

7. Planning policy

The key purpose of this study is to provide a strategic pathway to update the three planning schemes (Campaspe, Greater Shepparton and Moira) with respect to rural land use management and to provide for consistent application of the new rural zones across each area¹². This section of the report presents the current policy position on rural land use, and provides an assessment of the consistency of controls across the region and the effectiveness of these controls and the decision making environment to achieve the objectives of this project.

7.1 Strategic work

Each of the Councils has undertaken a range of strategic planning projects over recent years to contribute to their *Municipal Strategic Statements* and enhance their planning schemes.

A brief overview of the elements of the key strategic planning projects that are relevant to this project is provided below.

7.1.1 Campaspe

Echuca Low Density Residential and Rural Living Land Review, 2003

This review provided for the growth and consolidation of the low density and rural living areas around Echuca. It recommended that low density and rural living growth be directed to areas to the south, south east and north west of Echuca, building on existing development.

Staged release of land identified in this strategy would provide for up to 20 years supply of low density and rural living land. Some of this land has been rezoned.

Campaspe Shire – Rural Policy Development

The purpose of this project was to improve rural planning controls to ensure that they respond to and accommodate the needs of current agricultural practice. This project involved a survey of farmers with the objective of identifying the developments they believed they need to facilitate the ongoing operation of their business, as well as the development they believed would compromise their ongoing operation. This project highlighted the different planning requirements of different agricultural industries and identified that generally the current planning regime is appropriate but there is need for clearer direction in relation to the future location of rural living and matters such as house lot excisions as under certain circumstances they create problems.

Campaspe Shire – C44 MSS Review

Council has recently completed a review of their MSS and Rural Planning Policy based on the above research. This review did not provide for any significant policy shift. It provides for strategy and policy to be more clearly expressed. The revised rural policy further reinforces the need to prevent non agricultural land uses within rural areas to protect the local economy, and promotes consolidation of farming properties. Council has retained its strategy of encouraging intensive animal industries to establish on the Patho Plains.

Amendment C44 includes the recommended changes to the MSS and includes consolidation of the Agricultural Policies and Non-Agricultural Uses in Rural Areas Policy to appear as Agricultural Policy. This amendment was placed on exhibition on 24th January 2008.

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In 2004 the Victorian Government introduced a new suite of rural zones pursuant to the *Planning & Environment Act 1987* and implemented through the Victorian Planning Provisions. Further information DSE (2007) *Applying the Rural Zones*. VPP Practice Note. State of Victoria.

7.1.2 Greater Shepparton

City of Greater Shepparton Housing Strategy (in progress)

The Draft Greater Shepparton Housing Strategy (GSHS) has been adopted in principle by the Council and will be on public display over October and November 2008. It has been developed to respond to existing and future housing needs in the municipality to the year 2031. The draft GSHS establishes objectives, strategies and actions to guide housing delivery and sets long-term direction for future residential growth. Important components of the proposed Development Framework include providing for appropriately located rural living and supporting the future viability of small towns through both township and rural living opportunities.

City of Greater Shepparton Strategy Plan, 1996

This strategy plan recommended the use land capability as the basis for the application of the rural planning controls, and appears to be the basis for the current controls.

This strategy also highlighted the risks of unplanned rural housing.

Greater Shepparton 2030 Strategy Plan, 2006

This strategy seeks to enhance the viability of the agricultural sector through protecting productive agricultural land and supporting ongoing agricultural business viability. It promotes the need to diversify the agricultural base and support vertical integration of farm businesses. It raises concerns about land fragmentation and the affect of this on the long term strategy for agriculture in the region.

City of Greater Shepparton Economic Development Strategy, 2006

This strategy offers a number of initiatives to assist the ongoing growth of the agricultural sector. These initiatives include involvement in water reform, development of an agribusiness network, skills development and business planning. These strategies are complementary to land use planning strategies to support agriculture.

7.1.3 Moira

Cobram Strategy Plan (2007)

This Strategy Plan recognises the importance and value of the agricultural industry to the economic, and employment, base of Cobram. The Strategy Plan seeks to provide a high degree of certainty for agricultural operations located at or near the urban/rural fringe. This should assist in the planning and decision making for investment in stock, infrastructure, plants and the like, contributing to the continued strength of the agricultural base. In particular the strategy highlights the need to manage the urban rural interface to minimise constraints on agricultural operations.

This strategy includes recommendations for future low density residential areas to the south of the town.

Bundalong Strategy Plan (2007)

The Bundalong Strategy Plan was developed to address issues and provide a future direction for the small settlement of Bundalong located on the Ovens River. The Strategy provides a vision for sustainable growth within the 2030 Growth Boundary based on application of the Township and Low Density Residential Zones. Provision of Business zoning and protection of environmental areas for conservation and passive recreation is also recommended.

Woodlands to Bundalong Strategy (Draft, 2006)

This vision of this strategy involves preserving the rural appearance of the land between Yarrawonga and Bundalong, but recognising this area has a value over and above traditional agricultural uses. The strategy seeks to preserve the significant landscape associated with the lake frontage, provide for the use of the area for innovative agricultural uses with some tourism uses operating in this context. The strategy recommends the use of the Rural Activity Zone for this area.

Moira Rural Living Strategy (2004)

This strategy sought to provide for the supply of rural residential land in the Shire, in response to a supply and demand assessment, around the key townships. The study determined that there was no need for additional rural residential land at Cobram and Nathalia as the existing supply was adequate for estimated demand at the time. The study recommended additional supply be provided at Numurkah and Yarrawonga. These recommendations were tested at a panel hearing in March, 2006 (Amendment C20). The panel generally accepted the proposals for Yarrawonga but had concerns in relation to the proposals for Numurkah due to constraints on the proposed sites (currently under review as part of the Numurkah Strategy).

The study focussed on the provision of low density residential land (average size of 0.4ha), as the demand assessment indicated this was the preferred market option for rural residential development. The study also determined that existing small lots in the Rural Zone acted as a supply for larger rural living lots.

7.2 Planning schemes

7.2.1 State Planning Policy

The Campaspe, Greater Shepparton and Moira Planning Schemes are developed within the context of State Planning Policy. Of relevance to this project, there are a number of State planning policies that apply to rural land:

Agriculture (17.05)

Protect the State's agricultural base. Ensure productive agricultural land is not lost due to permanent changes to land use.

Intensive animal industries (17.06)

Support their establishment and expansion provided they are consistent with relevant Codes of Practice and protection of the environment.

Forestry and timber production (17.07)

Council should identify appropriate areas for this use. Forestry and timber production uses required to be consistent with the National Forest Policy Statement and relevant Codes of Practice.

Rural Living and Rural residential development (16.03)

Control development in rural areas to protect agriculture and the natural resource base. Encourage further development in existing settlements and discourage isolated small lots in rural zones.

Within this context each municipality has identified the unique values and opportunities that the planning scheme must manage, and has developed appropriate planning controls and strategies.

7.2.2 Campaspe, Moira and Shepparton Planning Schemes

As identified in the brief for this project, the respective planning schemes all recognise the value and significance of agriculture in terms of the economy and as a land use at the strategic level. They also all include largely consistent strategies in relation to the protection and enhancement of agricultural opportunities, including minimising the fragmentation of farmland, avoiding non-agricultural uses in rural areas (in particular dwellings), supporting farm consolidation, enhancing the natural resource base and directing rural residential development to planned areas. The Campaspe MSS specifically identifies that rural living should not occur on irrigated land and highlights that intensive animal industries should be located on the Patho Plains.

The table in Appendix A to this report provides a summary and comparison of each of the three planning scheme's strategic basis, strategic objectives and strategies in relation to rural land issues.

Developing a consistent approach to planning across the region's rural landscapes needs to recognise two issues; that the existing policy and strategies are broadly similar in purpose and intent, and that planning decisions should necessarily be locally responsive, both within and between municipalities, to varied agricultural conditions, local patterns of settlement and development and processes of agricultural change. Hence planning should be consistent, yet responsive.

Table 7-1 identifies the response of each of the planning schemes to key rural land use issues. The particularly apparent inconsistency relates to subdivision controls and the basis of the minimum lot size, and the associated controls for dwelling development. It is intended that this project provide a consistent basis for subdivision of rural land across the region. This may include a range of sizes, and the areas that are subject to different sizes may extend across municipal boundaries.

The key aim of these planning controls is to manage land use conversion from agricultural uses to other land uses, specifically housing and providing lot sizes for productive agriculture. Yet it is widely recognised that these nominated sizes do not generally relate to a viable farm size, as in most cases farming properties consist of much larger areas than those identified above and comprise multiple lots. The subsequent agricultural assessment within this report identifies that, within the Shepparton Irrigation Area, the average size of a dairy property is 70ha (and growing), the average size of a horticulture property is 25ha and the average size of a mixed property is 463ha. The sizes in the Farming Zone schedule also don't relate to a size that would necessarily discourage demand from rural lifestylers. In any case, local experience indicates that if the location or amenity of a property is considered to be appropriate, rural lifestylers will purchase larger lots than may be preferable for that land use.

Table 7-1: Summary of Rural Planning Provisions¹³

	Campaspe	Greater Shepparton	Moira
Subdivision	Based on irrigation access. Irrigation District – 40ha Other land – 100ha	Based on agricultural land classes. Intensive agriculture (includes Shepparton East, Tatura horticultural areas) – 20ha Intensive rural land – 40ha Broadacre farming (Dookie high quality soils) – 80ha Broadacre farming – 80ha	Based on irrigation access and agricultural commodity type. GMID – 20ha Cobram Precinct – 12ha Other land – 40ha
House lot excision	Discourage unless house exists and it provides for consolidation with existing farm (Clause 22.01)	Subject to consolidation. Lot and dwelling must have existed at 29/7/99. Section 173 requiring no further subdivision. (Clause 22.01)	Subject to consolidation. Lot and dwelling must have existed at 29/7/99. Section 173 requiring no further subdivision. (Clause 22.01) dependent on lot size i.e. less than minimum
Dwellings	Permit required for dwelling: Irrigation land - under 40ha Other land – 100ha Discourages new housing development on high quality agricultural land (Clause 22.01)	Permit required for dwelling: Intensive agriculture – under 10ha Intensive rural land – under 40ha Broadacre farming – under 80ha Lot must have been created after 1/1/60 (Clause 22.02) Agreement acknowledging off site impacts. Agreement preventing house lot excision where lot is less than min. size. Second dwelling subject to agricultural use being established, and agreement preventing excision.	Permit required for dwelling: GMID – under 20ha Cobram Precinct – under 12ha Other rural land – under 40ha The potential for an agreement acknowledging off site impacts. Agreement preventing house lot excision where lot is less than min. size. (Clause 22.02)
Rural living	8ha	8ha	8ha
Non agricultural use in rural area	Only rural industry to be supported.	Only where it is dependent on a rural location (Clause 22.08)	

Consequently the controls as they exist do not necessarily support their main goal. This dilemma is in no way unique to this region, but given this region’s agricultural strength and the importance of agricultural production to the broader economy, re-conceiving an approach to rural planning is vital.

¹³ Details provisions of the City of Greater Shepparton & Shires of Campaspe & Moira Planning Schemes with specific reference to requirements within the Farming Zone (FZ) and Strategic Requirements of the Local Planning Policy (LPP)

7.3 Implementation issues

7.3.1 Rural dwellings

Overall, this region is experiencing strong residential growth. This is related to the high amenity values of certain areas and the solid regional economy. One element of this residential growth is the demand for rural living development. This rural living development is planned to occur in appropriately zoned locations, but the strength of the demand also results in applications for dwellings on Farming Zoned (previously Rural Zoned) land. These dwellings may or may not be associated with some form of agricultural enterprise, but the small size of many properties (see analysis of settlement trends Section 5) suggests that any new rural dwellings are primarily residential in nature.

The difficulty that the Councils have identified is directing this demand to appropriate locations, as well as assessing the appropriateness of the proposed dwelling in a farming context.

