

Shire of Campaspe
Greater Shepparton City Council
Shire of Moira

Campaspe, Greater Shepparton and Moira Regional Rural Land Use Strategy

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FINAL REPORT OCTOBER **2008**

SHIRE OF CAMPASPE

GREATER SHEPPARTON

MOIRA SHIRE ON THE MURRAY

PB 100 YEARS PARSONS BRINCKERHOFF

in association with

RMCG Consultants for Business, Communities & Environment

Supported by the Victorian Government

Victoria The Place To Be

Campaspe, Greater Shepparton and Moira

Regional Rural Land Use Strategy

October 2008

Greater Shepparton City Council
Shire of Campaspe
Shire of Moira

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1. Introduction

Parsons Brinckerhoff, in conjunction with RM Consulting Group, have been engaged by the Shires of Campaspe and Moira and the Greater Shepparton City Council to prepare a rural land use strategy for the three municipalities that provides a consistent regional response to the management of rural land.

The key objective of this rural strategy is to secure and promote the future of agriculture across the region through the respective Council planning schemes. This strategy will ensure that the planning schemes of the three municipalities are responsive to rural issues, and in particular support agricultural growth and change.

Currently the three planning schemes recognise the value, significance and challenges facing agriculture and rural land. The planning schemes also consistently recognise the general directions required to support ongoing agricultural viability. Inconsistencies presently exist in terms of specific controls for subdivision and dwellings. This strategy will provide a consistent basis to a revised approach.

Further, the strategy will review the ongoing role of agriculture in the region. It is considered pertinent to review the direction and value of agriculture in light of recent changes and challenges such as drought and the opportunity for a new approach to managing the irrigation system on which the region is dependant.

The study area includes the three municipalities of Campaspe, Greater Shepparton City Council and Moira. As well as being Victoria's key agricultural area in terms of productivity and diversity, the region produces a significant proportion of the country's dairy and horticulture product. Incorporating the Goulburn Valley, known as the Foodbowl of Victoria, the study area also includes a diverse landscape that is predominantly agricultural land including large dryland agricultural areas. The study area is dissected by both the Campaspe and Goulburn Rivers that support riparian vegetation and provide opportunities for irrigation. Significant areas of remnant vegetation are also located within the study area including both the Box Iron bark forests of Rushworth, the Pathos Plains north west of Echuca and the Red Gum forests of Barmah. The study area is framed along its northern boundary by the Murray River that runs the length of Moira Shire and the northern extent of the Shire of Campaspe. In addition to on-farm production, processing and packing of agricultural produce is the core of the regional economy. Recent years have also seen some rural land placed under pressure for conversion to rural residential and tourism uses.

This plan needs to determine the appropriate location and balance between these rural land uses, and contribute to managing the social, economic and environmental implications of landscape change.

2. Developing a vision for managing the rural landscape in this region

The Campaspe, Greater Shepparton and Moira Regional Rural Land Use Strategy (RRLUS) is a unique and bold **initiative** by three Councils to provide a framework to manage the land use and development of their rural areas and to facilitate future investment. Working in concert, the three Councils are using a strategic approach implemented through consistent supporting planning scheme provisions to assist in securing and sustaining the productive capacity and employment base of their region (Figure 2-1).

This strategy seeks to advance this initiative by grounding proposed planning provisions with a clear objective of supporting and maintaining the region's strengths. This also means ensuring the adaptability and flexibility of rural land resources and production infrastructure into the future.

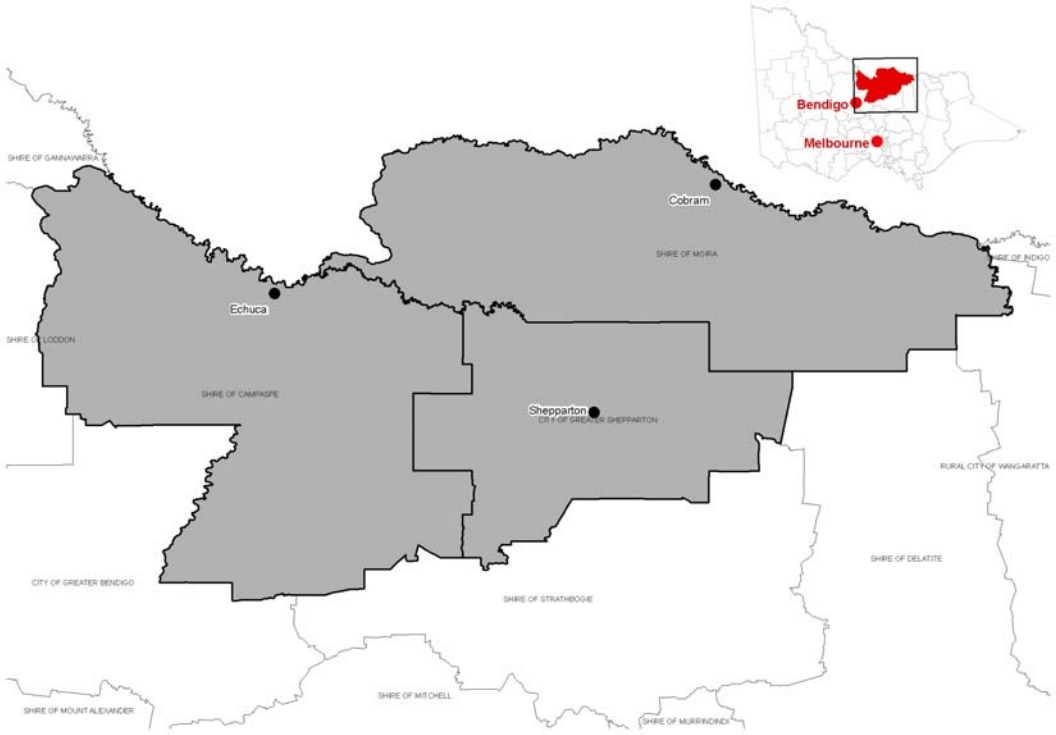

Figure 2-1: The Region including City of Greater Shepparton and Shires of Campaspe and Moira

2.1 Strong productive region

Irrigated 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 national deciduous canned fruit production
- 45% of Australia's stone fruit crop
- 90% of the national 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 (Goulburn Broken Catchment Management Authority 2006). This sector alone invested around $1 billion during the 1990s in processing and handling equipment, infrastructure and refitting.

The region's workforce is heavily dependent on the whole agricultural sector with about 8,500 people directly involved in agricultural production on farms, and an estimated similar number involved directly and indirectly in the processing of that product. An example of a service industry indirectly related to the production and processing of agricultural product is the transport sector that has grown in the region to become the nation's greatest concentration of employment and equipment in the trucking industry accounting for 4% of employment in the Goulburn Murray region (Department of Victorian Communities 2006).

2.1.1 The Irrigation base

Despite the economic prominence of the whole agricultural production and processing sector the region's irrigation infrastructure, upon which much of this production is dependent, is ageing and inefficient. But that infrastructure must continue to be competitive with other regions, such as areas downstream along the River Murray and interstate, or it will become unviable for those remaining businesses and the economic base of the region will diminish. In order to address this situation a package of modernisation, known as the *Northern Victorian Irrigation Renewal Project (NVIRP)*, 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.

Fundamentally this modernisation is proposed to involve a massive transformation of an irrigation system, essentially designed for agriculture in the early 1900s, to a system that will support an automated, low energy and regionally competitive system. This new system will supply large volumes of water to strategic areas and at service levels that match the customer's needs, particularly those that drive the economic engine of the region and thereby facilitate continued growth and major new investment in agribusiness. Dairy and horticultural activity based on irrigation are likely to continue to be the foundation industries in the regional economy, and grazing and cropping on dryland are, and will remain, very important elements.

In terms of irrigation, the region's economic performance, scale and value of production is generated by around 20% of water users who use over 80% of the water. Others on the irrigation supply system rely on these larger volumes of water to be delivered into the system to retain their own cost competitiveness.

