it there to rot, the fruit flies are multiplying and then they start infecting and spreading around.

Bronwyn KOLL: This is not just a problem in peri-urban spaces; this is a problem across the nation. What I highlighted in my submission was that we are talking about peri-urban space and yet the factors that affect what happens in this peri-urban space are the national and international prices of the food and fibre we produce. We are not on a level playing field.

Daniela DE MARTINO: Thank you. Kevin.

Kevin SANDERS: It is an interesting thing which Hamish talks about – we generally think with any industry that scale brings opportunity. Well, the sale of 25 per cent of the industry took place in the last two years, and they were what one would normally call the stress sales – the farmers that had built up over generations and sold out to corporates. I admire the corporates for the challenge ahead of them to make money out of the businesses they have bought. From a grower perspective you would think that the two largest organisations might have been able to survive better than some of the smaller ones, which is often the case because of scale, but it has not been so. It is not always the big guys that win. Currently it is the guys with the largest bank account that they started with. It is the old story – win $1 million and lose it in farming. It is a real story.

It is a shame, but that is not the part that I think interests me the most. It is the difficulty we have got in negotiating our way through people's expectations of how their food and fibre is made. That is a difficulty for us. We have continuous audits, and we have to do things that other people are not expected to do. We might be audited by firms that work for supermarkets, and we have to do things on the farm that they are not expected to do in their shops. I find that really intrusive – that we are expected to do things that they do not have to do. It is degrading. It is not a case of getting away with it. I find sense in people being audited to do things the right way, but why is there a set of rules for me and not the same set of rules that applies to them? We have social audits these days for farmers – social audits. I understand that, but we are not the guys standing up in court from time to time. It has actually been some of the majors that have stood up in court from time to time about their inability to pay their staff properly. It is not only the poor farmers that make mistakes and through circumstance find themselves not doing the right thing by everybody, because it happens. It is not unique to any single farm, because, to Bronwyn's point, if there is no money, how do you do the crop properly, have your social sustainability and have your environmental sustainability? That story is not sustainable. For we as farmers, and I have been in the industry a long time and in industry places a long time, the story is a joke, because it is killing us. One of my mates just paid $20,000 to get audited. He said, 'I don't know why I'm dealing with this firm any more,' but it is a major firm – I will not mention it. But it is a serious issue for guys. That is a serious sum of money for a little farmer. That we have to be subjected to stuff like that I find intrusive. They do not have to do it; why do we? I find that difficult to put up with. If there is a set of rules for driving on the road, we all obey them. But there is a different set of rules for farmers than there is for people who purchase from us, and I find that really difficult.

Bronwyn KOLL: What temperature do your apples have to be at when you deliver them?

Kevin SANDERS: Four degrees.

Bronwyn KOLL: What temperature do you buy your apples at when you go to the supermarket?

The CHAIR: It does not feel like 4 degrees when I am in the supermarket.

Daniela DE MARTINO: It is room temperature because it is not being chilled. They are not chilled on sale.

The CHAIR: Bronwyn, in your submission, and I thank you for your submission, you observed that Yarra Valley farmers are being displaced by urban encroachment and must overcome significant challenges and costs to relocate further from the city. What should the Victorian government be doing to protect farmland and the farm industry in the Yarra Valley, and should we be supporting peri-urban farmers to relocate?

Bronwyn KOLL: To relocate?

The CHAIR: Yes.

Bronwyn KOLL: I do have to declare here – I have to be careful that I am not lobbying government as far as my employment contract is concerned. I do not necessarily think that I have the answer to that. I just would like to point out that it is a significant cost. For example, in my personal case, where I am part of a nursery family, if we were to relocate, we would probably lose two years income in doing so. You have got all your underground mains, you have got shedding, you have got all of the infrastructure that my husband's family has put in in order to farm. It is the same with a lot of orcharding. There are underground mains; there is all of that soil wealth and history that you know. You have then got to go and learn that on your new property. We just know that that would be a huge cost that we may or may not be able to do – in my own case with my own husband and his family farm.

The CHAIR: Any other thoughts from Hamish and Kevin about the Victorian government supporting peri-urban farmers to relocate?