Many of the proposals received by Council include a justification that the land use is agricultural and that the dwelling is required to support that use. *Calf raising* is a commonly used proposed use. Based on experience, Council staff are aware that although the land use proposal may be legitimate in the short term, it often is not maintained. In many cases, it may be unlikely that there is any intention to establish the use. Council staff understand that the prevailing land use trend for key agricultural industries is one of expansion and consolidation and genuine new farm housing is rarely required or applied for, especially on smaller lots.

Inappropriate rural housing displaces agricultural activities and can hinder ongoing operation through amenity complaints. The Councils have advised of complaints being received about sprays, dust, odour and noise, and farmers, during the consultation, advised of issues with dogs and weeds from neighbouring rural living properties. Those seeking to expand within or into the region with new agricultural investment have advised of the need to have minimal neighbours. Unplanned rural housing also imposes a burden on Council in terms of infrastructure and service provision such as roads and waste management.

Improved direction is required to determine the appropriateness of new dwellings in rural areas to ensure that unplanned rural living is not displacing agriculture or preventing flexibility and adaptability for farm businesses. In particular, existing minimum lot requirements that allow 'as of right' planning approval for dwellings within the Farming Zone require review. This review is required to ensure that any introduction of new dwellings within the farming zone does not inhibit the long term productive land use of farming land.

7.3.2 Subdivision and excisions

Subdivisions and house lot excisions within the region are associated with the ongoing demand for rural property for lifestyle reasons, and well as with legitimate farm restructure activity.

The prevailing trend in the region across the main agricultural industries is one of expansion and consolidation to, both contiguous and non-contiguous, larger farms. Consequently, requests for house lots excisions (subdivisions that separate the house from the balance of the farming lot) have been used to enable farming properties to be more readily purchased by neighbouring farmers supporting consolidation as the property is not burdened by the price of the dwelling. House lot excisions can be problematic as they often introduce a new non-farming neighbour into a farming area which can result in complaints and conflict and impact on farming operations. The benefits of house lot excisions need to be balanced

against the risk to ongoing farming activity on the balance of the land. Where possible it is preferable to promote a re-subdivision of the land which does not create an additional title but assists in removing the residential value of the land to promote restructure and consolidation of farming properties.

Larger lot subdivisions of rural land are also occurring in the region and appear to be largely driven by the lifestyle market or, less often, those seeking to pursue newer or alternative forms of agriculture. As with dwellings, the legitimacy and value of such proposals is difficult to assess. Assessment is heightened by the problem of ensuring in the long term land is not lost to agriculture. These patterns of change are described in the Settlement Trends analysis chapter below.

The Moira MSS Review (2007) identified the very high demand for rural subdivision within Moira, in particular small lot subdivisions. This review also determined that decision making in accordance with local planning policy and strategy had improved in recent times, with a better understanding of the intent of the local planning policy particularly with reference to limiting the introduction of non-agricultural uses and reducing the fragmentation of agricultural land. This improved application of the local planning policy has resulted in an increase in recommendation for refusals, and these refusals have generally been supported by Council. Recent strategic work completed for Cobram has identified areas of land currently within the Farming Zone that will provide a staged development for land within both the Residential 1 Zone and Low Density Residential Zones.

7.3.3 Rural industry

The introduction of the Farming Zone (replacing the Rural Zone) has limited the potential for rural land to be used generally for industry, although most of the planning schemes used planning policy to limit the use of rural land for industry to that defined as *Rural Industry* in any case.

Issues or concerns have arisen in relation to the use of existing smaller rural lots for warehousing and storage, or the expansion of existing industrial-type land uses in rural areas that cannot be defined as a *Rural Industry*¹⁴.

7.3.4 Whole farm plans

Whole farm planning is a process of macro assessment at the Farm scale. This includes a stocktake of existing natural farm assets, including soil, water, vegetation, crops, pastures and topography. The physical component of the farm is incorporated into financial operations to prioritise strategies and develop and property management plan. Within the study area, whole farm planning often relates to irrigation and drainage layout, and is utilised as a strategy within the region to minimise salinity and support appropriate drainage.

“Planning Controls for Earthworks in the Shepparton Irrigation Region” applies in the three subject municipalities. This document sets out a consistent approach to the approval of whole farm plans in the region.

The schedule to the Farming Zone in the three municipalities advises that planning approval is not required for earthworks that have been approved under the above document. This

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The Victorian Planning Provisions intrinsically link Rural Industry with agricultural activity, Rural Industry is defined as Land used to: a) handle, treat, process, or pack agricultural produce; or b) service or repair plant, or equipment, used in agriculture. Conflict can arise between Responsibility Authorities and proponents who operate “industries” within rural areas that cannot be defined as a Rural Industry and therefore effectively maintain an illegal land uses.

process enables a whole series of earthworks to be approved together and developed over time. A staged approval such as this process prevents the need to go back on a number of occasions for subsequent approvals.

Although the process generally works well, and facilitates appropriate farm development, concerns with the process include:

- The need to be clear about which elements of the plan are subject to the planning approval.
- Ensuring appropriate notification at the time of approval of the plan.

7.3.5 VCAT

A number of Victorian Civil and Administrative Appeals Tribunal (VCAT) cases have been assessed to determine how well each Council's position is being supported under appeal.

A list of the cases reviewed is included in Appendix B to this report.

This review determined that VCAT are generally supporting the thrust of the schemes in terms of minimising fragmentation of farmland and non-farm housing. This indicates that the schemes are largely clear in terms of the desired direction, and that appropriate decisions are being made.

VCAT have recently considered, in depth, the matter of house lot excisions at Mildura. These cases are also listed in Appendix B.

The key messages that came from these decisions are:

- i. There needs to be a significant benefit in term of agricultural prospects, including land available for agriculture over and above the current situation.
- ii. Consolidation is not always a significant benefit.
- iii. The benefit needs to be balanced against the disbenefit.
- iv. Smaller agricultural lots still have a productive value that is not necessarily significantly enhanced through consolidation as farms can be compromised of a number of lots.
- v. There is not an automatic entitlement to have a dwelling on every farm lot therefore processes of consolidation and restructure need not compensate for an assumed *lost* development opportunity.
- vi. Small vacant residential lots are clearly inappropriate as they will lead to non agricultural land use.

7.3.6 Alternative approaches

The brief for this project directed that consideration be given to alternative planning approaches that have been adopted to protect agricultural land and support agricultural growth.

The alternative approaches considered were:

- NSW Planning System
- Indigo Shire

NSW Planning System

Farm land in NSW, like Victoria, is subject to competition from rural residential development and is prone to land use change due to the marginal farming conditions and the desire by rural local government to capitalise on the "tree change" trend.

Appendix C contains a paper on the NSW approach to rural planning.

In summary, NSW State Government has recently introduced a standard approach for rural land zoning, and is seeking to address the inappropriate fragmentation of rural land through the development of minimum subdivision sizes based on sustainable agricultural enterprises taking into account the biophysical environment. In particular, they are seeking to phase out "concessional lots". Concessional lots are defined by the NSW Department of Planning as 'a privilege within some Local Environmental Plans that allows the potential to subdivide small allotments intended to facilitate farm succession to enable retiring farmers to remain on their land, subject to merit based assessment'. Concessional lots were initially intended to provide for farming families to continue to stay in their house on a small acreage while on-selling the remainder as a farming enterprise. The concessional lot opportunity has since been misused and is now viewed as a rural lifestyle opportunity in rural areas, much as the excisions provisions of the Rural Zone have been used in various parts of Victoria.

Two recent panel hearings on proposed changes to rural planning controls have highlighted issues, concerns and competing positions on farm land management in NSW.

The Independent Review Panel at Cowra Shire was appointed to review certain planning matters in the Cowra Shire in December 2005. Of particular interest in the inquiry, was whether an Interim Local Environmental Plan 1990 (Amendment No.14) should be made which specifies the minimum subdivision requirements for agricultural land.

With the encouragement of the NSW Director-General of Planning, the Council had prepared, exhibited and adopted draft Cowra Local Environmental Plan (Amendment 14) which was exhibited with a minimum lot size of 400 hectares but was adopted with a minimum lot size of 100 hectares for a dwelling entitlement as an interim measure to restrict subdivision of Rural 1(a) lands. The Panel recommended that the Cowra Local Environmental Plan 1990 (Amendment 14) be made by the Minister as a matter of priority with the minimum lot area for a dwelling entitlement set at 400 hectares. The panel also supported a minimum lot size of 40 hectares for intensive agriculture and recommended further detailed assessment be undertaken by Council in relation to the potential for niche agricultural pursuits to be developed in smaller lots in specified locations.

The NSW Department of Primary Industries has established a methodology to determine break-even farm sizes for NSW. The methodology determines minimum lot sizes and provides an indication of what could be regarded as a commercial farm size. PB was engaged to prepare the comprehensive Land Use Strategy and draft Local Environmental Plan for the Mid-Western Regional local government area in Central West NSW. As part of the Strategy PB determined the minimum lot sizes for the local government area based on the methodology prepared by the Department of Primary Industries.

However, the Independent Review Panel Central West Rural Lands Inquiry (August, 2007) determined that the Department of Primary Industries' methodology for determining lot sizes in rural zones is an 'inappropriate planning tool and should therefore be abandoned for that purpose'. One of the main reasons for the methodology no longer being used is that the methodology doesn't recognise off-farm income which is becoming an increasing trend in rural areas of NSW.

The panel stated that 'there is no substantial evidence to indicate that current LEPs (Local Environment Plans) are causing any major land use planning threat to the ongoing viability of agriculture in the Central West or that current minimum lot sizes have resulted in the fragmentation of rural land'. This position contradicts previous research that has indicated

that the smaller lot sizes are in fact contributing to rural fragmentation and many other rural land use issues. As the Department of Primary Industries (NSW) methodology will no longer be used and the panel has decided that the existing lot sizes are appropriate, it is likely the existing lot sizes in Central West NSW will not to be changed. Nonetheless, minimum lot sizes remain a key feature of Victorian rural planning.

These recent experiences highlight the problems of determining a defensible minimum lot size. It is also apparent from reviewing the NSW approach to rural planning that it is still heavily focussed on size triggers and other entitlements as opposed to ensuring strategic outcomes. This approach in essence is the premise of the Victorian system. However, it is widely accepted that the Victorian planning system, that has such a strong strategic basis, has the capacity to be a more advanced system for land use planning in rural areas.

Indigo Shire

Indigo Shire is a rural municipality in the North East of Victoria. This municipality determined that the selection of a set minimum lot size was not responsive to farming trends in that area. It determined that while a lot of farming properties were getting larger, there were also opportunities for smaller, more intensive farms that would also contribute to the productive value of the area.

They determined that a *performance-based* minimum lot size was an appropriate response to allow for flexibility to changing agricultural opportunities in that part of the State. This system required that, rather than respond to an arbitrary minimum size based on what was considered appropriate for the majority of properties, each subdivision application and proposed lot size had to be justified based on the actual agricultural outcome. This approach prevented the selection of the default minimum regardless of its suitability. The MSS that underpins this approach clearly identifies the importance of agriculture to the Shire's economy, and recognises the significance of, and need to protect, high quality agricultural land. A local planning policy (Clause 22.02-2) was developed to guide the assessment of such applications to ensure the appropriate level of information was provided and the outcome supported intensive agriculture and diversification and would not result in non agricultural land use or inappropriate land fragmentation.

A review¹⁵ of this approach by Peter O'Dwyer (formerly of the Indigo Shire) determined that:

In the three years previous to the introduction of the no-minimum approach there were 108 applications for subdivision.

In the first three years (January, 1999 to December, 2001) there were only 65 subdivision applications received (19% decrease per annum).

In the following three year period only 43 applications for subdivision were processed (including six refusals). This represented a further 38% decrease per annum in the number of subdivision applications received for rural subdivisions.

The performance based approach hasn't "opened the floodgates" as was speculated prior to the introduction of this system.

The former tenement controls which simply saw subdivisions being processed on a mathematical basis were abandoned.

The former "family excision" provisions were dropped.

¹⁵ "Managing Rural Land Uses", presentation by Peter O'Dwyer

The practice of filling out a form and attaching a crude plan indicating the proposed subdivision layout was now a thing of the past.

Planners are no longer in the “betterment” industry which had seen significantly increasing land values through the issue of “no brainer” permits.