In both irrigation and dryland production the drivers of future successful agribusinesses, regardless of the scale of enterprise, are likely to be:

- Continuing current trends for significantly increased scale of production (to spread increased overhead costs and to justify investment in technology). Increased scale is achieved by expanding the land area of production and/or by increasing the intensity of the production system
- A shift to individual management of their own business risks (e.g. consolidation into contiguous properties to manage all their own water supply).
- Agribusinesses that seek to minimize the number of neighbours (to reduce negotiation over land management and production processes and health and safety restrictions).

- Agribusinesses that expand into land that is priced competitively because it is used for agriculture rather than having inflated land values because it has been subdivided for hobby farms.

Successful agribusinesses of the future will need lower production costs than currently prevail; this will be achieved through further increases in the scale of operation. Increased scale will help businesses meet requirements for enhanced reporting on duty of care, as well as greater needs to manage their own marketing and risks, including financial risk. In addition, agribusinesses of the future will need to become even more globally competitive and operate in a demonstrated environmentally sustainable manner. In order to meet these future requirements, agribusinesses will need to maintain an adequate water supply and will be likely to construct and manage their own water distribution. They will require an irrigation supply system that increases the efficiency of supply and provides the flexibility needed for changes to scale of operation and land use. These initiatives, while specifically relating to the land use and management of the region's rural areas, directly impact on the future profile and prosperity of the whole region.

The RRLUS is predicated on five 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.
5. The region natural assets and ecosystem services provide significant contribution to the productivity and sustainability of the region.

In order to maintain the region's pre-eminent position and to provide the climate under which future investment will take place various economic, resource and development factors need to be in place. One is obviously securing the region's long term water resources (that, in itself, relies on securing the agricultural base), another is providing the conditions under which new privately led water infrastructure investment to service the expansion of agricultural production can take place. It is increasingly evident that such prospective agricultural investment is jeopardized, deterred, or completely lost by land uses and developments that have the potential to compromise the scale and location of such investment. Large-scale multi million-dollar investment in agricultural investment is far less likely if prospective investors are confronted with land that is already fragmented in ownership with housing dispersed throughout or adjoining it.

2.1.2 Dryland farming

A substantial proportion of the land area supports dryland farming enterprises. These are mostly mixed farm businesses producing livestock and growing cereals (usually wheat, oats or barley) and some legumes and oil seeds. Sheep raising for wool or fat lamb production and cattle for beef production, are the main dryland livestock enterprises.

Regional data on output and gross value of agricultural production (by commodity) does not differentiate between dryland and irrigation production which means that it is difficult to report on the significance of the dryland contribution to the region as a whole. Dryland farming is,

however, substantial and it should be noted that much of the commentary and discussion in this strategy is applicable to both irrigation and dryland businesses because they are similarly impacted by planning and land use pressures occurring throughout the region.

Farm Business Structures

In common with other agricultural regions, farm business within the three Shires comprise 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 business structures is a reality of modern agriculture and demonstrates that there are many different models for running a profitable agricultural business. The RRLUS does not suggest that there is any one preferred model but is based on land use planning principles that will accommodate a variety of businesses models and ensure that from a land use perspective businesses can adapt to change such as new markets, new technology and emerging risks.

2.2 Decision time for the region

Essentially the region finds itself early in the twenty first century at a fork in the road in relation to the future rural landscape, its productivity and its capacity to drive and deliver substantial investment in agriculture and in turn in local processing and production. One path secures the future by strengthening the existing agricultural and economic base; the other path will lead to the erosion of that base and an increasing reliance on new but uncertain sources of prosperity. In essence, to a significant degree, the long-term prosperity of the region is directly linked to the choices made in respect to the key elements of the RRLUS, because the RRLUS has the capacity to considerably strengthen the chances of the expected agricultural investment occurring. Conversely if the strategy is not pursued, particularly in respect to managing proposals for the subdivision of agricultural areas, the building and location of new dwellings and other non-agricultural uses and developments, the future could be quite different.

2.2.1 Steady as it goes

The least contentious path may appear to be a continuation of current arrangements and past practices. Generally it involves supporting the continued fragmentation of agricultural land in many localities and the development of housing and other non agricultural uses with little or no regard as to whether it will impact on current farming and horticulture and the likelihood of future investment, adaptability and flexibility. That decision-making regime is largely driven by short-term horizons, local activism and parochialism. Its outcome is the cumulative impact of small-scale decisions. Each individual decision will not alter the destiny of the region. However over time the collective impact of these decisions will continue to reshape the region because of the increasing likelihood that large-scale investors in food production will look to other regions where they can find much greater certainty and situations that are more conducive to risking large amounts of capital. This will, in time, reduce the level of production from the region, reduce the importance of the region compared to other areas and reduce the level of investment in processing and services with consequent impacts across the whole economy and social fabric.

2.2.2 Bold future

The alternative path is tougher. It means being much more decisive when options for development are advocated. Choices are about long-term and region-wide gains against short-term individual concerns and individual financial outcomes. It means looking beyond

individual speculative expectations and supporting a large-scale investment climate, which will produce flow-on impacts with wider beneficial regional outcomes. It means recognizing that the RRLUS is a core component of a wider set of measures and initiatives that collectively can much better secure the economic future of the region. The political will needed to carry this out now and into the future should not be underestimated.

The RRLUS and the planning scheme provisions that assist its implementation cannot, alone, bring about this substantial regional change and the anticipated level of continued and new investment in agriculture. But the whole package of reforms associated with the *NVIRP* has a much greater chance of failing to come to fruition and deliver its projected benefits if the RRLUS is not effectively adopted and then appropriately implemented through planning scheme provisions and, finally, administered in a way that is consistent with the objectives of the strategy. Without the RRLUS and its implementation through a new planning scheme regime, particularly in respect to certain key decisions on land use and development in various areas, it will be practically impossible to realise the benefits of the modernisation project.

2.2.3 Growth areas

The core of the RRLUS is to ensure that those large-scale areas where major future agricultural investment is likely to occur are not compromised by ad hoc land uses and developments including the subdivision of land and its fragmentation in ownership. For the purposes of the RRLUS this area has been termed ***Growth***. Future investors do not want operations that may be limited or compromised by countless neighbours and residential amenity issues. Therefore the RRLUS has at its central piece the identification and zoning of areas that are and should remain essentially exclusive farming areas and have the capacity and potential for significant further agricultural development. These are areas where substantial future investment in horticulture and large scale agriculture both irrigation based and dry is likely because it is attractive to both existing and new major agricultural producers and business consortiums. In addition these areas include land previously identified as **Prime Development Zones**[1] for agriculture either with access to irrigation or operated as dryland properties.

The level of planning control required to be delivered in these areas by the respective Councils will be to effectively prevent any further fragmentation of this land, to not provide for inappropriate dwellings to be constructed and to prevent any other uses and developments that are not consistent with agriculture. In terms of the planning scheme provisions this will in essence mean that there will be no basis for the further subdivision of any more lots, no new dwellings will be required and uses that are not related to or support agricultural production will not be required. This may be seen as a restrictive regime but it reflects the outcomes of the strategy and the importance of the regional goals. In terms of the manner in which the provisions of planning schemes are expressed this will mean statements in the Municipal Strategic Statement (MSS) to this effect, a Local Planning Policy encapsulating this in terms of decision making guidelines and relating the provisions in the Schedule to the Farming Zone to this policy, in order to complement expanded minimum lot provision. The experience in the exercise of planning scheme provisions has been that minimum requirements become the standard. To address this, the RRLUS intends to prescribe larger minimum lot sizes and

[1] Prime Development Zones are detailed in Section 4.4.2 of the report. These areas are land that have been identified as capable of accommodating new investment into high-value irrigation development. To ensure clarity with reference to other land use zones (in accordance with the Victorian Planning Provisions) these areas are referred to as Agricultural Development Areas.

promote development standards that ensure the development proposals must be justified against strategy and the policy – that is implementing a full performance based approach to the implementation of a planning scheme.