Hamish MITCHELL: The return that we are going to make – the return that I am going to make; I will talk about me – is actually when we sell the land, and that is probably likely. It is possible that I could sell my business, and there is some interest around that. I am 60 – or 61, I think. I am 61. My kids are not interested. I have got a succession plan, but that is skinny. In the last month or six weeks I have lost three employees. One was the industry's Young Leader of the Year last year, and he has gone off to work in a nursing home because he can earn more money there. I have got another one that we put through software development courses and turned him into a production manager – you know, a really bright guy. He came to us as a 23- or 24-year-old with anger issues and dependence issues and all sorts of things, and 10 years later to the day he left and is now a software engineer. And that is fantastic, but he is earning probably twice as much as I could ever afford to pay him. I had 36 people. I am down to about 32 at the moment, so now I am struggling to find people to work and to do the job. So what does that mean for me going forward? Is my business now sustainable or not? So sustainability means a lot of things.

But getting back to the point, where is my profit going to come from for my retirement or for what we want to do? That is probably about the sale of the land. So is it worth the Victorian government subsidising me moving my business? Possibly, if they see that as a genuine benefit. That is probably a decent option, but how much are they going to subsidise? As Bronwyn said, I have just set up a business at Benalla, an extension of what we are doing, and I have invested probably $1.2 million up there. We are employing eight or nine people up there, and we have not made any money out of that yet and we are four years into it. I thought we would be profitable after year two or three, so we are continuing to invest in that, but we are starting to just hold back a little bit on that. We might break even this year – we might break even this year – up there. So next year, if we have a good year, we will probably start regaining some of that investment. But if I am going to invest, you know, $1.5 million or $2 million, then I really want – what do I want? If I invest that on the stock exchange, I am going to get at least 8 per cent. If I am really smart about that, I might get 20 per cent, so you want 8 to 10 per cent return on that, but that is not what it is looking like. You end up, 'Is it worth my while to actually put that effort into doing that?' I think that is the point. If the government was around and wanted to help relocate, I think that is great, but I am not sure I want to.

Bronwyn KOLL: I would actually like to add to that. I do not know that there is land suitable for people to relocate to. Where are they going to go? And how many generations is it going to last? Like, if we are going to buy further out, if we can find the suitable soil with the suitable water and suitable infrastructure, if I get the opportunity to do that, I am going to need to sell that land for my retirement. Where are my kids going to go? It is going to have to stop at some generation, and I just do not know which generation the wheel is going to stop at. But I do not think the question is, 'How do we help you relocate?' I think the question is, 'What have we got to relocate to?' And I think that particular part of the problem is in short supply.

Hamish MITCHELL: And do we want to?

The CHAIR: Kevin, did you want to add to that?

Kevin SANDERS: I have got a statement here. Many farmers work their life for little or no financial reward, and the only asset at the end of their life is their land. Often they cannot sell a business as a going concern. Legislation and planning by government bodies often prevent farmers from realising the true value of their land. While I understand what you are saying is that you would like to prevent the sale of land so it would stay arable and all those things, the other comment is people always say there are winners and losers in every decision by government, but I have often seen in my experience that the money always comes from the farmer and turns up somewhere else in the community. The decisions that the government would make about enabling the green wedge has prevented all the farmers in the generation that was prior to mine from making sales of their land at decent prices. It is a dichotomy that you have got. The vision is that you will remain in farming. Well, it is not going to happen – I will tell you that right now – because we are all sick of it. The difference is, then, why are you drawing a boundary around somewhere that is not worth what you think it is? Melbourne is the biggest city in the world. I am not sure whether you are aware of it.

The CHAIR: Geographically.