The complexity of applications/pre-application advice has significantly increased workloads on Council officers.

Increased complexity from a public perspective sees some people bamboozled.

Some people feel forced into seeking out professional assistance to put an application together.

Applications are withdrawn prior to processing when it becomes obvious to the applicant that the arguments supporting the proposal were not sustainable.

The key finding is that the end result has generally been better land use decision making.

Accordingly, the success of the performance based approach can be measured by:

- ▶ *The ability to deal with a greater range of development proposals without the need to resort to amendments of the planning scheme.*
- ▶ *Significantly higher quality of information being supplied to accompany applications than previously was the case.*
- ▶ *Significantly less occurrence of permits aimed simply at increasing the value of land prior to sale.*
- ▶ *Tighter control of house lot excisions and other subdivision related primarily to residential purposes rather than the purposes of the Rural Zone.*
- ▶ *The performance based approach clearly relies upon:*
- ▶ *A high level of Council support for planning officer recommendations.*
- ▶ *A clearly articulated MSS and related policies within the LPPF.*
- ▶ *Consistent decision making.*
- ▶ *Support of VCAT for Council decisions.*

Although the minimum lot size approach that most municipalities use is meant to be a *minimum* lot size, with any size including the minimum be justified based on the purpose of the zone, it more often than not becomes the *default* size for all subdivisions. Land owners seek to maximise returns from their land, and the Planning Authority and VCAT struggle to justify that default to the minimum size is inappropriate as that size is adopted based on the (often spurious) premise that this land area reflects a reasonable size for the farming systems in the district. In reality, it is often a translation of former controls that are now outdated, or simply a round number that is considered large enough to discourage non-agricultural subdivision. It is difficult to determine an appropriate minimum subdivision size for an area as there are so many variables in agriculture including new industries, different property structures and soil types. Further, the size of the lot doesn't guarantee it will be used for agriculture.

7.3.7 New rural zones

The Victorian Government developed and released a new set of rural zones in 2004. A significant element of the revised set of rural zones was to better identify agricultural areas and secure the right-to-farm. It was considered that the previous Rural Zone was too general

in its intentions and didn't promote agricultural use adequately. The new rural zones also replaced the Environmental Rural Zone with a revised Rural Conservation Zone for areas with an environmental preservation focus. The new rural zones introduced the Rural Activity Zone which maintains agriculture as the underlying land use, but also provides opportunity for tourism and commercial uses including rural industries. Uses must be consistent with the farming activity in the area. This zone has not, to date, been used widely, and there remains some ambiguity and inconsistency in its use with limited guidance and clarity from State Government.

Campaspe, Greater Shepparton and Moira all have the new rural zones in place, although they have been applied as a result of a direct translation from the previous rural controls. The purpose of this strategy is to provide a strategic basis for the use of these new zones.

7.4 Conclusion

At the strategic level the planning schemes do recognise the role, value and requirements of current agricultural businesses. Subdivision and dwelling controls, however, are not consistent across the region and not reflective of the needs of industry for growth and development.

Importantly, it is evident that the existing provisions, specifically with reference to subdivision minima, do not, in themselves, provide an adequate approach to achieving the aim of providing certainty and flexibility for ongoing agricultural activity. The State Planning Policy Framework, and local policies in each planning scheme, each seek to maintain scope for ongoing agriculture. The risk of a minimum lot size model for subdivision and development is that these minima become a default position for the granting of permits. The emerging position in the NSW example is that this is not an adequate mechanism to achieve land use outcomes as these are not a defensible approach to preventing non-farm use. In the Indigo Shire case study, it is evident that the removal of minimum lot sizes, coupled with a clear strategic process for managing the risk of land use conversion, has been generally successful, notwithstanding the long-term process of change this entails.

These examples, coupled with the processes of landscape change, social trends and farm business restructure, suggest the limitations of a system that focuses on subdivision minima to manage land use change. The Victorian planning system offers significant scope for a nuanced policy-based approach to assessing development, and in many ways the retention of the blunt instrument of minimum lot sizes masks that potential.

However, the key trigger for utilisation of the State and Local Policy Planning Framework's is the requirement for a planning permit. Therefore in its current format the Farming Zone requires the specification of a minimum lot to ensure that the strategic policy based instruments proposed in the RRLUS can be implemented in assessment of subdivision, dwellings and excisions across the region.

In this study region, unlike many peri-metropolitan areas, the integrity of rural areas to offer flexibility and certainty to future farming has not yet been compromised. This offers a distinct competitive advantage to the region's economy.

8. Consultation

An integrated process of consultation has been undertaken throughout the development of the RRLUS that has included information bulletins, targeted meetings and discussion and consultation with sub regional communities has been undertaken to inform the development of rural regional issues.

The program of consultation has also involved focussed Council Officer and Councillor workshops; facilitated discussion and workshops with agencies and land management authorities.

This section of the report outlines the various phases of consultation and key feedback and issues that arose from the consultation activities. This section also outlines how submissions and issues raised throughout the consultation are addressed through the RRLUS.

8.1 Methods of engagement

The main objectives of the consultation were

- to inform and share information with the local communities within the three municipalities,
- to engage in cooperative decision making between Councillors and Council staff within the three municipalities, and
- to collaborate with key stakeholders (including other land management authorities and agencies) to identify key issues and ensure consistency in planning and policy development.

The methodology for consultation activities was developed on the basis of these objectives and designed to meet the type of information required and level of participation sought. Key activities included workshops with Councillors and Council staff, targeted meetings with government agencies and community drop in sessions in various towns throughout the region.

8.2 Strategy Development

8.2.1 Councillor Workshops

Throughout the RRLUS project consultation with Councillors and Senior management across the three municipal areas was undertaken. This was staged to coincide with milestones and progress of the RRLUS.

Initial consultation in June/July of 2007 outlined the scope and methodology of the project and provided an opportunity for highlighting key issues for the RRLUS. Subsequent consultation conveyed preliminary research findings to the Councillors during September 2007. The key outcome from this workshop with Councillors was the development of a regional vision (further information is provided in Section 10.2).

The Councillors met for a third time in late February 2008 to confirm their commitment to the adopted vision and provide in principle approval for the Draft Strategy.

8.2.2 Agency workshops

The project team consulted with a variety of agency representatives including Economic Development representatives, water authorities, agricultural industry groups and land management agencies such as the Department of Sustainability and Environment (DSE), Department of Planning and Community Development (DPCD) and Regional Development Victoria (RDV). An initial meeting was held in July 2007 with agency representatives to identify issues and ensure strategic alignment with existing programs and planning.

A second targeted workshop took place in March 2008 to discuss the proposed implementation of the strategy and outline the broad findings of the research that is encompassed in the RRLUS. This workshop included representatives from DSE, the Department of Primary Industries (DPI), Goulburn Murray Water and the DPCD with at least one elected representative and staff member from each of the partner Councils.

8.2.3 Surveyors and real estate agents

The consultation activities also aimed to engage with property consultants and surveyors in the region. A survey was developed and distributed in July-August 2007. Surveyors and real estate agents were also invited to attend the community drop in sessions. Although no completed surveys were returned to the project team a number of written submissions were received from surveyors both representing clients and providing comment in their own capacity. These comments are contained in Section 8.6 of this report. There was limited attendance, if any, by this group at the community drop in sessions.

8.2.4 Community consultation

In designing the consultation program for this project, the study team were mindful of the substantial amount of community consultation that has been undertaken in this region in relation to the future of agriculture in recent times. These projects include *Irrigation Futures*, drought forums, Goulburn Murray Water *Reconfiguration and Modernisation Project*, the *Foodbowl Project* and the Shire of Campaspe *Rural Zones Review*.

In addition to the findings of the consultation conducted as a part of this project, findings from these other projects have also been considered to enhance understanding of the community's position on the future of agriculture and inform the development of the RRLUS.

The community consultation program was designed to be accessible and inclusive and based on the needs to the respective communities. It was determined that the most appropriate form of consultation for these communities was an open house or drop-in session format. These sessions provided for flexibility in terms of the time of day that people could attend as well as providing for ready access to project team members. The objective of the drop in sessions was to provide the opportunity for one-on-one discussions with the project team so that individual members could participate in the information sharing process.

8.2.5 Community open days

The *Community Open Days* enabled interested community members to attend at their convenience, view information about the project, speak to the study team about their ideas about the future of rural land or particular issues that they think should be considered, and record in writing their contribution to the project.

Table 8-1 sets out the venues and times of the consultation sessions conducted.

Table 8-1: Regional Rural Land Use Strategy Consultation Sessions

	Where	When
Moira Shire	Numurkah Presidents Room	14 August 2007 10.30am-12.30pm
	Nathalia Library Meeting Room	14 August 2.30pm-4.30pm
	Yarrowonga Town Hall	14 August 6pm-8pm
Greater Shepparton	Cobram Civic Centre	15 August 10am-12pm
	Tatura Ballantyne Centre	21 August 10am-12pm
	Katandra Football Club	21 August 1pm-3pm
Campaspe Shire	Shepparton COGS Boardroom	21 August 4pm-6pm
	Rochester Council Service Centre	22 August 10am-12pm
	Kyabram Community Centre	22 August 1.30pm-3.30pm
	Echuca Quality Inn Port of Echuca	22 August 5pm-7pm

The attendance at the Community Open Days was quite low, especially in the smaller centres. Those that attended provided excellent input and introduced a range of matters to be considered in developing this strategy. The low attendance at these sessions is considered to be associated with the significant number of agriculture type projects and associated meetings being conducted in the region and the current pressures on rural communities arising from the difficult seasonal conditions.

Issues that were raised by community members at these sessions included:

Water

- Impact of water trading in the region / loss of water from the region affecting the productivity of rural areas.
- Katandra West is a good farming area although it has smaller lots. Loss of water from the area has significantly impacted on the area.
- There have been a number of significant impacts on the region including drought, dairy deregulation and water trading.
- Lack of certainty about water supply is affecting investment.
- Water trading has elevated cost of water to uneconomic levels for the region.
- Hobby farmers take water away from farmers.
- Water trading leaves a debt on the land.
- Climate change must be considered as it will affect the amount of water available to the region.
- Water efficiency should be improved e.g. water should be used close to the source.

Farm size and lot arrangement

- Restructure of existing properties being hindered by existing farm infrastructure.
- Existing dwellings on farm holdings can be a burden on farmer's who want to focus on farming activities not property maintenance and tenant management.
- The 12ha minimum lot size at Cobram should be reviewed.
- Flexibility is needed in subdivision controls to respond to agricultural change.
- House lot excisions support restructure and provide for new residents, including farm staff, to live in the area.
- Closer settlement areas (e.g. Lockington) need consolidation.

Rural activity, farming & residential activity

- Horticulture around the fringes of the towns is hindered by concerns about sprays and other farming operations. Any further residential growth of the towns needs to include buffers.
- The Farming zone is affecting opportunities for rural industry, accommodation and produce sales.
- Rural living / low density residential opportunities are considered important in terms of attracting and retaining population.
- People should be able to retire on-farm.
- House lot excisions in some areas cause problems through introducing incompatible land uses.
- Lifestyles will outbid farmers for land in quality areas.
- Opportunities for rural living around various townships.

8.2.6 Key issues addressed

The three key issues arising from the community workshops were

1. security of water and associated impacts from climate change
2. providing flexibility in farm size and lot arrangement in response to change in the agricultural industry
3. residential growth in rural areas and associated land use conflicts between residential and farming activities.

The RRLUS seeks to address the three issues through the following mechanisms:

- **Water** – the RRLUS is one component across a broad policy and regulatory environment affecting rural land in Victoria. The proposed land use planning initiatives contained within the RRLUS seek to align opportunities for consolidation and growth of agricultural properties with proposed water infrastructure investment. However, the policies are consistent with achieving sustainable agriculture in the region whether the land is managed as an irrigated or dryland enterprise.
- **Farm size and lot arrangement** – the RRLUS provides alternative solutions for the arrangement of farms and existing rural parcels through recognising existing subdivision pattern and other constraints and opportunities. The RRLUS has reviewed the existing suite of rural zoning across the region and suggests a method of implementation that provides for Niche, Consolidation and Growth Farming Zone Schedules as well as adoption of the Rural Activity Zone and Rural Conservation Zone. The proposed development controls for subdivision and development of dwellings throughout the three

proposed Farming zone schedules seek to respect opportunities and constraints of existing land use patterns as well as promote flexibility and opportunities for appropriate development to match changes in agriculture.