2.2.4 Remaining areas

At the second tier level the regional RRLUS encompass areas where agriculture is significant but where large-scale major investment in agriculture and water infrastructure is far less likely. These are productive areas both irrigated and dryland. But these areas comprise one or more and usually many of the following characteristics; comparatively smaller agricultural holdings, fragmented ownerships, dispersed residential properties with limited relationship to agricultural use, non agricultural uses and developments, outmoded or inefficient water infrastructure, highly productive land parcels amidst non agricultural uses, conflicts between competing and non-compatible land uses, rural holdings primarily used for lifestyle reasons, and some areas where land values considerably exceed the productive value of the land.

While these areas are often complex in their range and mixture of land uses and development and display significant variation in productivity they can be broadly divided into four areas based on the dominant land uses and relationships to agricultural land uses.

1. Areas where productive agriculture is the predominant land use. Further investment in agriculture is likely in these areas, but the relatively smaller size of most of the holdings, the fragmented pattern of land ownership and the older irrigation infrastructure is likely to make these areas far less attractive for large scale agricultural investment. For the purposes of the RRLUS this area has been termed the ***Consolidation*** area. Under the Victorian planning system these areas should be zoned Farming and include necessary minimum lot size provisions in the accompanying Schedule to the Farming Zone.
2. Areas where productive agriculture is a significant land use but there are many properties that do not rely on a productive agricultural return and they are often increasingly hosting a range of urban related uses. While there may be some further investment in productive agriculture it is increasingly unlikely as the cost of purchasing land far exceeds a productive return from the area and the amenity impacts of further agricultural uses limit opportunities. Investment in agriculture will be largely based on the existing lot configuration and is likely to increasingly involve niche and specialist products. They are farming areas but they are being transformed by demand into areas where the dominant household basis is a form of rural living. For the purposes of the RRLUS this area has been termed the ***Niche*** Area. The most appropriate zone for these areas is Farming but the detailed provisions of the zone should recognise the reality of the current land uses and the transition in role and function that is occurring in these areas and therefore to provide for flexibility in terms of further development of an appropriate scale and intensity.
3. Areas in rural settings where ownership is heavily fragmented, properties are small – often too small to support independently viable agricultural use other than at a hobby scale. Essentially these areas have become rural living or rural residential areas regardless of their formal zoning under the current planning schemes. The most appropriate zone for these areas is ***Rural Living***.
4. Areas where there is agricultural land use but it is essentially providing a setting or background land use and landscape for a variety of tourist and recreational developments that have located in the area. These areas are generally relatively small in area against the total area of the region and are often nearby to urban areas and major

tourist and recreation areas like rivers and forests. Under the provisions of the Victorian planning system these areas would be generally zoned ***Rural Activity***.

5. The region's biodiversity values have been placed under considerable pressure through land clearance and fragmentation of vegetation as a result of land use and development. A number of areas contain significant conservation values on private land. These areas also provide opportunities for limited residential activity and some low intensity agriculture activity. Principally these areas long term future is concerned with maintaining and enhancing areas of biodiversity. These areas have been recommended to be zoned for ***Rural Conservation***.

2.3 Planning Scheme provisions

The specific planning scheme provisions that would derive from the RRLUS relate to the Rural type zones. These are expressed through three proposed schedules to the Farming Zone; *Growth; Consolidation;* and*, Niche*, they include:

- Subdivision minimum sizes are recommended for enlargement and would be supported by a performance based approach. Each subdivision proposal would have to provide the justification and demonstrated need for the further creation of lots. The current situation is generally that an arbitrary subdivision size is set in the planning scheme provisions, Councils receive applications to subdivide land into lots of that size and because it complies with the provisions the application is granted. The lot size often bears no relationship to the intended land use and development of the land and its only virtue is that it complies with an arbitrary size based on a long forgotten historical rationale. It would be preferred to specify no minimum lot and rely on applications that justify their proposal against the strategy. However, the prescription of a minimum lot requirement is required to ensure the trigger for a planning permit. Proposals will be required to provide the justification for the subdivision against the Strategy and then Councils apply the decision making criteria consistent with the Strategy the result will be that there will be few if any subdivisions in the Growth and Consolidation areas and only a modest number in the Niche area.
- Excision[2] of existing houses from agricultural properties will not be necessary in the Growth area. There may be some situations in the Consolidation area where an excision will assist in the development of farming enterprises and far less likely in the Niche area because these areas are already extensively fragmented with supporting houses. In all three proposed farming zones, applications for excisions will be required to demonstrate how an excision will positively contribute to the strategic agricultural future of the subject property.
- New dwellings in the Farming Zone that do not meet the 'as of right' minimum lot requirement would require a planning permit and would need to be assessed against the purpose of the zone. In the Growth area there is no need or justification for additional dwellings, there are unlikely to be situations in the Consolidation area where a new dwelling will assist in the development of farming enterprises, but in the Niche area further dwellings may be needed to support the productive use of land.
- Tourism and recreation based development including accommodation and hospitality enterprises would need planning permits but there would be no basis for such uses in

[2] Subdivisions, excisions, and re-subdivisions can often be misinterpreted, particularly as all planning tools may achieve the same outcome of an 'excised' dwelling from a farming operation. However, statutory planning instruments do clearly delineate the three. A plain English discussion outlining the difference in these statutory tools, and visual examples are included in Appendix G.

either the Growth area nor the Consolidation area but they may be justified in the Niche area where they do not compromise agricultural operations and production. Land where tourism and recreational based activities are the primary activity are more suitably located within the Rural Activity Zone.

Ultimately, the RRLUS is a core element among a suite of other policy and process that will impact across a wide range of issues that affect the whole region. That range of issues includes; the use of land, the allocation of water, the prospects for significant agribusiness investment, the long term future of industries that process local product, the jobs of the region's largest employment sector and all the businesses that depend on them. The scale of these issues and their relationships with the regional economy are at such a level that they are beyond regional significance and they impact at a state and national level.

3. The strategy development process

This study was undertaken by Parsons Brinckerhoff (PB) in collaboration with RM Consulting Group. The project team included expertise in strategic and statutory planning, agriculture and land capability.

3.1 Key project team members

Key project team members were:

Trevor Budge – Project Director, PB

Carolyn Stephenson – Principal Planner, PB

Nick Byrne – Planner, PB

Andrew Butt – Senior Planner, PB

Felicity Brown – Senior Planner, PB

Jessie Keating – Planner, PB

Roger Standen - Agricultural Consultant, RM Consulting Group

Shelley McGuinness – Agricultural Consultant, RM Consulting Group

Greg Hughes –Greater Shepparton City Council

Colin Kalms - Greater Shepparton City Council

David Becroft – Shire of Moira

Richard Whiting – Shire of Campaspe/Moira

Andrew Cowin – Shire of Campaspe

3.2 Study brief

According to the Study Brief, the aims of this project are to:

- Provide each Council with a “Rural Land Use Strategy” that will, when taken with the “Rural Land Use Strategy” of the other Councils, secure and promote the future of agriculture across the Region.
- Provide the data, strategic justification and analytical basis for planning scheme amendments to give effect to the strategy.
- Implement the “Rural Land Use Strategy” as part of each Council’s Planning Scheme.

The objectives of the project are to:

- Develop a common vision, role and purpose for rural land to apply to each Council and Municipality.
- Investigate opportunities, constraints and options for diversifying land uses in the rural areas in suitable locations to support high value rural industries, intensive agricultural production, accommodate tourism demands and other appropriate uses which are compatible with the primary purpose of the rural areas.
- Investigate and identify sub-regions in each of the three Municipalities that require different strategies to support and promote appropriate and sustainable agricultural enterprises.

- Investigate options and develop strategies for those areas where water is no longer available.
- Develop a common set of policies and zone provisions that prevent the fragmentation of agricultural land as appropriate to the sub-regions.
- Develop policies and zone provisions, including the revision of existing schedules, to implement each Council's "Rural Land Use Strategy".
- Accurately map the outcome of each Council's "Rural Land Use Strategy" and provide justification for any Planning Scheme mapping modification.
- Investigate opportunities, constraints and options during the application of rural zones, in particular the Rural Conservation, for the protection of significant environmental areas or assets from inappropriate development or use.