Kevin SANDERS: Geographically it is the largest city in the world, and it is because many years ago we put a green wedge around the edge, and so everybody that is on the outside has to drive to the inside. It is the dumbest bit of infrastructure work I have ever seen in my life around the world, and I have been to plenty of cities in the world. It is the only place it has ever happened. Has it been successful for the reasons that people first invented it? I do not think one little bit. My comment about the 5- and 10-acre allotments is so true – that the bit in the middle is where all the wealthy people live, those that commute by train or by bus or however. Most of them drive cars; you can tell that by the roads we have got. But it has not helped farming, and if that is the point of your food security story, then it is not working, because the farmers are not making money. It is the same around the world, I can tell you that. The British government have just given their farmers a whole heap of money because they are not making money to stay in farming. And their agriculture is done completely different to ours. They have little villages where the farmers live, and their land is really arable all the way out. We have done it the other way. We have built huge towns, and the farmers keep moving further out. I do not understand where you are going to get the bit that works, because it is not working in their system and it is not working in ours, and the only difference is, it is the lack of money for the farmer. That is why it is not working. It is not that it cannot work, but the farmer cannot stay there. Everyone else works, but not the farmer. So that is probably my bit. It is got to work for them.

Nicole WERNER: So would you say, Kevin, that green wedges aside, there is more support needed then for farmers and farming? Because it almost sounds like what you are saying is systemically it is an issue where farmers are feeling like they cannot proceed and stay in the trade because it is just not economically viable, and you are telling your kids, 'Don't go into it, because this is not going to work out well for you.' Do you think that the government needs to do more in that way to support farmers, whether it is with economic incentives or –

Kevin SANDERS: I think the difficulty you have got is the system that is in front of you. The system in front of you has changed since the Second World War dramatically. We now have more and more supermarkets. Do not think that it is the duopoly or the three of them that are killing us, because in the UK the guys there complain about the 15 of them. It is the same system. The guy between you and the customer is the guy that gets all the money, because he takes the margin and decides what to sell it for. A simple answer to it: if you think about the food inquiry, the price of fruit and vegetables has dropped dramatically in the shops this year because the margin has come back. It is the margin that is the difference. If you think that the companies that are between me and you are collecting all the money, it is true. Just have a look at how much their shares are worth. They are the most traded shares and the most expensive shares on dollar values – supermarket shares – because every day of the week you are going to walk in there. You cannot go somewhere else – 70 per cent of what you buy is there. So it is a difficult process for you to come to terms with. How to solve your problem I do not know. You are smarter than me.

The CHAIR: I do not know about that.

Hamish MITCHELL: The opportunity of incentivising farmers is really problematic, because a good one gets the same as a bad one, and the bad one does not do anything, collects their incentive and lives off that and does not do anything. So I think there is – I recognise the value in that, but I am not sure that is the answer. Paying me to produce, as they are doing in Europe – you are paid to put your sheep in the downs in the UK because it looks great. And their major income is not the sheep, it is actually tourism and people going there to look at those sheep in that paddock. In a way that is where Yarra Ranges is going; that is where the Yarra Valley is going. People go there to look at it, and it is a wonderful place to do that. If you can spread some of that love round the people in that area and make sure that those people are making sure that they are controlling their blackberries and their feral animals and all those sorts of things, I think that is great. But we cannot expect farmers – if you subsidise them producing food, maybe that is an answer. If we are going to have 10 boxes of apples and they get an extra 20 per cent on the value of that, does that make them profitable? I think it does for a little while, but the middleman is going to make more money out of that than anybody else. I just do not think it is as simple as throwing money at it.

The next generation – I note the guy over here. He is 18, and I hope that in 50 years time he is still doing what he is planning to do. At 18 I was going to do something on broadacre stuff and I went and jackarooed and did that sort of stuff, and I got out of that straightaway because there was just no way that I could ever make that work with who I am. So I took a different track. Now I am producing trees, mainly for the ornamental market, because there is not much in the fruit market at the moment. I produce trees for the city to cool it and to create environments in the city, so those people in there do not cook. I do not know with that next generation how you are going to make sure that they are there, other than through big corporations, because I cannot see how at the moment somebody is going to work that hard to make that work. I think my generation is the last generation that will do that.

The CHAIR: Did you want to ask a question, Martin?

Martin CAMERON: I am conscious of the timeframe that we do have, so if we are able to forward questions on notice to them, if they are happy enough to take them – thank you so much for coming in. I will pick you up on, Hamish, the amount of traffic that is going along your road and obviously impacting. To me, that is saying that that is the urban sprawl that is coming out with the uptake of the roadway. And then the lack of infrastructure that you are experiencing with your electricity and the NBN, does that put pressures on you to actually make your business work to its fullest capability?