- **Rural Activity, Farming & Residential activity** – the RRLUS recognises that the rural landscape across the region provides for a combination of agriculture, residential and tourism opportunities. Importantly, the RRLUS seeks to ensure that management and application of zones to land and zone controls provide an appropriate interface between diverse land uses that minimises potential conflicts. This objective is aligned with farming activity (the core economic driver in the region), opportunities for tourism and dwellings within rural environments. The RRLUS has included an assessment of available land within the Rural Living Zone and determined that sufficient land is already zoned for this purpose. The RRLUS recognises that the core regional economic driver must be protected through adoption of three Schedules for managing use and development within the Farming Zone. Where appropriate opportunities for excision of dwellings to restructure properties is recommended, similarly existing rural land that affords opportunities for tourism and development of land is catered for through application of the Rural Activity Zone, Rural Conservation Zone and Rural Living Zone respectively.

8.2.7 Submissions

Written submissions were called for during the project and a “community feedback form” provided which offered suggestions about matters that the community may wish to comment on. The purpose of the feedback forms was to gather information about particular rural land use issues.

The following provides an overview of the matters raised in the written submissions received. Responses to the submissions are included in Appendix H.

Sixteen submissions were received including a significant proportion by surveyors and developers seeking development opportunities on behalf of clients. This strategy is unable to consider the detailed merits of requests to consider opportunities (i.e. proposals) for low density or rural living development.

This strategy can highlight areas where agricultural prospects are limited and alternative land uses may be considered. This strategy can also comment on the current suitability and capacity of the existing rural living land supply. The location and amount of land dedicated to alternative forms of residential development (such as low density residential and rural living) must be subject to a residential / settlement strategy. Greater Shepparton is presently commencing such a project and as such many of these submissions will be referred to that study. Future strategic studies to be undertaken by the Shires of Campaspe and Moira will need to be undertaken to ascertain the appropriate location of rural living within these municipalities.

8.2.8 Key issues

General

Water unbundling will deplete the region of water as it is transferred downstream to larger properties that enjoy tax breaks.

Struggling farmers have been forced to sell water to remain viable.

Rural zones are too restrictive and do not allow rural landholders to subdivide and sell lots to raise capital or exit with dignity.

It will be difficult to determine the areas with agricultural prospects and the suitable commodities due to the current challenges and changes such as climate change.

The region has a high resource of agricultural land and most of it can be made more valuable through the provision of irrigation water, efficient irrigation systems, soil and biological improvements.

Planning system needs to be flexible to respond to changing circumstances.

Areas of good quality soil and where there is access to water should be protected for agriculture. Other rural land should also be protected for green space and environmental benefit.

Climate change and the impact it will have on water storages that feed irrigation systems must be considered.

Efficient delivery of water is a critical consideration in determining the agricultural prospects of areas.

The strategy should secure land for agriculture and identify other areas that may perform a broader role in promoting other related activities.

The Shepparton Irrigation Region should be protected from residential development.

Control of rural dwellings is more important strategically than the subdivision of land as this has the potential to permanently alter the use of the land.

Higher permit triggers for dwellings are required. A suitable policy would be better to guide the development of dwellings than the scheduled minimums do.

Rural living should not be included within the urban growth boundary. It is very difficult to convert rural living area to more intensive residential development.

Particular issues (town or area basis)

Katandra

Sale / trade of water from the district has reduced productive potential of land. Land could be more productively utilised for intensive agriculture or horticulture e.g. olives, horse farms.

Torrumbarry

Land between Echuca and Torrumbarry is heavily fragmented with lifestyle blocks and remaining farmers are subject to complaints about normal operations, which is compromising their right to farm. The area between Echuca and Torrumbarry should be rezoned Rural Activity or Rural Living.

Lemnos

Land to the north of the Lemnos township is suitable for low density residential development due to its proximity to Lemnos and Shepparton.

Kialla/Kialla Central

Land adjoining Kialla Central is suitable for low density residential development due to its proximity to Kialla Central and Shepparton and community demand for this residential style.

Land between Shepparton Trotting Track and Kialla Central township should be rezoned for development as this area has lower agricultural prospects, infrastructure is available, demand is evident and the area would be attractive to skilled workers from Melbourne.

Opportunities for agriculture in this area are limited.

Rural living should not be included in the urban growth corridor to protect its integrity for future urban growth.

The area south of the Broken River and east of Doyles Road should be considered for rural living as its agricultural prospects are limited due to fragmentation and surrounding residential development, it is outside the urban growth boundary but still close to and connected to Shepparton and already exhibits rural living characteristics of small lots and dwelling development.

Rochester

Land to the south east of Rochester (south side of Pascoe Street) is suitable for low density residential development as it adjoins an existing low density residential area and is on the fringe of Rochester. The land is separated from the balance of the existing farm by a floodway.

Numurkah

Land to the south east of Numurkah is suitable for low density residential development as it is of lower agricultural value and is close to town.

Land to the south west of Numurkah is suitable for low density residential development as it is of lower agricultural value and is close to town.

Nathalia

Rural living should be supported around Nathalia as water has been transferred out of the region from smaller properties and there is a demonstrated demand. This would also support growth of the town. Suitable areas include along the Broken Creek.

Echuca

Block on O'Dwyer Road Echuca should be rezoned for development as it is too small to be considered viable for agriculture.

Bundalong

Environmental Wood at Bundalong should be protected.

Tatura

Land east of Tatura on Dhurringile Road on the town boundary is no longer suitable for agriculture due to conflicts with adjoining urban land uses include complaints about spraying and pest plants and animals affecting crops. Any new development should build in buffers to remaining farming properties to protect their right to farm.

Dookie

Land to the north of Dookie is suitable for rural residential development, including small boutique and niche farming operations.

8.2.9 Summary

The consultation suggests that there is generally a desire to continue to farm in the area. However current challenges, in particular drought and the associated availability and cost of water, are limiting short term prospects and forcing some land owners to look at other options. There are some farmers who are seeking to exit the industry given the current challenges, but there are others who see a long term future in farming in the region and wish

to expand their existing activities. There is a need to provide strong direction in terms of appropriate activity in farming areas to provide certainty and minimise impacts on an already stressed industry. It is also necessary to avoid decisions being made in response to a short term difficult situation that may impact on the long term prospects of the area. It is clear that a range of strategies are required to support agriculture in the region that respond to the needs of the different industries and the different areas as well as change in the agricultural industry. It is also clear that there is a need to provide for rural living in appropriate locations to minimise this land use competition and provide for opportunities for alternative land uses in areas where there may be less opportunity for farming activity.

8.3 Draft RRLUS Public Display

The Draft RRLUS was adopted for public display by all three member municipalities in late August 2008. The Draft RRLUS was placed on public display for a period of 28 days between the 4th August and the 1st September. The document was made available at the offices of each of the municipalities and was placed on each website in a downloadable format.

The public display period was also informed through a series of information workshops and public consultation sessions to further highlight to agencies, surveyors, consultant planners, Council staff and the community aware the strategic intent of the RRLUS and provide information about making a submission.

Two workshops were held at the City of Greater Shepparton on the 12th August and targeted agencies, surveyors and consultant planners. Twenty one professionals working within the private fields of surveying, consultant planning, Real Estate and Building Design attended the morning session, with thirty four Council Officers and professionals from amongst water authorities, state government agencies and Catchment Management Authorities.

In addition 'drop-in sessions and public meetings were co-ordinated by the three Councils throughout the region (Table 8-2). Attendance at these meetings provided another opportunity for additional information and clarification regarding the public display of the RRLUS.

Table 8-2: Draft RRLUS Public Display – Regional Community meetings

	Date	Time	Venues
Campaspe	Thursday, 14 August 2008	7.30pm	Rochester Sports Club
	Wednesday, 20 August 2008	7.30 pm	Gunbower Memorial Hall
	Thursday, 21 August 2008	7.30 pm	Girgarre Memorial Hall
	Monday, 25 August 2008	7.30 pm	Rushworth P-12 School
Greater Shepparton	Wednesday 13 August 2008	10.30am– 12.30pm	Council Boardroom, Welsford Street, Shepparton
	Thursday 14 August 2008	2.30pm – 4.30pm	Council Boardroom, Welsford Street, Shepparton
Moira	Wednesday 20 August 2008	2.00pm	Tungamah Community Centre
	Thursday 21 August 2008	2.00pm	Waaia Community Room - Recreation Reserve

8.3.1 Key Issues arising from Public Display

During the submission period opportunities to respond to the key issues and recommendations outlined in the Draft RRLUS were made available during the community workshops, online or in person to the relevant Council. Submissions were received in letter format or alternative a feedback form that sought opinion on the key strategic intent of the RRLUS.

Seventy two submissions were received across the region that articulated varied opinion regarding the strategic intent of the RRLUS and more particularly recommendations for planning controls. A summary of the submissions and a response is included in Appendix I. The following outlines the key themes arising from the submissions and the project team’s response.

Consultation

Submissions

A number of people raised concern regarding the consultation program and in particular the time period allocated for submissions.

Response

The public display period was part of a comprehensive communications strategy developed in accordance with scheduled timeframes for the three organisations and the contract. As outlined above, during this period a number of public display sessions and workshops were also offered throughout the region.

In addition a number of late submissions have been received and addressed.

Data & Information

Submissions

There was concern that the strategic intent was based on out of date data and inappropriate sources of information. The focus of the submissions included the lack of new ABS 2006 Census data for commodities; soils and land capability mapping that was several decades

old and the lack recognition of drought years. In addition concern was raised regarding the application of Biodiversity Action Planning Mapping as a basis for planning decisions.

Response

At the time of preparation and prior to the public display period, all commodities data collected during the 2006 Census was unavailable. This data was obtained in early September and has subsequently been included in the RRLUS (See Section 4). While some reduction in overall farms did take place during this time they were concentrated around the small to medium sized properties. During this period overall production value increased throughout the region based on enlarged enterprises.

Rural Living Opportunities

Submissions

A number of submissions suggested that the RRLUS did not adequately address the issue of Rural Living within the region. In addition the recommendation to retain the existing land zoned Rural Living was considered inadequate treatment of this issue. A number of submissions highlighted specific properties that were considered suitable for rural living opportunities rather than the proposed application of the Farming Zone.

Response

Chapter 5 of the RRLUS outlines a detailed assessment of population and settlement trends across the region. The findings of this assessment suggested that existing supply of land currently zoned for Rural Living adequately addressed the market demand. The recommendations of the RRLUS therefore recommended that as the Rural Living Zone (RLZ) is fundamentally a component of residential housing provision, detailed assessment that outlines recommendation for rezoning of rural areas to RLZ should be incorporated into a Housing or Settlement Strategy. This is the approach of Greater Shepparton who are undertaking a thorough assessment of broad settlement needs within urban areas, existing townships and rural settings that could be considered RLZ. The Shires of Campaspe and Moira will need to undertake this broad strategic work to provide a sustainable settlement strategy for their municipalities.

Generally, the submissions regarding isolated properties that should be considered for RLZ did not provide sufficient information to justify a specified departure from the recommendation to consider RLZ in a broad approach to housing and settlement requirements.

Corporate Farming and decline in Rural Communities

Submissions

Several submissions raised a concern that the proposed planning controls for new dwellings and subdivision with the Farming Zone would impact on the rural landscape by removing people living in the area and causing a decline in rural communities. In addition this concern was heightened through interpretation that the RRLUS was focussed on large corporate farming enterprises at the expense of local communities and family farming.

Response

As identified in Section 5 of the RRLUS, the general trend toward declining rural communities is not a new phenomenon or limited to the prescriptions of the RRLUS. This is particular the case in dryland areas. The intent of the RRLUS is to manage the conflict that can arise from expanding agriculture and additional dwellings that are not associated with agriculture. This strategy is based on strengthening and growing the existing foundation of

the regional economy which in turn will assist with economic development opportunities throughout the region.