3.3 Project stages

The methodology for this project involved review of existing material, primary data collection and consultation. One of the unique approaches adopted for this project was the significant involvement of the Councillors of the three Councils in the development of the direction for the strategy and the involvement of Council Officers of the three municipalities in the development of the implementation initiatives for the strategy.

The project methodology is outlined below.

1. Research and Investigation of Issues

This stage of the project involved:

- Document review
- Investigations – Agriculture and Settlement
- Application of Investigations
- Councillor Workshop 1
- Planners Workshop 1

The purpose of this stage of the project was to gain an understanding of the issues facing the study area.

2. Community Consultation

The community consultation consisted of a series of open days, where members of community could drop in and view initial research findings and discuss their issues and concerns one on one with a member of the consultancy team and Council representative.

As well as these general community sessions, a number of targeted sessions were also conducted on particular issues including water and the environment and economic development. Relevant agency staff were invited to these sessions as well heads of industry groups.

3. 1st Joint Councillor Workshop – Regional Vision

The key aim of this project is to secure and promote the future of agriculture across the region through the development of consistent strategies and Objective 3.4 of the Project Brief required that the study develop a common vision, role and purpose for rural land to apply to each Council and Municipality. The study team recognised the significant challenge in bringing together the three groups of Councillors to develop a common position for the region.

A workshop was conducted on 4th September, 2007 at which the Councillors were presented with information about the challenges and values of rural land use across the region. At this workshop they developed some agreed principles for the region which enabled the project to proceed to the next stage.

4. Joint Planners Workshop – Implementation

Following on from the Councillors workshop a workshop was held with the Council Planning Staff to discuss and develop options to implement the direction set by the Councillors.

This workshop provided information to planning staff about the challenges and values of rural land use across the region, the role of strategy, the direction and principles adopted by Councillors and implementation initiatives to enable identification of suitable options to deliver the strategy. In conducting this workshop it was recognised that an understanding of the issues and the strategic regional context was a significant element of effective implementation of the strategy, along with the development of statutory planning tools.

5. 2nd Joint Councillor Workshop – In principal approval

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.

6. Agency Workshop/Briefing

A 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 elected representatives and staff members from each of the partner Councils.

7. Preparation of the Strategy document

This stage of the project involved preparing the draft strategy including supporting documentation to justify the recommendations. This strategy document is to be initially prepared as a draft which was placed on public display for community feedback.

This strategy document includes sections addressing; agricultural issues and trends, processes of change in housing and population in the region, a discussion of environmental issues for consideration and an overview of the existing planning process with reference to limitations and alternatives and the process of community consultation. The final section of the report provides a strategic direction and recommendations based on the analysis and the context introduced in Chapter One above. A series of appendices provides further material for consideration.

8. Public Display and Consultation

The Draft RRLUS was placed on display for a 28 day period. During this time a series of information sessions were undertaken throughout the region. These sessions targeted consultant surveyors and planners, Council Officers; land management agencies and the regions community. During this period a total of 72 submissions were received. A summary of these submissions and responses are located in Appendix I.

9. Finalisation of Strategy document

A number of issues were raised during the public display period. These included clarification regarding the consultation program; ABS commodities data update and analysis; information regarding the alignment of agricultural principles that form the basis

for the RRLUS and the application to agricultural enterprise of all scales and whether it is dryland or irrigation.

4. Agriculture in the region

This chapter provides an analysis and discussion of the importance of agriculture across the region and within each municipality. It will also document trends and issues relevant to agricultural production such as irrigation infrastructure modernisation, water reform and agricultural development areas.

Sections 4.1 - 4.6 of the chapter provide an overview of the study area. Sections 4.7 - 4.9 provide a more detailed analysis and discussion of agriculture in each municipality. The 'region' or 'the study area' is used to describe the three municipalities as a single entity. The 'Shepparton Irrigation Region' refers to the combined irrigation districts across the three municipalities.

Throughout this report, data from the Australian Bureau of Statistics has been used to provide a picture of the current status and trends in agriculture across the region.

4.1 The region in a national context

Agricultural production and food processing is an important segment of the local economies in the Shires of Moira and Campaspe and the City of Greater Shepparton but are also significant nationally. For example, Victoria produces 65% of the national milk production. Twenty five percent of national milk production comes from the northern irrigated area of the state much of which is located in the study area (Dairy Australia 2006);

The region grows:

- 90% of the national deciduous canned fruit production;
- 85% of the national pear crop;
- 45% of the national stone fruit crop;
- 14% of the national fresh stone fruit crop;
- 16% of the national apple crop;
- 90% of the national kiwifruit crop (Department of Primary Industry 2006)
- 90% of Australia's tomato processing capacity is located in the study area (Department of Sustainability and Environment and Department of Innovation, Industry and Regional Development 2007).

Agricultural produce is consumed and processed locally as well as being exported. Food processing and manufacturing in the study area[3] is estimated to generate $1.7 billion annually (Goulburn Broken Catchment Management Authority 2006) as well as providing a significant amount of employment across the region.

[3] Figures are based on data generated from the GBCMA that commissioned a study into the food processing and manufacturing across the Goulburn Broken Catchment area and the entire area of the Shire of Campaspe.

The study area has the necessary combination of natural attributes for high-value agriculture:

- Excellent soil types.
- Mediterranean climate.
- Access to a secure supply of high quality water.

4.1.1 Soil types

The soils of the irrigation areas, which represent the majority of the study area, have been extensively mapped and classified according to their suitability for irrigation. Appendix D shows that most of the land within the irrigation areas has attributes that make it highly suitable or suitable for irrigation such as good drainage and low salinity.

Land outside of the irrigation areas has been assessed as to its suitability for new irrigation development. A number of agricultural development areas[4] have been identified across the region that present an opportunity for further expansion of irrigated agriculture. The Agricultural development areas are discussed in further detail in Section 4.4.2 of this report.

4.1.2 Land capability

Most of the land in the region is capable of being irrigated provided farm management practices address issues such as excessive leaching through highly permeable soil and waterlogging from low lying and impermeable soils.

Erosion is virtually non-existent in the irrigation region due to relatively flat topography (little water erosion) and generally heavier soils (little wind erosion).

Land deterioration hazards relevant to the irrigation area are less than for much of the dryland. Generally, on-site deterioration can take the form of; nutrient decline, waterlogging, soil salting, landslips, erosion (sheet and gully), soil structure decline. The first three are relevant to the irrigation region. Soil salting has been the subject of substantial changes to practice and management over the past two decades with improved water application methods and drainage and is now a manageable issue.

Most of the region has potential for waterlogging if water is not well managed and nutrient decline is addressed through the productive application of fertilisers and soil ameliorants.

[4] Agricultural Development Areas (Prime Development Zones) have been identified (Loddon Murray 2000 Plus, 1998; SKM, 2000) as those areas capable of accommodating new investment into high-value irrigation development. Further detail regarding Prime Development Zones is outlined in Section 4.4.2.

There is limited land capability data for areas outside of the Agricultural Development Areas and the irrigation districts. There is, however, broad scale land capability information available for parts of the dryland region[5]. Basic information on landform, soil type, climate and susceptibility to degradation risk (erosion and soil compaction) provide an overall assessment of the land's capability in supporting agricultural and other land uses. More detailed land capability data is not required to verify the suitability of various dryland farming activities in the farming zones specified in this land use strategy.

4.1.3 Climate

The region has a Mediterranean climate with generally hot dry summers with an average temperature of 30°C between December and February (Bureau of Meteorology, http://www.bom.gov.au/). In winter, June to August, the average temperature is 14°C with sufficient cold days to achieve the necessary chilling requirement for bud initiation in fruit crops. The average rainfall is around 450mm, just over half of which falls between May and October.