Hamish MITCHELL: Oh, absolutely.

Martin CAMERON: Can you just touch on that a little bit for us?

Hamish MITCHELL: I think the opportunity of having access to all that – access is really an important part of it. To get round the city and do our deliveries and those sorts of things is a big part of what we are doing, and we handle nearly 90 per cent of our own deliveries because it is the particular style of product and that is how we have set our business up. Yes, that road is disastrous, but that is not the only one. There are two accidents on that a week, and I think there have been three deaths. My kids live not far away, and it is just really dangerous. There is an enormous amount of people coming and going through on that road, all the way out to Gembrook and those sorts of areas, and that is what Kevin was saying. People live out there and travel in on it. There is no train. There is no bus where I am. The only thing you can use on that road is a car. There is no bus that goes along Wellington Road, or not along my part of it, anyway. I think that infrastructure stuff is a really critical part. Whether it is going to be green wedge and lifestyle blocks or whether it is going to be productive farmland, it really does not matter: it needs to be fixed and it needs to be fixed now. Can I make – and I am conscious of time –

Martin CAMERON: Yes. Thank you.

Hamish MITCHELL: There are two things that I do not think we have touched on – three things. Health and wellbeing: Kevin is talking about his story at the moment, and I think we can all feel his pain around that. I was reading some articles about health and wellbeing around the decisions that people have to make. It is really tough work out there, and a lot of people attached to the land have got mental health issues. Up to 40 per cent of them are thinking about or have done or will think about self-harm and that sort of stuff. I think that is a really critical part of what this is about: how do you make those people feel valued and productive? Do not worry

about making money – how do you make them feel valued and productive? And I think that is a part of what we need to do. I will tick that one off.

On Bronwyn's point about where we are going to go – there probably has been work on soil and opportunities in that space – getting government to actually identify spaces that are suitable for certain processes would be a really big help in that space. If there has been work – and I am not aware of it, but no doubt there has been – it would be really good if there was an opportunity to say, 'This space would be really good for orchards, because we've got water and infrastructure out there and the soil is good.' That sort of stuff is really valuable because it means that we do not have to do that research ourselves. All I need is clear air and sunshine and water, and in a lot of places I can actually make that. And that develops industries in that space. You know, Daniela was talking about the nursery industry being in her area; there are a lot of us there, and having infrastructure in one space makes a big, big difference and the access to that. So that is my second point.

The third one is about insurances. Insurances are my third biggest cost. Before I buy plants to grow or before I buy potting mix or buy pots to put them in, and after wages and rent, the third cost is insurance. It is huge, and I cannot get insurance for my product, so my product is not insured. I have got $10 million worth of stock and there is no insurance on that stock. Now, just think about having your house not being insured. None of us here are silly people, but that is where I am at. One of my greatest risks is: how do I manage my business? In 2010 when we had that huge hailstorm I lost $4 million in 15 minutes. I got 15 cents on the dollar from insurance, and after that that insurance policy was cancelled and I have never been insured since. I had a storm six weeks ago, eight weeks ago, that went through. It ripped through the Yarra Ranges, and we had about $600,000 worth of damage done straightaway. We had probably $70,000 worth of claimable things, and that insurance company – expletive insurance company – still has not paid that. So I am $650,000 in the hole, and the insurance company does not pay – and it is only 30,000 or 40,000 bucks, it is nothing, but it would pay a lot of wages for next week.

So with that sort of stuff – the insurances to do what we need to do and want to do – insurance is a huge issue. I have still got to pay nearly $200,000 worth of insurances a year, and it does not cover my stock. It is ridiculous and it is getting worse, because climate change is real, the trees tell me so, and it is going to get worse. So how do we deal with that in that space? Orchardists and those guys are probably just as vulnerable as I am. If we are going to have these businesses, we need to make sure that they are supported in that space as well, so insurance is really important. And that is me.

The CHAIR: Time is not on our side.