The intention of the RRLUS is to provide land use planning mechanisms that respond to the diversity of enterprises throughout the region. The region is not dissimilar to other areas across the state that contain a mix of single family, multi family and corporate owned businesses producing a single commodity or a variety of commodities that may or may not have some level of on-farm processing. This diversity of businesses demonstrate the variety of successful business models. The RRLUS seeks to ensure planning controls that will not impede diversity but allow for consolidation and growth of agricultural enterprise as required.

Flexibility

Submissions

A common theme regarding the proposed development controls for the Farming Zone was a concern around the restrictive nature of the proposed Schedules. This included limitations on development of dwellings, ability to have flexibility to use land for farming and other opportunities and restrictions on people being able to enter the market or expand due to large lots.

Response

The RRLUS is focussed on providing a balance within the Farming Zone through application of three Schedules. The Schedule recognise existing patterns of allotments and development, opportunities to expand, access to Agricultural Development Areas through a balanced land use planning approach. The ability to proactively respond to shifts in markets, new technologies and access to water infrastructure within Farming areas is based on management of non-agricultural uses that may enter this area. The intent of the Farming Zone includes:

To provide for the use of land for agriculture.

To encourage the retention of productive agricultural land.

To ensure that non-agricultural uses, particularly dwellings, do not adversely affect the use of land for agriculture.

While the RRLUS does not attempt to provide flexibility for all manner of uses and development, the primary purpose of agricultural areas is to further the agricultural based that is the fundamental foundation for the region. The RRLUS does seek to provide flexibility for rural land holders through a consistent application of the Farming Zone across the region that ensures opportunities activities that are encompassed through Niche; restructure and Consolidation and Growth or enterprises.

Water

Submissions

The final focus of submissions included concern around the trading of water out of the region that will effectively undermine the intent of the RRLUS.

Response

The RRLUS is one component within the suite of Rural Policy that controls outcomes within the region. While the RRLUS is unable to control the trading of water, the strategic alignment with the proposed series of water reforms to take place within Northern Victoria is a core component of the RRLUS. It is considered that without ensuring agricultural land

remains unfettered by non agricultural uses through planning policy, the preconditions for ensuring investment of more efficient water infrastructure could be restricted.

The principles of limiting non agricultural uses and providing opportunities for consolidation and growth of agricultural enterprise apply regardless of the scale of the property and whether it is dryland or irrigated.

8.3.2 Summary

The public display period provided adequate opportunity for further information regarding the RRLUS and an opportunity for input. A number of concerns were raised regarding consultation; data and information; assessment of rural living and the restriction of people living within rural areas; lack of flexibility in proposed planning controls; and, the trading of water undermining the intent of the strategy.

A summary of the submissions and the project team's responses is contained in Appendix I. The Final RRLUS has been modified to include:

- An update to available ABS commodities data and Ecological Vegetation Classes including implementation to recommendations for environmental Overlays;
- Clarification regarding the assessment of rural living;
- The applicability of the strategy to the broad diversity of farming enterprises;
- Confirmation that the RRLUS provides flexibility for farming within agricultural areas;
- Alignment with water infrastructure investment.

9. The strategic regional setting

9.1 Background

The region embraces major irrigation districts centred on the Goulburn Valley and include other irrigation districts such as the Shepparton Irrigation Region and extensive dryland farming areas. This region is one of the nation's major agricultural areas in terms of productivity, economic value of production and diversity of product. The region produces a significant proportion of the country's dairy and horticultural product. As a result on-farm production, processing and packing are core sectors of the regional economy.

In recent years various areas of rural land in production have been placed under pressure for conversion to non agricultural uses including further subdivision of land for residential land uses and excision of existing dwellings. One of the roles of the RRLUS is to determine the appropriate balance between these competing rural land uses, an ensure consistency with state wide policies and the region's significant role in agriculture to effectively manage the social, economic and environmental implications of landscape change.

In part the RRLUS is designed to reinforce the outcomes being sought in the water reform agenda. The following outlines key findings relevant to both the detailed assessment and consultation process:

Strong productive region

Irrigated and dryland primary production and the processing of that product underpin the Region's economy. The level of production is nationally important - for instance the region is responsible for:

- 25% of the nation's milk production.
- 90% of the nation's deciduous canned fruit production.
- 45% of the nation's stone fruit crop.
- 90% of the nation's tomato processing production.

The annual total value of agricultural production at the farm gate is in the order of \$1.2 billion. The food-processing sector produces an additional \$1.7 billion in income for the regional economy, including:

- The agriculture sector alone invested around \$1 billion during the 1990s in processing and handling equipment, infrastructure and refitting.
- A workforce of about 8,500 people are directly involved in agricultural production on farms, and an estimated similar number involved directly and indirectly in the processing of that product.

The Irrigation base

Despite the economic prominence of the whole agricultural production and processing sector the region's irrigation infrastructure, is ageing and inefficient. In order to address this situation a package of modernisation, known as the Foodbowl Modernisation Project, will encompass reforms and initiatives relating to land use, resource management and further investment in water infrastructure that are designed to ensure the long term future of the region.

All three municipalities have irrigation supply systems that have the opportunity for modernisation over the next eight years through the Foodbowl Modernisation project. The

upgrades will include replacement of some of the smaller open, unlined channels with lined or piped delivery systems, channel automation, water metering and rationalising the number of channel structures and delivery points to each property that will enable more efficient, automated on-farm irrigation systems.

Within the irrigation areas, resources are being moved from lower value grazing enterprises to higher value enterprises such as dairy and horticulture. Agricultural development areas have been identified by Goulburn Murray Water as those areas capable of accommodating new investment into high-value irrigation development. In addition, a number of areas where suitable land exists in sufficient scale to warrant new development have been identified near or adjacent the edge of the irrigation area.

Providing opportunities for emerging intensive agricultural businesses to expand within areas is core to the ongoing viability of the regional economy. The provision of land suitable for irrigation and unencumbered by constraints of neighbouring non-agricultural uses, significant landscape or conservation value or fragmented titles is vital for the region. Strategic alignment of land use planning policy and statutory instruments provides significant opportunities for the existing agricultural economic base of the region to expand in association with the improved water infrastructure proposed through the Foodbowl Modernisation project.

9.2 Strategic alignment

As previously detailed, agriculture provides the region's primary economic base and this is reflected in the large amount of land that is subject to the provisions of the Farming Zone. However, it is the diversity of the regions landscape that has attracted new and emerging forms of rural living, including within areas of productive irrigation, valuable riverine and forest environments. The development of these 'residential' properties, based on a set of inconsistent land use planning provisions across the region provides challenges for the largest economic driver of the region.

In terms of ensuring agricultural and horticultural activities are able to provide a net community benefit through a process of expanding and diversifying their operations in line with the package of government water reform, land use planning must endeavour to retain allotments in larger parcels and prevent inappropriate subdivision. The conversion of productive land to accommodate housing can introduce undesirable infrastructure, drive land values beyond production value and fetter the potential for long term agricultural industry expansion as a result of land use amenity conflict. The increased concentration of residential land use in agricultural areas can inhibit farming activities which is essentially an industrial activity that is focussed on primary production. Ensuring that land use planning controls urban and rural residential expansion and provides adequate attenuation between agricultural activity and areas of residential development is fundamental to providing surety for both agricultural businesses and ensuring residential amenity. Councils have a responsibility for protecting core agricultural areas and planning for settlements that are not isolated from physical and social services

Preventing ad-hoc rural living development through appropriately managed rural land is critical when considering the long term opportunities for ongoing agricultural expansion across the region. Importantly, it is the alignment of land use planning provisions with the modernisation and reconfiguration of the irrigation network and the expansion of irrigated agriculture into land capable of intensification that will drive the region's long term future.

Essentially, the trends isolated during development of the RRLUS suggest that population and housing change in rural areas is most strongly associated with land on the fringe of the larger urban centres in the study area and development in a few, highly valued, rural landscapes. The review of past trends in population and settlement highlights the need for appropriate management of agricultural activities as the primary focus of the strategy across the region. The provision of rural living residential development should be seen within the context of a settlement strategy for the region. However, the RRLUS has identified that the region is not unique when compared with broad population trends witnessed across rural Australia. This includes: a centralisation of services in most agricultural regions; growth in the commuter field of larger urban centres and growth of population and housing in rural settings that are aligned with both affordability and lifestyle opportunities. Population change and development trend in the region suggest likely continued growth in larger centres and in riverine environments. Trends in this growth to date do not indicate heightened pressure for additional provision of locations for rural lifestyle development across the region.

The analysis of trends in commercial agriculture indicates both concurrent and diametrically opposed futures for rural holdings. These trends are typified by large and expanding agricultural properties and increasing small, niche and sub-commercial farming. The real challenge for land use planning is to effectively transform the mid range farm businesses that are experiencing a 'hollowing-out'. Providing flexible planning tools that recognise the opportunities and constraints of these mid size properties is vital to promote the vision adopted in the RRLUS. This process will slowly transform these mid range holdings to either areas of consolidation where adjacent other productive land or adjacent to contiguous agricultural property; or rearranging existing titles to allow for small (or sub-commercial) farms to operate.

9.3 Planning controls

The development of the RRLUS has placed an emphasis on reviewing the Farming Zone to effectively ensure the intent of the State Planning Policy Framework and further the objectives of the region's Local Planning Policy Framework. It is evident that the existing provisions, specifically with reference to subdivision minima, do not, in themselves, provide an adequate approach to achieving the aim of providing certainty and flexibility for ongoing agricultural activity.

The State Planning Policy Framework, and local policies in each planning scheme, each seek to maintain scope for ongoing agriculture. The risk, and often the outcome, of a minimum lot size model for subdivision and development is that these minima are maintained as the default position for the granting of permits when assessed against the provision of the zone. The emerging position in rural land use policy indicates that this is not an adequate mechanism to achieve good land use outcomes as these are not a defensible approach to preventing non-farm use. The process of ensuring a clear strategic process for managing the risk of land use conversion and removal of minimum lot sizes has generally been successful as discussed earlier in Section 7 of this report.

As previously outlined, the reliance on subdivision minima to effect land use change alone is problematic. It is considered that an approach to achieving sustainable agriculture development within the region should be based on a strategic policy approach. This calls for reliance on modifications to the existing State and Local policy frameworks to recognise the significance of the region at a National and State level. Assessment of applications for development and use within the Farming Zone of the study area is considered to be best served through a policy-based approach with associated performance based measures.

10. Rural land use strategy

10.1 Agricultural future

Despite current challenges it is widely agreed that there is an expanded future for agriculture in the region. This will only be strengthened by a clear land use planning strategy.

The region is a significant player at the State and National level in terms of certain agricultural products, and agriculture is central to the economy, employment and settlement in the region. Without a strong agricultural sector in this region, economic prospects and social structures would be threatened.

Although the number of farmers and farms has decreased, there have been significant increases in productivity and value. The annual growth in milk production is 5-7% and prior to the 2003 drought new horticulture development (excl. grapes) was occurring at a rate of 450ha per annum.

Although it is likely that new farming industries will emerge over time to enhance the region's output, growth and adaptation of the existing key industries is most likely to be the focus for ongoing viability and economic development. Dairy and horticulture in the irrigation areas, and grazing and cropping in the dryland areas are and will remain the economic engine of the region. There is the potential to expand high value horticulture using under utilised land and water. Drivers of agricultural growth are a secure water supply, larger properties and lack of fragmentation in agricultural holdings, fewer neighbours and opportunities for vertical integration (horticulture).

Water has traded out of the region due to challenging seasonal conditions over the past few years. The loss of water from the region is causing considerable community angst about the future of the region and its ability to compete with other areas in terms of long term agricultural prospects. One of the main reasons water has been traded out (rather than within the region) is because of lack of competitiveness due in part to the inefficiency of local irrigation infrastructure and limited opportunities for larger scale investment and development.

This region does retain many competitive advantages including good quality soils and climate, but the ability to secure large properties within or on the fringe of the irrigation areas able to be fully developed for large scale projects with world class efficient irrigation systems is fundamental in securing new agricultural investment and retaining and returning water to the region.