The Department of Sustainability and Environment (2004) assessed the likely impacts of climate change on the Goulburn Broken Region. The repost summarized the projected climate change for Goulburn Broken as follows:

- Annual warming of 0.3 to 1.6ºC by 2030 and 0.8 to 5.0ºC by 2070 - Day time maximum temperatures and night time minimum temperatures to rise at similar rate, with warming to be similar throughout the seasons.
- A 10 to 50% increase in the number of hot summer days (over 35ºC) by 2030 and 20 to 400% by 2070.
- A 10 to 70% reduction in the number of frost days by 2030 and a 35 to 100% decrease in frost days by 2070.
- Annual precipitation decreases likely (changes of +3 to -15% by 2030 and +10 to -40% by 2070). Decreases likely in all seasons, but less so in summer and extreme heavy rainfall events may become more intense.
- Runoff in the Goulburn is estimated to decrease by 0 to 25% and 0 to 35% in the Broken by 2030. By 2070 the decreases in both river systems is estimated to be 5% to more than 35%.
- Droughts are likely to become more frequent and longer with dry conditions that currently occur on average on in every five years may increase to up to one in three years by 2030. Due to hotter conditions, droughts are also likely to be become more intense.
- Increased evaporation rates and drier soil likely, even if precipitation increases, with decreased average run-off in streams.
- Hotter, drier conditions likely to increase bushfire risk.

The report also assessed the potential impacts on farming systems and irrigation:

- Warmer temperatures, changing rainfall patterns, the fertilizing effect of increased atmospheric carbon dioxide levels, increased demand for water and fewer frosts will impact on productivity and the types of crops that can be grown.
- Farmers may be faced with more weeds and other invasive species as well as changing domestic and international markets.

[5] Refer to *A Study of the Land in the Campaspe River Catchment* (1987) published by Department of Conservations, Forests and Lands, Land Protection Division, Victoria

- Dryland grazing and broad acre cropping in the Goulburn-Broken region are likely to benefit from higher CO2 concentrations, but this may be offset by the effect of higher temperatures. An overall negative impact on production is more likely if substantial rainfall decreases accompany the warming.

Irrigated agriculture is very significant in the region and includes cropping, dairy and horticulture (fruit, vegetables, wine grapes). Likely reductions in overall water resources will reduce the volumes available for irrigation. In addition, crop water requirements will increase as temperatures and evaporation rates rise. These impacts will increase the need for more efficient use of water. Higher temperatures will also reduce winter chilling which is important for some fruit trees for setting fruit, and it may become necessary to consider low chill varieties and alternative management options. Viticulture in the region will be affected by possible reductions in grape quality due to higher temperatures. However, in some cases there will be opportunities to shift production to varieties that are better adapted to warmer climates. Warmer temperatures will also increase heat stress in dairy cattle, reducing milk production, unless management measures such as shade sheds and sprinklers are adopted.

All surface water resources north of the Great Divide are fully allocated, and water for new development must be transferred (traded) from existing entitlements. Any reduction in resource availability as a result of climate change has the potential to change the balance between consumptive uses and environmental entitlements and adjustments to entitlements may be required to restore this balance.

Based on the projected range of regional rainfall and potential evaporation changes, run-off has been estimated to decrease by up to 25% in the Goulburn and up to 35% in the Broken by 2030. By 2070 the decreases in both river systems are estimated to range from 5% to more than 35% by 2070. Climate change modelling indicates that the actual reduction in stream flows experienced over the last 10 years are (for most systems) similar to or greater that the reductions expected by 2055 as a result of medium to high climate change scenarios (Sustainable Water Strategy Northern Region, 2008).

While demand for water can be expected to increase as a result of increases in temperature and evaporation, this does not take into account possible offsetting impacts of changes in the seasonal patterns of rainfall. For example, if summer rainfall were to increase, it would help offset potential increases in irrigation demand as a result of increased summer temperatures.

It will be important that agribusiness has the flexibility to respond to the opportunities and threats brought about by climate change.

4.1.4 Water supply

Goulburn Murray Water (GMW) manages the water storages and irrigation supply and drainage system across the region. The Goulburn and Murray River systems, which supply the water to the study area, have historically had a very secure water supply with 100% or more of water right and licensed volume supplied in 97 years out of 100. This is due to the relative conservative approach taken to management of water allocation via application of the seasonal allocation principles (http://g-mwater.ddsn.com).

Over recent years, increased awareness about the river environment has seen several programs introduced to enable more water to remain in the river system. This impacts on water available for extraction for productive use, but is generally being accessed through the introduction of greater efficiency measures.

Ultimately, less sales water will be available for agriculture than historically was available. The recent extended dry period has seen inflows fall to record lows leaving allocations well below full entitlement.

There are two important groundwater resource areas in the region. These are the Campaspe Deep Lead Water Supply Protection Area, which covers 950 km2 and includes parts of the floodplains of the Campaspe and Murray Rivers in the Rochester and Echuca areas (GMW 2007a). Secondly, the Katunga Water Supply Protection Area comprises 2100 km2 and is located in the Murray and Goulburn Valleys extending from Yarrawonga in the east to Barmah in the west (GMW 2007b).

In the Campaspe groundwater resource area, the annual metered use increased from 23,112 ML in 2005/06 to 34,762 ML in 2006/07, which represented 87% of total allocation (GMW 2007a), while in the Katunga resource area, annual metered use increased from 21,614 ML in 2005/06 to 30,801 ML in 2006/07, which represented 74% of total allocation (GMW 2007b).

Groundwater resources within these protection areas are managed by Goulburn Murray Water in an equitable manner to ensure the long-term sustainability of those resources. Each Water Supply Protection Area is divided into allocation zones for management purposes (five in Campaspe and three in Katunga). Demand in many zones has been consistently high over the last four seasons due to prolonged drought.

4.2 Agriculture overview

Agriculture across the three municipalities includes both dryland and irrigated enterprises. The study area covers about 500,000 ha, of which approximately 317,000 ha is irrigated and around 1.5 million megalitres of water is used for irrigation annually, depending on seasonal allocations.

The irrigated area of the study area is known as the Shepparton Irrigation Region (SIR). Appendix D (Figure AD-2) shows the land use across the SIR (note that this does not include all dryland agriculture in the study area). Irrigation is clustered in two main areas in the northern and central parts of the study area. The SIR comprises the Central Goulburn, Shepparton and Rochester-Campaspe Irrigation Areas which are supplied from Lake Eildon, and the Murray Valley irrigation area which is supplied with irrigation water from the Murray River. There are extensive areas of dryland farming to the east, west and south of the irrigation districts in the study area.

The major agricultural industries across the three municipalities are dairy, horticulture, particularly pome (apple and pears) and stone fruit production and sheep and cattle grazing for meat production (Figure 4-1). The total farm gate value of production for the three municipalities was $1.4 billion in 2006 up from $1.2 billion dollars in 2001. Forty one percent of this came from milk production, 16% from livestock and 28% from fruit and vegetables (ABS 2006).

In addition to the gross value of farm production, it is estimated that the food processing sector, particularly dairy, fruit and vegetables in the SIR produces an additional $1.7 billion gross value of production and processing (Goulburn Broken Catchment Management Authority 2006). The major food processing sector and food manufacturers in the SIR invested over $1billion in processing and handling infrastructure between 1990 and 2000 (Young 2001). There are also meat processing facilities and winemaking businesses across the study area.

Around 7,772 people in the three municipalities were employed directly on farm in 2006 Table 4-2) mostly within the SIR. In addition to on farm employment, a significant proportion of the employment in manufacturing is associated with processing of local produce (Department of Primary Industry 2006). A trend analysis of employment in the three municipalities (Table 4-3) shows that contrary to other major employment sectors, employment in agriculture is declining. Manufacturing has also replaced agriculture as the major employer in the region. It should be noted that a large proportion of manufacturing would be associated with the processing of agricultural produce and servicing of the agricultural industries, particularly dairy and horticulture. Service providers include accountants, lawyers, real estate agents, and surveyors.