Hamish MITCHELL: No. I have taken up more than –

The CHAIR: But I really want to say that this has been a really sobering session, I am sure for all of us, in terms of the serious challenges that you have outlined, not only for businesses but for farmers and people who have devoted their life to farming and feeding the community. I really want to acknowledge the lifetime of work you have done and the unfairness that I feel that it has not been able to give you the opportunities that you deserve in retirement and the lifestyle that you deserve, and more broadly, the very significant threat to Victoria's food supply that comes about by not being able to have a viable agricultural industry that supports people who work on the land. We have heard that very loud and clear in terms of the many challenges as well as the people who do make all the money off farmers' hard work; that has been very apparent to me. Were there any final remarks that people wanted to make? But I genuinely want to thank you.

Bronwyn KOLL: I want the gap to close between local councils and state government with regard to the management of biosecurity, pests and weeds. That gap has to close. We need answers, and we need solutions for producers to be able to go to to sort out problems with neighbours regarding that biosecurity risk.

Hamish MITCHELL: Can I also say that I love what I do. The reason that I do what I do is because I really love it. If we can make a quid out of it, that would be fantastic. And I think life is – what I say to my kids is, 'Find what you love to do and then work out how to make a living out of it,' and that is effectively what I have done. It is a rewarding process to go through, but at the end of the day the stress of having to find wages every second week and find money to pay insurance, and then they do not pay up, and do that sort of stuff, it really does not make – I do not grow any trees anymore, all my people do that; all I do is shuffle pieces of paper on a desk trying to work out the best way to manage it. I think the difficult part of this is that we love what we do,

we want to make a difference in that space, but to actually achieve that we need to get the bureaucracy understanding what is required and then out of the way so that we can actually do it.

The CHAIR: Kevin, I am going to give you the final word.

Kevin SANDERS: The one that crossed my mind was the man from South Africa. We find it difficult here, and it is no reflection on our current government, but there are always problems in the interface between people and governments of all sizes. He always said to me, 'In spite of the government, we get on,' I think it is not a sobering thought, it is a reality of how people are treated. It is up to us. From my perspective I am not into socialism in any way. The fact that we had been successful until more recently is just a reflection on my inability to perhaps change with the times. So I think overall we have been successful. I liked Hamish's story. You know, would I have worked in an office in my life? I would have died in there. Self-harm would have been right at the top of my list. Have I enjoyed my life? Absolutely – there is just no money in it. That is the pain, yes. Anyway, thank you. I have loved it.

The CHAIR: Thank you. And thanks, Hansard. Thank you very much. It was interesting. My dad was a pharmacist in Ballarat and the pharmacy was open 9 till 9, 365 days of the year, so Dad often had to go in on Christmas, New Year, whenever he could. He saw Chemist Warehouse coming on the horizon and all the big pharmacies, and he sold out early. He just said, 'There is no way that I can compete,' and it is really interesting thinking of my dad's story of having no choice, knowing that the Pricelines and the discounts – there was no way that as a standalone, and that story is so similar to the experiences –

Hamish MITCHELL: And the service is lost, and that is the thing. That is the beauty about this. Kevin might have employed a couple of thousand people over his life in that journey, and all of those people have benefited from what he has done, and it is fantastic. You know, we have made a difference to that kid's life, and he has gone off to something else, and that is great.

The CHAIR: You have changed his life forever.

Hamish MITCHELL: That is right.

The CHAIR: It is amazing.

Hamish MITCHELL: And that is what we try and do, and that is the point – that is the bit that is getting lost in the way that this is heading, that that service and –

The CHAIR: That social dividend.

Hamish MITCHELL: Social dividend – that is a fantastic one.

The CHAIR: It is more than just what you are producing, it is that you are changing lives and you are giving people opportunities, particularly in regional areas and rural areas where many kids, if they did not work in the industry, would not get a job anywhere else –

Hamish MITCHELL: There are a few of them.

The CHAIR: so it is really good. Thank you. You will receive a copy of the transcript, but if there is anything that you would like to add – we could have talked to you all afternoon. So thank you, really.

Witnesses withdrew.