It is considered that redevelopment of existing properties, expansion of production further investment in horticulture and potentially the return of water to the region is much more likely to occur if there is certainty in terms of the future role of agricultural land, and if agricultural land is retained in larger parcels. New irrigation schemes in other Victorian regions have relied on high levels of investment and development at a large scale (on large holdings) utilising sophisticated water supply and application systems.

It is recognised that some farmers wish to leave the industry and exit with dignity, or realise some capital in the short term to enable them to stay in the industry. To compromise the agricultural potential of the region through subdivision or conversion of individual parcels to residential use is a short sighted response that would be at the long term expense of the farming potential of the area, the ongoing viability of remaining farmers and the regional economy. Land should only be used or developed in such a way that the agricultural

potential is reduced if it is clear there are limited or no agricultural prospects remaining, and there are other more appropriate land use options.

Farm land has retained its value as has water, and as such farmers wishing to leave the industry will realise capital through the sale of these assets. Should additional support be required for leaving (or in fact remaining) in the industry this should be sought through means other than pursuing non-agricultural development options on farm land. Some options are available through Federal Government Drought Support for example. The implications of seeing the realisation of a speculative non-agricultural resource as a means to address these individual issues creates a significant detriment for the region's economy as a whole.

In considering the future of agriculture in the region, the 80/20 rule should be kept in mind. That is about 20% of the region's farmers use about 80% of the water and about 20% of the region's farmers produce about 80% of the product. These 20% will drive the future of the industry and therefore need to be supported. Consequently, the planning system needs to clearly recognise the needs of the small number of large operations in its Farming Zone. In addition, the planning system must also recognise that while other perspectives have been offered through the various consultation processes, the net community benefit and existing social and economic structures of the region are fundamentally realised through a productive agricultural future.

10.2 Councillor vision

A workshop was conducted with the Councillors of the three municipalities on 4th September, 2007 at Shepparton. The purpose of this workshop was to develop a vision for the future of the rural areas of the region.

The workshop commenced with the provision of a range of information to the Councillors about the value and significance of agriculture to each of the municipalities, the region, the State and Australia as a whole. The significant role that agriculture in the region contributes at a national level, and the fundamental role that agriculture plays in terms of local employment, both directly and indirectly provided the context for the development of a regional vision.

At this workshop, the Councillors adopted the following joint position:

- agriculture is and will remain the major economic driver of the region
- facilitate growth of existing farm businesses
- facilitate growth of new agricultural investment (existing agricultural industries / unknown agricultural industries)
- provide for hobby farming.

Further, the Councillors identified and endorsed the following requirements for the key land uses to be accommodated in rural areas.

Requirements for agriculture

- Water security.
- Minimal fragmentation.
- Efficient irrigation set up.
- Efficient infrastructure envelope (dwelling/shed location).
- Complementary infrastructure (roads, power etc).

- Limited incompatible land uses/sensitive land uses – including tourism and non-farm housing.

Requirements for amenity living / hobby farming

- Close to existing residential areas.
- Good amenity - water views, trees, undulating landscape.
- Buffer to agriculture.
- Efficient service provision.
- Protect landscape values.
- Requirements for tourism need to be recognised.
- High amenity areas need to be well managed and the need to avoid areas with agricultural infrastructure such as hail guns, frost fans that are likely to compromise tourist operation but are also likely to lead to measures that will result in agricultural production being compromised.

In order to realise the adopted tri Council vision, the provision of land throughout the region must recognise the different landscape characteristics, settlement patterns and infrastructure requirements for sustainable development throughout the rural land of the region. While non-farm land uses in rural areas remain a legitimate land use and market preference, the capacity for agriculture to grow and adapt should be the fundamental concern for the region. Moreover, the types of locations most suited to non-farm uses are unlikely to be in areas where the attributes and requirements of agriculture listed above are to be found. Accordingly, The draft RRLUS is predicated on four key elements:

- 1. *The region is Australia's productive food bowl based primarily on dairy products and fruit production.***
- 2. *The scale of production has resulted in Australia's greatest regional concentration of food processing industries and workforce.***
- 3. *The economy and the liveability of the region are integrated with and dependent on agriculture and its continuation.***
- 4. *The series of water reforms and the potential for new areas to be opened up for intensive production provide opportunity for expansion in the level of agricultural production.***

10.3 Implementation

10.3.1 Agriculture

At the Councillors Workshop and further developed at the Planners' Workshop, it was determined that one approach for facilitating agriculture could not effectively address the requirements of industry, provide opportunities for agricultural growth and investment or realise the management of non agricultural uses within the Farming Zone. Importantly the strategy identified the importance of providing a consistent approach across the region to land use planning within the Farming Zone.

In recognition of the strategic setting, agricultural opportunities, aspirations to reside in rural areas and the diversity of economic development opportunities across the region, three scenarios, based on existing conditions and informed by the requirements for growth and investment have been adopted.

The Planning Scheme is but one mechanism amongst a range of government policy and land management initiatives across the regions rural land. However, the strategic alignment of land uses through changes to the planning scheme can assist by:

- providing pre-conditions suitable for regional economic development
- recognising the package of water reform and infrastructure improvements
- ensuring management of natural values and protection of biodiversity
- appropriately managing diverse land use and development to reduce conflict between adjacent properties.

It is not considered appropriate to highlight, focus on or plan for specific new industries. Investment opportunities, including new agricultural businesses come and go, some develop and some fall by the wayside. Recognising that such opportunities will also develop faster than the planning scheme can respond, land use policy must seek to further the strategic objectives at both a State and Local level to provide flexibility for appropriate development. The appropriate land use strategy includes protecting as many opportunities as possible and providing a variety of environments in which different rural enterprises can develop in accordance with the principles of sustainable development.

The modern requirements of an agricultural or horticultural operation dictate a more intensive form of farming practice. Constraints of farming operations include Occupational Health and Safety requirements, viable scale of operation, management of pests and weeds and hours of operations. These constraints influence the most suitable location for both maintaining and providing optimal conditions to ensure expansion of agricultural businesses. The strategy has established that the requirements of most agricultural industries are consistent with the drivers of growth, including: reliable water supply; larger properties and a lack of fragmentation; fewer neighbours; and, opportunities for vertical integration (horticulture). Simultaneously the provision of suitable land for expansion is linked with ensuring levels of rural amenity that are better suited to smaller holdings, less intense agricultural uses and ancillary business opportunities such as tourism.

The importance of agriculture to the region in terms of net community benefit and broader regional economic development has been clearly identified through development of the RRLUS. Fundamentally all three of the municipalities are Rural Councils where the largest area of land across the region is suitably located within the Farming Zone. The objective of the RRLUS is to ensure that the substantive analysis of existing agricultural industry, ancillary tourism operations, rural living aspirations and emerging industries is synthesised

with the existing policy environment and current government water infrastructure investment. Recognising the diversity that exists within the rural land, the strategy has identified that the region can be broadly categorised into three distinct land types across land currently subject to the Farming Zone. As demonstrated in (Table 10-1) the constraints and opportunities identified throughout the RRLUS promote divisions within the Farming Zone that recognise existing spatial constraints and tenement sizes in conjunction with other land management values including conservation and access to infrastructure. These constraints, values and attributes inform the indicative zoning mapping located in Appendix E.

Table 10-1: Values and constraints associated with Proposed Farming Zone Schedules

Land attributes	Growth- <i>Expanding Enterprise</i>	Consolidation – <i>Room to Move</i>	Niche – <i>Compact and amenable</i>
Proximity of Neighbours	Limited and well buffered from activities	Some, excision may assist in management	Often adjacent and within 1 kilometre
Settlement Pattern	Large contiguous farm properties that may include multiple titles to comprise tenement	Moderate size properties where reconfiguration will result in larger farm holding	Often small properties closely located to a number similar sized neighbouring properties.
Likely Agricultural Activities	Large scale dryland cropping and grazing business including - dairy, horticulture & broilers	Moderate – viticulture, beef or lamb, horticulture, diversified	Limited or niche – specialist crops, viticulture and equine farms.
Indicative Farm Sizes	Intensive > 200 ha Dryland > 500 ha	> 100 ha	> 2 -3 ha
Road Frontage (for each lot)	Not critical	Not critical – useful for reconfiguration of lots	Yes – more conventional subdivision arrangements
Conservation Values	Intensive – Likely to be low Dryland – May be moderate to high to manage	Low	Moderate
Infrastructure	Irrigation or Access to Irrigation preferable	Potential. Opportunity to access water and power.	Likely. Access to road and power. Some Access to water for stock and cropping.
Soils	Preferably good soils and LC	Preferably good soils and LC	Moderate Soils & LC
Hours of operation	Can be 24/7	Can be 24/7	Conventional working hours
Attenuation from noise, spray, dust	Required – large areas and buffering necessary for OHS requirements	Required – large areas and buffering necessary for OHS requirements	Intensity of use such that impact is likely to be low

The following section of the strategy provides a clear indication of characteristics and future of these three farming areas from a land use planning perspective.

Growth

Areas for growth and expansion of existing farm businesses and for new investment.

Attributes include:

- few houses
- larger allotments

- world class irrigation system (for irrigation areas), including opportunity for access to water on call
- appropriate infrastructure (roads, power, drainage)
- appropriate soil types.

Growth areas will include those areas that have been retained in larger properties and provide the opportunity for large scale, stand alone new agricultural development as well as for consolidation of existing farm properties wishing to grow. These areas will include the Agricultural development areas (See Chapter 4). For those developments dependant on irrigation, ready access to water (i.e. being on a main channel or a river) via a modern system will be critical. Properties with older irrigation set ups based on the requirements of a previous farming generation will not be as attractive to investors suited to the Growth area. As addressed elsewhere in this report, although soil type or land class will be a factor in decisions about agricultural growth and investment, it is not the critical factor, as soil conditions can be managed to support production in most cases. Where possible, good or better soils should be retained in the Growth areas but if these areas have been compromised through previous development decisions they will be more appropriately located in other categories. Subject to the soil conditions being reasonable, opportunities for unhindered growth and access to water are considered more critical than soil types in most cases.

When implemented the future of Growth areas will be to provide opportunities for substantive expansion and growth of agricultural enterprises to ensure the long term viability of the region. As demonstrated in Appendix F, the RRLUS seeks to limit the establishment of future dwellings and where possible encourage farm tenements and property boundaries to consolidate and enlarge in line with the trends in agriculture associated with productivity and viability.

Consolidation

Support existing farm businesses to operate and grow.

Attributes include:

- smaller lot / property sizes than the Growth areas but with the capacity for consolidation
- productive soils
- irrigation infrastructure (for irrigation areas)
- appropriate infrastructure (roads, power, drainage).

These areas will include many of the former closer settlement areas that were based on the good soil types, but lot sizes are no longer reflective of current farm sizes. The strategy for these areas seeks to retain the productive soils for farming use and support existing farmers to grow their properties within these areas and prevent these areas becoming further compromised.

Appendix F demonstrates the strategy for effectively creating greater farm holdings through a process of restructure and consolidation. New dwellings within the consolidation zone are not promoted. These areas are considered to provide opportunity for development of growing agricultural enterprise that can, over time, expand and consolidate through a process of property restructure. The further development of additional dwellings threatens the future of growing agricultural enterprises. Planning tools such as excision's and preferably boundary realignments, when utilised in association with evidence of farm business activity provide opportunities for restructuring of holdings to enable development of larger scale farms. Promoting the use of re-subdivisions and excisions within Consolidation

areas is in recognition that the removal of a residential dwelling from a farming property can provide developing businesses an opportunity consolidate property holdings based on the value of land for agriculture.

Niche

Productive potential based on existing lot configuration: opportunity for smaller scale and specialized agriculture.

Attributes include:

- smaller lots
- most with existing housing
- basis for tourism / gourmet trail – good amenity
- productive soils
- irrigation infrastructure (for irrigation areas)
- appropriate infrastructure (roads, power, drainage).

These areas will include those rural areas that still retain some productive potential due to soil type, property size or water access, but the opportunity for properties within these areas to expand in response to general market trends is limited due to land value and existing development (i.e. Most lots are smaller with dwellings). It is important to note that these areas are still productive farming areas and not rural living areas (where the main land use is residential). Rural living is to be catered for separately as these niche areas may still involve some activities (e.g. Spraying, frost fans etc) that is not consistent with residential land use.