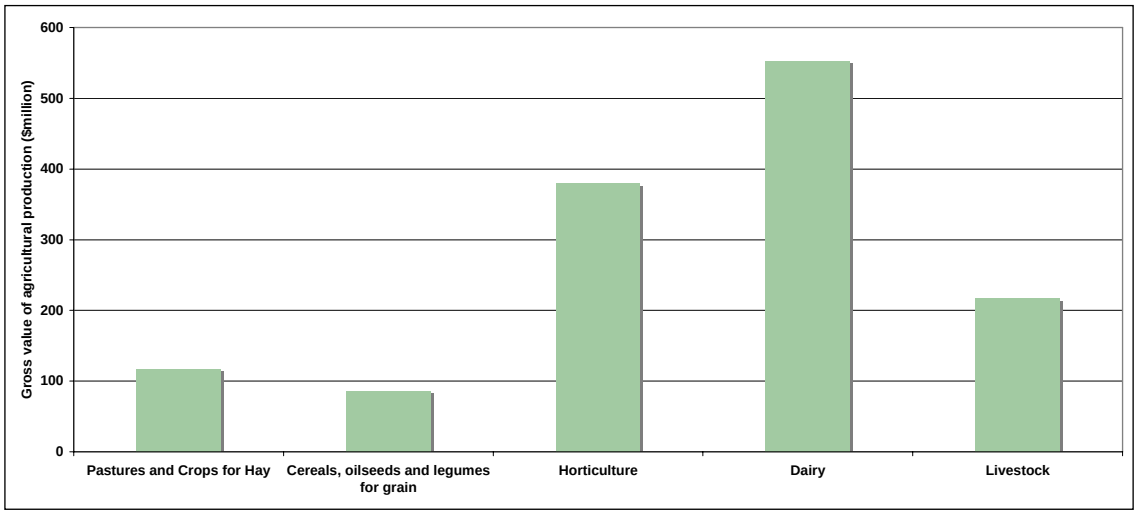

Figure 4-1: Gross value of agricultural production ($million) from major agricultural industries across the three municipalities (ABS 2006)

Table 4-1: Total farm gate gross value of production, by industry and municipality, 2001 (Department of Primary Industry 2006) and 2006 (Australian Bureau of Statistics, 2008) ($000)

LGA	Pasture and crops cut for hay		Cereals for grain		Oilseeds	
	2001	2006	2001	2006	2001	2006
Campaspe	$25,309	$40,640	$24,038	$20,711	$2,100	$1,721
Greater Shepparton	$18,882	$35,457	$10,868	$10,796	$2,078	$2,175
Moira	$24,039	$41,072	$40,631	$41,750	$7,927	$6,487
Total	**$68,230**	**$117,169**	**$75,537**	**$73,256**	**$12,105**	**$10.383**
% of total FGVP	**5.6%**	**8.6%**	**6.1%**	**5.4%**	**1.0%**	**0.8**

LGA	Legumes for grain		Vegetables		Fruit	
	2001	2006	2001	2006	2001	2006
Campaspe	$1,349	$1,237	$30,017	$23,452	$8,153	$25,875
Greater Shepparton	$335	$357	$33,918	$35,732	$138,693	$193,048
Moira	$583	$613	$11,083	$3,324	$69,426	$97,420
Total	**$2,267**	$2,208	**$75,018**	$62,508	**$216,272**	$316,344
% of total FGVP	**0.2%**	**0.2%**	**6.1%**	**4.6%**	**17.5%**	**23%**

LGA	Milk		Egg	
	2001	2006	2001	2006
Campaspe	$222,743	$236,637	$13	$435
Greater Shepparton	$142,751	$138,945	$267	$2,246
Moira	$159,740	$177,091	$496	$268
Total	**$525,234**	**$552,674**	**$776**	**$2,949**
%of total FGVP	**42.7%**	**41%**	**0.1%**	**0.2%**

LGA	Livestock and poultry slaughtered		Total value of agriculture	
	2001	2006	2001	2006
Campaspe	$98,673	$92,873	**$420,468**	**$443,581**
Greater Shepparton	$57,314	$62,019	**$411,943**	**$480,777**
Moira	$74,804	$62,305	**$395,205**	**$430,330**
Total	**$230,791**	$217,197	**$1,230,616**	**$1,354,688**
%of total FGVP	**18.8%**	**16%**	**100%**	**100%**

Table 4-2: Employment in agriculture, forestry and fishing by local government areas 2006 (Australian Bureau of Statistics 2007, http://www.abs.gov.au/)

LGA	Employment in Agriculture, Forestry and Fishing	Total Employment	Primary industries (%)
Campaspe	2,584	15,958	16%
Gr Shepparton	2,555	25,517	10%
Moira	2,385	11,575	21%

Table 4-3: Employment in the study area: 1996-2006(Australian Bureau of Statistics 2007, http://www.abs.gov.au/)

Employment Sector	1996	2001	2006
Manufacturing	6431	7906	7662
Agriculture, forestry & fishing	9118	8769	7524
Retail trade	4914	5739	6488
Health care & social assistance	3851	4676	5784
Construction	2394	2711	3875
Education & training	3018	3167	3498
Accommodation & food services	2698	2826	3064
Transport, postal & warehousing	1733	1966	2125
Wholesale trade	2194	2446	1902
Public administration & safety	1447	1220	1877
Other services	1802	1727	1827
Professional, scientific & technical services	1393	1648	1680
Administrative & support services	561	974	1188
Inadequately described/Not stated	1379	1089	1188
Financial & insurance services	958	904	1009
Electricity, gas, water & waste services	694	648	804
Rental, hiring & real estate services	339	433	530
Information media & telecommunications	611	552	512
Arts & recreation services	263	369	437
Mining	74	55	76
Total	**45,872**	**49,825**	**53,050**

4.2.1 Dairy industry

Dairy Industry Overview

The dairy industry is the most significant agricultural industry across the region with 41% ($0.55 billion) of the gross value of production coming from milk production. Around 43% of this is produced in the Campaspe Shire with Moira Shire contributing around 32% and Greater Shepparton around 25% of milk production.

The access to a secure and reliable water supply underpins the dairy industry. The dominant form of irrigation is border-check, or flood, irrigation. Whole farm planning, laser grading, recycling systems and automation have improved the efficiency of this traditional irrigation system. On lighter soils and in undulating areas, sprinkler irrigation such as centre pivot irrigators is becoming more common. The majority of feed grown for dairy production is perennial pastures.

Dairy farm businesses

Owner-operated farms dominate the Australian dairy industry. Nationally, the number of dairy farms has halved over the last twenty years, from 22,000 in 1980 to less than 9,000 in 2006. This reflects a general trend in agriculture but has been given further impetus by the deregulation of the dairy industry in 2000 and the drought in 2003 (Dairy Australia 2006). The trends in farm number have meant that the average herd size has increased from 85 cows in 1980 to 224 in 2005/06. For example, across the Murray Dairy (www.murraydairy.com.au) area (from the Alps to Swan Hill and straddling the Murray River) farms with more than 200 cows represent 40% of the farm numbers, but produce more than 70% of the milk.

The trend towards larger dairy farms may be further accelerated by the current drought. A report prepared by RM Consulting Group (2006) for Murray Dairy found that as a result of the current drought, milk production from the Murray Dairy area would drop by 25% compared to the 2005/06 season with flow on impacts predicted on seasonal work in factories and farms and the wider economy. The report also noted that:

> *"From a land use planning perspective, it is likely that there will be a continuing trend to larger dairying properties, which can be supported by minimising the risks of conflicting adjoining land uses."*

As dairy farms grow in size, the herd structure may change and in the future a dairy farm may comprise 4 to 6 herds of 500 cows based around a single rotary dairy. For farms to expand, they will require access to land that is unencumbered by unnecessary infrastructure such as housing. Farming should also be well buffered from urban areas, as future production systems are likely to see an increased level of mechanisation and shift to 24 hour operations.