Appendix F demonstrates the strategy for managing areas of existing fragmentation amongst the Farming Zone effectively creating greater farm holdings through a process of restructure and consolidation. New dwellings within the Niche zone can be supported where possible and associated with evidence of farm business activity. Restructuring of these areas will provide holdings of a larger scale with some smaller excised lots that may assist.

Consequent Planning Controls

Table 10-2 sets out the planning response for key rural activities in each of the areas proposed above.

Table 10-2: Planning response for key rural activities within the regions Farming Zone

PLANNING RESPONSES	Subdivision*	Resubdivision – Boundary realignments*	Excision*	Dwellings (all dwellings need a permit)	Ancillary tourism
Farming 1 Zone Growth Minimum lots size Irrigated: 100 ha Dryland: 250 ha	Performance based. New/smaller lots rarely required.	Yes - For restructure / consolidation purposes only	No – lack of neighbours is a key driver of growth	No – new dwellings are not required to support agriculture growth.	No – potential for conflict
Farming 2 Zone Consolidation Minimum lots size Irrigated: 40 ha Dryland: 160 ha	Performance based. New/smaller lots rarely required.	Yes - For restructure / consolidation purposes only	Yes – where restructure is an outcome and subdivision can be designed to minimise neighbour impact	No – new dwellings are not required to support agriculture growth.	No – potential for conflict
Farming 3 Zone Niche Minimum lots size None specified.	Performance based. New/smaller lots rarely required.	For restructure / consolidation purposes only.	No – lots are generally of a size that will support small scale agriculture in their own right and a dwelling will be required to support this.	Yes – where it can be demonstrated it is to support the productive use of the land consistent with the direction of the area.	Yes – but carefully managed to prevent conflict and impact on agricultural operations.

* Please refer to Appendix G regarding subdivisions, re-subdivision and excisions.

As demonstrated in Table 10-1 the range of values and constraints that drive the variation of agricultural futures within the farming zone are varied across the region. Map 7 (Appendix E) provides a preliminary indication of the areas that fall into these categories based on spatial distribution of lots and proximity to assets that include water, biodiversity, infrastructure and land capability. This mapping is broad in its nature and will be subject to detailed analysis when subsequent planning scheme amendments are prepared.

It would be preferable that all three proposed Schedules to the Farming Zone did not specify a minimum lot size for subdivision or dwelling construction. The VPP Planning Practice Note: Applying the Rural zones notes with respect to the Farming Zone that *“the minimum lot size for subdivision may be tailored to suit the farming practices and productivity of the land,”* i.e. the schedule to the Farming Zone allows municipalities to set a minimum lot size for subdivisions and dwellings. This strategy has argued that there is no exact figure that could be substantiated as a viable minimum size, as such a size depends on many variables including property type, soil type, farming enterprise as well as the business structure. However, the absence of a minimum lot size within the current structure of the VPP’s would not provide the necessary trigger for permits and the proposed strategic assessment in accordance with recommended changes to both the SPPF and LPPF would not be ensured.

The RRLUS seeks to strongly support the growth of sustainable agricultural industries and from a land use planning perspective this means enabling farms to continue to expand and grow over time, having access to land unencumbered by unnecessary infrastructure, especially dwellings and ensuring that development does not lead to land use conflict. It also means retaining land in lots sufficiently large to enable landowners to own and use such equipment and skills as are necessary to maintain the land using best practice. Clearly given the trends of agricultural activity across the region, a proposed minimum lot size in excess of current minimum sizes is required in order to further the intent of the RRLUS.

The RRLUS has demonstrated the strategic importance of the region from an agricultural perspective. Land use planning that does not inhibit agriculture is critical to sustaining its long term future in the region. The RRLUS recognises that land use planning within the rural areas must provide the preconditions for the market to respond but ensure that values and assets are maintained.

Agriculture faces a long term decline in the terms of trade. As a result farm businesses need to increase productivity or expand to remain viable, usually both. In the face of this decline, property size generally needs to double every 20 years for farm businesses to remain viable into the future. If farming businesses cannot expand, then the enterprises must change to generate more income from the same area (e.g. change production to higher value crops or look to value add). To double in size every 20 years, farms will need to expand on average by 5% per year. In reality most farms expand at higher percentages but every few years (eg 25% expansion every 5 years).

Different farming systems require different land areas to generate \$300,000 gross sales¹⁶. For example a beef farm generating \$400/effective hectares will require 750 ha of land to generate \$300,000; a dairy farm generating \$1,500/effective hectares will require 200 ha. Some farm businesses, e.g. vegetables will be able to conduct their activities on smaller holdings. For part time farms, supported as they are by off farm income, there is less emphasis on the need to have available land for expansion.

The farm size required to support a viable business and the area for 25% growth every 5 years for the dairy and beef production is outlined in Table 10-2. A dairy farm will need to acquire 40 hectares every 5 years and a beef grazing business, 160 hectares every 5 years.

Table 10-3: Estimate of viable farm size and area for 25% growth*

Enterprise	*Average Income/ha	Farm Size (ha) to generate \$300,000	Area (ha) for 25% growth every 5 years
Dairy	1,500	200	40
Beef	400	750	160

* Note: These statistics represent a snapshot in time and are average figures only. There will be individual cases where income per hectare differs from these figures and where a viable farm generates more or less than \$300,000 gross sales. Note also that income/ha is dependant on a range of factors, which may vary significantly between any season and any farm. It does not necessarily equate to profit. This has been collected from a range of industry sources including South West Monitor Project 2004-2005, Department of Primary Industry; Australian Dairy 2005: Production Systems, Productivity and Profit, Dairy Australia

¹⁶ \$300,000 gross sales per annum is considered the necessary minimum annual turnover for a business to provide an environment conducive to growth. This enables farming businesses to continue to grow undertake necessary succession planning. This analysis is based on RMCG's ongoing Multi Industry Farm Business Analysis.

It is recommended therefore that a graded approach throughout the three Farming Zones is provided to ensure a flexible planning approach that is aligned with the industry requirement of growth. It is proposed that a minimum lot requirement of 40 ha in irrigated areas and 160 ha in dryland areas enables consolidation and opportunities for expansion. These sizes are the basis for restructure in the Farming Zone and therefore reflect the intent of the **Consolidation** areas. Where farming tenements are considerably larger and continue to expand they are recommended for the **Growth** area. In these *Growth* areas the strategy recommends minimum lot sizes of 100ha and 250 ha to facilitate farm growth and expansion, enable implementation of best practice management and minimise risk of land use conflict.

Given the diversity of uses, combination of both on and off farm incomes and unconventional characteristics of the **Niche** Farming Zone areas, it is difficult to propose a minimum lot size within this area. It is recommended that the minimum lot size is not prescribed in the Schedule and defaults to the State requirements of the Farming Zone.

It is important to note that this minimum lot size regime does not automatically apply to dwellings. As established in the strategy, most farm businesses consist of multi-lot tenements and entitlement to a house on every lot would threaten the long term viability of farming. A major priority of the strategy is to ensure that dwelling proliferation is prevented. The Strategy therefore recommends that in most cases a new dwelling will not be supported in the Farming Zone regardless of the lot size. It is no longer reasonable to accept that dwellings on lots over a certain size would be associated with a farming land use given the strength of demand for rural living in some parts of the region. It will also be made clear in policy that other than in the Niche areas, new dwellings will rarely be required based on industry trends and requirements for growth.

It is recognised that this may increase the work load of Councils as not only will a significant number of new dwellings require planning approval, but so will some buildings and works associated with existing dwellings. House lot excisions will be limited to the Consolidation area, as within the Growth and Niche area they are considered contrary to the strategy. Tourism activity is also considered a land use that requires careful management as it may also be incompatible with agricultural opportunities. Tourism activities, even those associated with agriculture, require a certain standard of amenity that may not be suited to some commercial farming areas. It is recognised that there are some tourism activities that can occur without planning approval within the Farming Zone (e.g. Smaller Bed and Breakfasts), and this is considered inappropriate within a context of supporting agricultural growth.

10.3.2 Rural living

The strategy for agricultural growth and development in this region recognizes the strength of demand for rural living and the legitimacy of this land use as a part of the residential opportunities of the region. However, this land use should occur where the benefits to potential residents can be maximized, and where the risks to farming minimized.

Rural living is the residential use of rural land. It may or may not include some agricultural activity but the primary land use is residential. As such, residents of these areas expect residential amenity and services.

Minister's Direction No.6 provides guidance from the State level about planning for rural residential development.

The objective of Minister's Direction No. 6 is to manage the provision of sustainable rural residential development so that it supports sustainable housing and settlements and does not compromise Victoria's agricultural, natural, environmental, landscape and infrastructure resources.

Minister's Direction No 6 requires a planning authority to demonstrate that proposed rural residential development:

- is consistent with the housing needs and settlement strategy of the area
- is supported by and supports sustainable and viable settlements and communities
- does not compromise the sustainable future use of existing natural resources, including productive agricultural land, water, mineral and energy resources
- protects existing visual and environmental qualities of the area, such as landscape, water quality, native vegetation, habitat and biodiversity values
- avoids predictable adverse environmental processes and effects, such as flooding, erosion, landslip, salinity or wildfire
- can efficiently be serviced by social and physical infrastructure, at an acceptable and sustainable community cost.

The Rural Residential Development Guidelines (DSE, 2006) have been developed to assist with the implementation of Minister's Direction No. 6.

The planning of rural living should be undertaken as a part of a settlement strategy as it is part of the residential land supply. This project can, however, identify gaps in rural living supply and identify areas that are no longer suited to agricultural use and therefore may be suited to rural living or another land use.

Contrary to the position of the Moira Rural Living Strategy, existing smaller lots within the Farming Zone should not form part of the supply of rural living land. A reliance on existing small lots throughout the Farming Zone heightens expectations for further consolidation of non-agricultural uses. The intent of the RRLUS is to avoid further clustering of non-residential uses that can have the potential to create land use amenity conflicts between agricultural activity and residential use. Ongoing fragmentation through clustering of smaller lots with non-agricultural use and development is contrary to the strategy of supporting agricultural growth and expansion. Many existing small lots are usually a result of past subdivisions that may not be consistent with current agricultural activity or settlement patterns.

As identified in the vision, rural living should be located close to existing residential / urban areas. This is consistent with Minister's Direction No. 6. It is also important that attractive options are provided as otherwise such a supply will not be considered a realistic option.

The assessment undertaken in Section 5 indicates that there is not a demonstrated under-supply of Rural Living Zone land, although it is possible that a clearer policy-based planning approach in farming areas may increase demand in existing Rural Living areas. Importantly, however, this is most appropriately considered in the context of local housing markets for residential, low density residential and rural living housing. In assessing the need for any future rural living areas (through rezoning) the potential risks to agricultural investment and flexibility should be central.

PLANNING RESPONSES	Subdivision	Dwellings (all dwellings need a permit)	Ancillary tourism
Rural Living	Specified Minimum based on site characteristics (waste disposal etc) and market	Yes .	Yes
Rural Amenity Precincts (Rural Conservation Zone or Rural Activity Zone)	Performance based. To meet objectives of maintaining environmental values and landscape characteristics	Yes – Where objectives of maintaining environmental values and landscape characteristics are met	Yes – Where objectives of maintaining environmental values and landscape characteristics are met

10.3.3 Rural amenity precincts

The region contains a number of key tourist attractions that deliver significant economic benefit. These key attractions include the Murray River, in particular at Echuca, and Lake Mulwala at Yarrawonga. In addition a number of forested landscapes, such as near Rushworth and Murchison exhibit important landscape values. It is important that opportunities for tourism and appropriate lifestyle development based on these assets are provided. It is also important to recognise that agriculture cannot compete against the demand for land for such high value uses in these key locations, and that in many instances environmental assets and landscape characteristics are barriers to larger scale farm management. Although some of the land along the Murray River at Echuca and on Lake Mulwala has agricultural value, these areas are also considered to have significant tourism value that may outweigh the agricultural value. These areas are also compromised for agricultural use due to existing development patterns, for example smaller lots and existing dwellings. This surrounding development limits expansion opportunities and restricts operating conditions due to amenity complaints. Although the area may not be suited to agricultural land use, the value of the landscape and rural amenity of the area should be recognised and protected. Any change in land use should be carefully managed to ensure that the environmental and landscape features of these areas are maintained and an urban appearance does not result.