Dairy processing and manufacturing

The value of dairy processing in the SIR was estimated at $1.6 billion in 2005 (Department of Primary Industry 2006). Milk processing is undertaken at a number of milk factories including Fonterra Foods (Stanhope), Murray Goulburn (Cobram and Rochester) and Tatura Milk Industries. These milk factories also supply Nestle in Tongala and Echuca, Meiji-MGC Dairy Company in Cobram, Kraft in Strathmerton and Snow Brand Tatura Dairies for further processing, producing a range of products including yoghurt and infant milk formula. Dairy Farmers Cooperative also undertakes milk product packaging and distribution in this region.

Since 1995 milk processing factories have expanded capacity in response to the annual growth in milk production of between 5%and 7% and the long-term positive outlook for dairy product exports (Department of Primary Industry 2006).

4.2.2 Horticulture

Across the study area, there are approximately 800 horticultural properties covering an area of almost 16,000 hectares. Pome and stone fruits (including apples, pears, apricots, peaches, nectarines and plums) are the most significant, with smaller areas of citrus, nuts vegetables and grapes.

The horticultural industry (fruit and vegetables) accounts for 28% of the gross value of agricultural production of the region but takes place on less than 5% of the total irrigated area. Many of the horticultural businesses are located close to the urban centres of Shepparton, Mooroopna and Cobram. Urban encroachment into these areas should be prevented to ensure that farm businesses can continue to grow and expand and to minimise urban –rural conflict as farm businesses become more mechanised, 24 hour operations.

Perennial horticulture

Perennial horticulture is centred in the Goulburn Valley with the combination of suitable climate and soil types and a reliable water supply. The major orchard crops are pears, apples, nectarines, apricots, plums, kiwifruit and cherries for the fresh market and processing.

The region grows:

- 90% of the national deciduous canned fruit production
- 85% of the national pear crop

- 45% of the national stone fruit crop
- 14% of the national fresh stone fruit crop
- 16% of the national apple crop
- 90% of the national kiwifruit crop (DPI 2006).

Approximately half the produce is sold in the fresh markets and the remainder is processed (Table 4-4). From 1997 to the 2002/03 drought, there was significant new development, particularly stone fruit, representing an investment of between $9million and $16million depending on the trellis and irrigation system installed (Department of Primary Industry 2006).

While the average orchard property size is estimated at 25ha anecdotally it has been reported that there is a trend towards larger properties and that this is occurring through farm amalgamation.

A major limitation to expansion of horticulture outside existing irrigation areas is access to a reliable water supply. Accessing irrigation water outside the existing irrigation area is negotiated on a case-by-case basis and is subject to New Irrigation Development Controls, with a water entitlement purchased through the usual water trading facilities and the entitlement transferred to the development site. This will be of particular significance to the future land use options in the dryland areas of the three municipalities.

Table 4-4: Fruit type by area and volume of production across the region in 2001 and 2006 (ABS 2006)

	2001			2006		
	Trees planted ('000s)	Properties	Production (t)	Trees planted	Properties	Production (t)
Apples	1,581	228	54,123	1,870	210	58,721
Pears	1,202	258	144,327	1,336	297	119,117
Apricots	253	157	10,443	271	178	7,903
Cherries	113	23	880	230	31	1,173
Nectarines	312	81	8,282	481	100	12,067
Peaches	1,006	173	45,281	1,500	184	62,468
Nashi	359	50	3,301	289	32	2,921
Citrus	148	47	9,868	121	47	8,379
	Area Planted (Ha)			Area Planted (ha)		
Kiwifruit	140	5	1,144	107	5	3,297
Tomatoes	3.6	52	254	2.8	43	216
Grapes	218	10	1,147	1,348	22	9,913

Tomatoes

Tomatoes are grown for fresh fruit and processing with most processing production occurring around Corop, Colbinabbin and Rochester. Most fresh tomato production occurs around Shepparton.

There has been significant structural adjustment within the processing industry with less than half the number of growers in 2005 (16) compared to 1990 (40). Overall production increased from 76 tonnes/ha in 2000/01 to 86 tonnes/ha in 2003/04 (Department of Primary Industry 2006).

Horticultural processing

The are a number of processors of horticultural produce providing significant employment opportunities in the study area including; SPC Ardmona in Shepparton, Henry Jones Foods in Kyabram, Campbells Soups in Shepparton, Lemnos, Girrgarre Country Foods, Unifoods in Tatura, Cedenco Australia and Simplot both in Echuca. These remain significant local employers in terms of processing, transport and other flow-on services.

4.2.3 Livestock production and processing

Livestock slaughtering represents 16% of the farm gate value of production from the study area (ABS2006). Cattle and sheep are grazed on both irrigated and dryland properties. Increasing cost associated with irrigation along with competition for water from other industries has seen a reduction in livestock on irrigated properties over the past decade. Low wool prices and fluctuating meat prices have also seen a shift to cropping in recent times. There will continue to be a role for grazing as in mixed farming businesses as a risk management strategy and it plays a role in management of cropping rotations and utilising areas of less arable land.

There are a number of abattoirs in the study area that provide significant employment opportunities, such as JBS Swift in Cobram, HW Greenhams in Tongala, Riverside Meats in Echuca, Ryans Wholesale Meat in Nathalia, Auld's Knackery in Stanhope and Numurkah Knackery.

4.2.4 Fodder and crop production

Hay, pasture, grain, oilseed and legume production represents approximately 14% of the farm gate value of production from the three municipalities. Most of this is produced under irrigation. Irrigated fodder cropping plays an important role in providing supplementary feed to the dairy industry as well as supplying the lucrative export market.

4.3 Irrigation

4.3.1 Surface water

Irrigation underpins agriculture in the study area. The Shepparton Irrigation Region comprises the Central Goulburn, Shepparton and Rochester-Campaspe Irrigation Areas which are supplied from the Goulburn River via Lake Eildon, and the Murray Valley Irrigation Area which is supplied with irrigation water from the Murray River.

- The **Central Goulburn Irrigation Area** covers 173,053 hectares (113,106 hectares irrigated) and is one of the largest irrigated areas in northern Victoria. Approximately 2,800 irrigated holdings are serviced in this area and the water right totals 385,000 megalitres.
- The **Shepparton Irrigation Area** covers 81,750 hectares (51,000 hectares irrigated). Approximately 1,500 irrigated holdings are serviced in this area and the water right totals 181,500 megalitres.
- Approximately 1,300 customers in the **Rochester-Campaspe** area are serviced in this area and the major sources of water supply are Lake Eildon and Lake Eppalock (Campaspe River) with supplementary supplies taken from Greens Lake. Water rights in the area total 187,396 megalitres in the Rochester Area and 20,202 megalitres in the Campaspe Irrigation District. The Rochester Irrigation Area has a total area of 107,750 (61,700 Ha irrigated) and the Campaspe Irrigation Area has a total Area of 9,300 Ha (5,010 Ha irrigated).
- The **Murray Valley Irrigation Area** covers 128,372 hectares (88,969 hectares irrigated).

Approximately 1,500 irrigated holdings are serviced in this area and the water entitlements in the Area total 273,656 megalitres of high reliability Water Right with supplies released into the River Murray at Hume Dam. Water from Dartmouth Dam on the Mitta Mitta River provides supplementary storage for Lake Hume.

4.3.2 Groundwater

Significant groundwater for irrigation is sourced from two main aquifers, the Katunga (in the Murray Valley) and Campaspe (around Rochester) Deep Leads. Longer term extractable volumes are around 30,000ML for Katunga (up to 42,000ML most years) and around 30-35,000ML in the Campaspe Deep Lead, that has its management plan currently under review. The groundwater provides significant underpinning of the dairy industry, in particularly in times of reduced surface allocation.