These key areas and attractions are in addition to smaller scale, more general rural based tourism such as farm stays and bed and breakfasts. As discussed elsewhere in the report, although at the moment many of these smaller tourism ventures are as of right in farming areas, they may not necessarily be consistent with the strategy of unhindered agricultural growth and operation, as tourism, like residential land use has certain amenity requirements.

In these areas the environmental values and associated landscape characteristics should be the central issue for land management, while appropriate development opportunities for tourism, housing and agriculture should be considered when these do not compromise the environmental values.

10.4 Indicative zoning maps

Appendix E – Map 7 provides a first pass indicative rezoning for the entire region. The mapping does not include land that is not subject to the suite of rural zoning provisions. However, where rural zones interface with urban areas and other non-rural zoning and planning provisions, care has been taken to incorporate existing planning scheme policies, for example restructure plans or growth boundaries into the proposed indicative zoning

maps. The purpose of the indicative zoning maps is to provide a 'first pass' across the three local government areas demonstrating where the proposed Farming Zone schedules, Rural Conservation Zone and Rural Activity Zone should apply. It is recognised that further detail, and refinement of the zoning maps will take place during preparation of the Planning Scheme Amendments.

The indicative zoning mapping is based on analysis of the attributes outlined in Table 10-2 and existing planning policy on adjacent land. The key attributes through this analysis were the combination of tenement size and lot arrangement, protection of environmental values and alignment of agricultural Growth areas with land previously identified for agricultural development (Agricultural Development Areas). Recognition of existing irrigation areas and planned upgrades for expansion of water infrastructure was also a key consideration. The opportunity to consolidate farming properties is based on analysis of existing property holdings in recognition that expansion of agricultural properties is more likely to occur on properties adjacent to existing farming operations. This analysis has formed the basis for division amongst the proposed Schedules to the Farming Zone expressed through the first pass indicative zoning maps. Mapping does not delineate dryland or irrigated areas within the region, however textual changes to the proposed Farming Zone Schedules will include declared or licensed irrigation areas within the municipality.

In addition, recommendations for the application of zoning from other strategic planning work has also been considered. The existing strategic planning work that includes Structure Plans and associated Urban Growth Boundary's or Settlement Boundary's and Strategy Plans are demonstrated on mapping included in Map 7 (Appendix E). However, the Indicative First Pass Rezoning Map does not reflect, to a local property level. The proposed recommendations of this work (i.e. If existing Structure Plans recommend LDRZ this is not shown). Rather the fundamental analysis across the region and resulting zoning has been demonstrated with an indication of the strategic planning and associated mapping that is either incorporated into existing Municipal Strategic Statement's or adopted by Council.

11. Recommendations

The vision and strategic position developed in this report recommends the broad application of the Farming Zone (with three forms) to support the continued scope for agricultural activity, investment and development, particularly in irrigations areas. The report also recommends the application of the Rural Conservation Zone to areas with identified environment and landscape values and the application of the Rural Activity Zone in areas associated with access to water where fragmentation of Farming Zone has occurred through major road infrastructure and proliferation of smaller lots. The RRLUS also recommends the continued use of the Rural Living Zone in existing areas, and in the future as a part of a settlement growth strategy in individual centres.

11.1 Key recommendations

In summary the recommendations are:

- The application of the Farming 1 Zone (Agricultural Growth Areas) and supporting policy to most rural farming areas in the three planning schemes
- The application of the Farming 2 Zone (Consolidation) and supporting policy to areas with smaller lots and some existing property fragmentation, but where the consolidation of properties into larger holdings should be a long-term goal
- The application of the Farming 3 Zone (Niche Farming) and supporting policy to areas with smaller lots and higher levels of housing in rural areas. Agricultural activity is still the anticipated land use in the area, but the scale and form of this will differ to the other farming areas.
- The application of the Rural Living Zone to remain as present
- The application of the Rural Conservation Zone to various areas on the River Murray Corridor, forested landscapes near Rushworth and Murchison, and parts of the Dookie Hills area.
- The application of the Rural Activity Zone on identified parcels of land adjacent the Murray River within Moira and Campaspe.
- The application of Environmental Significant Overlay across regional areas where there is significant natural values and existing intensive agriculture.

11.2 Planning scheme changes

11.2.1 State Planning Policy Framework (SPPF)

It is evident that the findings of the project and the implications of the planning scheme changes that are recommended that the approach needs to be resolved with the Department of Planning and Community. In particular the scale and significance of agricultural production from the region should be noted in the SPPF, the link between long term water security in the region, investment in a new irrigation infrastructure and the implications of a specific approach to planning scheme provisions should be recognised and facilitated by actions of the Department.

Recommend inclusion of a statement in the SPPF. This statement needs to read along the following lines

“The municipalities of Campaspe, Moira and Shepparton comprise the Foodbowl of Australia. This region contributes over \$3b annually to the State’s economy

through its agricultural sector. There is significant investment in agricultural and irrigation infrastructure in this region to support the ongoing growth and investment in agriculture. Further water reforms in line with the Foodbowl Modernisation Project will lead to changes in land use and aggregation and consolidation of properties. This structural change will require a supported transition as will the facilitation of investment that will arise from a more secure and robust water supply. The Northern Region Sustainable Water Strategy provides the basis for strengthening the region's water security.

Inappropriate development and unplanned land use change will compromise the future of agriculture and undermine this investment. The Campaspe, Moira Shepparton Region Rural Land Use Planning Strategy has been developed for this region to support agricultural growth."

11.2.2 Municipal Strategic Statement (MSS)

The MSS in each planning scheme will need to be updated to reflect the regional values and the opportunities associated with agricultural investment and other rural land use from this report and the rural land use strategy.

Policies or directions in the MSS will be required for:

- Clarity on purpose and objectives for each of the three Farming Zone areas (Growth, Consolidation, Niche).
- House lot excisions – identifying that they should only be supported in Restructure/Consolidation areas in return for consolidation.
- Subdivisions –based on farming trends in the region smaller lots are generally not required. Subdivision should generally not create additional lots, should be clearly based on an improved productive farming outcome that cannot be achieved with the current lot size, should be able to demonstrate why the proposal could not occur on an existing lot in the area or elsewhere in the region, should provide for productive, economic agriculture.
- Dwellings - identifying that based on farming trends in the region new dwellings are generally not required (other than in Niche areas). Any new dwelling within the Farming Zone must: provide for improved farming outcomes; must be required to promote / support agriculture on the land; follow the establishment of agricultural use and provide benefit to the generation of income; and, must not threaten agriculture use on adjacent and adjoining land.
- Rural amenity areas – may need a policy or detailed discussion in the MSS to address the scale of development that should be supported in these areas.

11.2.3 Local Planning Policy Framework (LPPF)

In respect to Local policies there is only a need to include local planning policies if the issue cannot be adequately addressed in the SPPF, MSS, zone and overlay provisions. Recent directions from the DPCD suggest the need to limit the volume of Local Policies.

Consideration also needs to be given to removing or revising some existing rural local policies to ensure consistency across the region.

Specific policies should address:

- Specific Policies for each of the Farming Zones to clarify the basis of these, to provide a policy basis for any development (including subdivisions, dwellings, excisions and consolidations).

- Specific Policies for the RCZ including the strategic objectives of the application of the zone, a policy basis for any development and environmental objectives to deliver an environmental gain from conditions associated with development.

11.2.4 Zones / overlays

The strategy recommends the adoption of the Farming Zone, Rural Conservation Zone and Rural Activity Zone across the land subject to the provisions of existing rural zoning. First pass indicative rezoning for the entire region are located in Appendix E (Map 7).

This approach will ensure that the adopted vision can be implemented through statutory controls.

Farming zone

As described throughout the RRLUS, for the purposes of the region whose existing and long term future is inextricably linked with the agricultural activities, the redefining of the Farming Zone through changes to the associated Schedule to the Farming Zone is recommended.

The Farming Zone incorporates the majority of the region across the three municipalities.

The application of the three variations of the farming zone include:

- Farming 1 Zone (Agricultural Growth Areas)
- Farming 2 Zone (Consolidation)
- Farming 3 Zone (Niche Farming).

Rural Activity Zone (RAZ)

Mapping within Appendix E (Map 7) highlight areas of Rural Activity Zone. These areas require more detailed review but are considered more appropriate for RAZ than. The RAZ zone can be applied where farming and agriculture is the primary activity but other uses can be supported such as tourist ventures or agribusiness that seek or need a rural setting. This zone is appropriate in areas where commercial, tourism or recreational development will complement existing agricultural pursuits, natural resources and landscape values. This zone provides for strict control on use and development to avoid potential conflicts.

Proposed areas are associated with Lake Mulwala and between Cobram and Bundalong that has been identified in previous strategic work. In addition areas north of Murray Valley Highway to the west of Echuca have been recommended for RAZ as the area has strong links to the landscape values and recreational opportunities of the Murray River, contains existing tourism ventures and consists of a fragmented agricultural lot arrangement.

Rural Conservation Zone (RCZ)

RCZ areas in Campaspe Shire that are purely based on flooding should be rezoned FZ if the intended land use is farming. The LSIO and FO should be used to control development within these areas. However, to strengthen existing reserved areas around Rushworth the strategy recommends the application of RCZ in areas around Box-Ironbark forests in the southwest of the Study.

There should be wider application of the RCZ in Shepparton and parts of Moira (in addition to existing RCZ areas) particularly in association with the River Murray corridor and the Dookie Hills.

Consequently, this study recommends that the RCZ is applied more widely in Shepparton, and particularly in parts of Moira. Examples include the River Murray corridor area where

fragmentation of land ownership and trends in housing limit opportunity for agricultural expansion, but significant landscape and amenity values can be identified. In these areas, the objective of environmental enhancement should have primacy, but may well be delivered through conditions on planning approvals that allow housing and other development at appropriate intensities, while improving vegetation and habitat linkages across the landscape.

Vegetation Protection & Environmental Significance Overlay

It is recommended that the application of a Vegetation Protection Overlay (VPO) is consistently applied throughout the region based on existing mapping developed through the Biodiversity Action Planning and recent updates to EVC Mapping undertaken by DSE. In addition the application of an Environmental Significance Overlay is recommended for the Northern Grasslands within Campaspe based on updated mapping of these important areas of natural assets completed by DSE (2008). The application of the ESO is recommended to ensure the prioritisation of high value native grasslands in conjunction with the long term sustainable agricultural development across Campaspe that is suitable located within the Farming Zone.

Floodway Overlay

A consistent approach to the application of the Floodway Overlay (FO) is recommended across the region. As mentioned above this requires removal of RCZ that has been applied based on recognised flood areas within the Shire of Campaspe. The application of FO should be used as the primary tool for limiting use and development within areas subject to flooding.

11.2.5 Other matters

There needs to be a monitoring, auditing and review system agreed between the between three Councils so that information on applications, permits and the basis of decision making is shared to ensure consistency in application of the strategy. In the event that a proposal is likely to lead to a challenge to the strategy the three Councils need to share information in order to maintain the integrity of the strategy.

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13. Limitations of report

Scope of services and reliance of data

This report has been prepared in accordance with the scope of work/services set out in the contract, or as otherwise agreed, between PB and the client. In preparing this report, PB has relied upon data, surveys, analyses, designs, plans and other information provided by the client and other individuals and organisations, most of which are referred to in the report (the data). Except as otherwise stated in the report, PB has not verified the accuracy or completeness of the data. To the extent that the statements, opinions, facts, information, conclusions and/or recommendations in this report (conclusions) are based in whole or part on the data, those conclusions are contingent upon the accuracy and completeness of the data. PB will not be liable in relation to incorrect conclusions should any data, information or condition be incorrect or have been concealed, withheld, misrepresented or otherwise not fully disclosed to PB.

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