The Katunga Groundwater Supply Protection Area (Katunga GSPA) is located around Cobram and covers an area of 2,100 km2. The Katunga Groundwater Management Plan (Goulburn Murray Water 2006a) that covers this GSPA has established an ongoing allocation policy that provides for flexibility of use between years based on an agreed sustainable yield. There are 195 groundwater licenses in the management areas that authorise a total of up to 59,780 ML/year to be taken and used each year according to the management plan rates. The actual annual use is somewhat less than this as indicated in Table 4-5.

Table 4-5 Metered groundwater use in the Katunga Groundwater Supply Area (GMW 2006a)

Season	ML/year used
1999/00	28,645
2000/01	22,795
2001/02	28,873
2002/03	40,470
2003/04	24,285
2004/05	25,660
2005/06	21,614
2006/07	30,801

The Campaspe Groundwater Management Area is located around Rochester and covers an area of 950 km2 and 109 licences have been authorised. In 1998, technical work commissioned by the Department of Natural Resources and Environment estimated that the volume of water that could be taken out of the area sustainably was 19,850 ML/yr. However, this is also under review.

4.4 Challenges and opportunities for agriculture

4.4.1 Challenges

Water reform

The Victorian Government White Paper set out a range of reforms to improve the management of water. A key feature of the paper is unbundling of water entitlements into three components – a water share, a water–use license and a delivery share.

Irrigation businesses, like Goulburn-Murray Water, have imposed limits on the amount of water permanently traded out of an area (e.g. Central Goulburn, or Murray Valley) since water trading was introduced. The National Water Initiative has at its core the objective of increasing trade to capture what its sees as benefits from water moving to higher value use. As a consequence, in the future any limits to trade will decline. The ability of an area to remain viable in a water supply sense will depend on its capacity to remain competitive.

Understanding the needs of future irrigation businesses will be vital to helping this competitiveness. From local government's perspective, this will mean minimising the risk of fragmentation of good agricultural land and intrusion by residential development.

Reconfiguration of irrigation networks

All three municipalities have irrigation supply systems that have the opportunity for modernisation over the next eight years through the Foodbowl Modernisation project. Analysis undertaken for the project demonstrated that there are significant opportunities for improving system efficiency that will generate water savings. 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. Potential outcomes of the project include:

- Increased efficiency of the supply system while still being able to deliver all the water.
- Businesses supplied in a way that complements their current and future needs (e.g. new supply point, changed service to match modern irrigation needs).

- A state-of-the-art competitive supply system that facilitates business growth and attracts new investment.
- Accommodation of future changes in demand.
- Better customer service based around different customer groups, with tariff changes that reflect the different services.

Integration of the planning process (e.g. effective use of the Farming Zone) with the modernisation process will be important. Work will begin on modernisation of the system in 2008 and is expected to take up to eight years.

From the figures in green in Table 4-6, it can be seen that about 20% of customers in the Goulburn Murray Irrigation District use around 80%of the water and produce 98% of the gross value of agricultural production. The figures in orange show that about 80% of customers, mainly small users and stock and domestic users use around 20% of the water and produce just 2% of the gross value of agricultural production.

Table 4-6: Customers, water use and agricultural production in the Goulburn Murray Irrigation District (compiled by RMCG from Goulburn Murray Water data)

Industry	Number of customers	% of customers	Water use (ML)	% Water use	Gross value of agricultural production ($mill)	%Gross value of agricultural production
Dairy	1,820	17%	1,081,398	55%	811	65%
Horticulture	482	4%	106,382	5%	303	24%
Mixed farming	550	5%	476,968	24%	110	9%
Small users	3,094	28%	285,383	14%	20	2%
Domestic and stock	4,933	45%	30,128	2%		
Total	**10,879**	**100%**	**1,980,258**	**100%**	**1,244**	**100%**

Water Trade

Under the COAG agreement, water has been able to be traded separately to land with a view to allowing the water to move to its best use. Over the past 5-10 years, increasingly dry seasons have resulted in more competition for water and water has been traded out of this region to downstream on the Murray River where large horticultural developments have been established. To compete with this, the irrigation supply system must be improved to provide people with a source of water they can manage, at a cost-competitive rate. The *Foodbowl Modernisation* project was instigated with a view to responding to this process.

While there has been much internal trade around the district, this area has experienced a net loss of water. In 2007/08, the trade of high reliable water has been (G-MW website):

- Murray Valley 5,438ML (limit 10,906ML)
- Campaspe / Rochester 8,021ML (limit 8,021)
- Shepparton 4,446ML (limit 6,982ML)
- Central Goulburn 14,859ML (limit 14,859ML)

This means 80% of the limit of water to be traded was reached by 10 October 2007. This is in a year of most extreme low allocations.

It is expected that considerable numbers of people will not be returning to the levels of irrigation prior to the drought, but many of the 20% of farm businesses that already use 80% of the water will be expected to continue in irrigation.

Providing a cost competitive supply system in areas where business can grow will be critical to the long-term future of irrigation in the region.

Native Vegetation

The implications of Victoria's Native Vegetation Management Framework, provides the strategic approach to protecting, enhancing and vegetating Victoria's native vegetation. The key priority of the framework includes a policy of net gain in native vegetation.

As outlined in Section 6, there are significant areas of native vegetation within the region and the impacts of previous agricultural and urban activity have resulted in a severe reduction of native vegetation. Agricultural activities have the potential to impact on existing areas of high value remnant vegetation. This is particularly the case within the northern grassland regions of the study area.

4.4.2 Opportunities

Prime development zones

Within the irrigation areas, resources are being moved from lower value grazing enterprises to higher value enterprises such as dairy and horticulture. Prime Development Zones have been identified (Loddon Murray 2000 Plus, 1998; SKM, 2000) as those areas capable of accommodating new investment into high-value irrigation development. Delivery of water will be a key to the development of the prime development zones (Appendix E – Map 1). For the purposes of this report and to ensure no confusion with Land Use Zones in accordance the Victorian Planning Provisions, prime development zones will be referred to as Agricultural Development Areas.

However, a number of areas where good land exists in sufficient scale to warrant new development have already been identified around the edge of the irrigation area. What many new businesses are looking for is a site that is unencumbered by existing infrastructure (e.g. old dairies, homes), where they can get a single water supply point and manage all their own water supply/application system as well as confidence that they can continue to run their businesses without undue interference from boundary interaction with non-agricultural residents.

Irrigation futures project

An extensive consultative project looking at future scenarios for irrigation in the Goulburn Broken region was conducted over several years. It has been valuable in alerting the region to potential futures and challenged thinking about the capacity of organisations to deal with these scenarios. Essentially, the future scenarios include:

1. Dairy being the mainstay for irrigation land and water use under all scenarios.
2. Horticulture remaining a strong user of water
3. Cropping to vary but generally hold its own
4. Livestock to generally diminish under all scenarios (except the drying up scenario)
5. Continued uncertainty over where and when water would be needed across the region.

Under the 'drying up' scenario, livestock increased as other industries left. Dairy and horticulture were seen to be the main economic engine for the area.

Niche industries

It has been reported anecdotally that the equine industry is emerging as a significant industry in the region. Table 4-7 outlines the ABS data available on the equine industry across the three municipalities. While 480 farms indicated that they kept horses as part of the farming business, only 48 of these indicated the major source of farm income was derived from horse management. Of these 48 businesses, seven are generating more than $500,000 per annum. No ABS data is available of the farm gate value of production generated from the equine industry. The data suggests that the industry is relatively small with a number of hobby based operators in the industry and a very small group operating as genuine equine businesses.

The industry is supported by the National Centre for Equine Education with a Cluster Coordinator based in Euroa, the North East Thoroughbred Industry Alliance based in Wangaratta and the Goulburn Valley Equine Hospital in Shepparton.

The Shire of Strathbogie has invested significant resources to market and position itself as a hub for the equine industry based on its natural attributes and accessibility to the Melbourne racing venues.

Table 4-7 Number of horse properties and horse numbers in the region (Australian Bureau Statistics Agricultural Census Data 2001 and 2006)

Municipality	Number of farms*	Horse number (excluding stud horses)	Stud horse numbers	Number of farms businesses generating the majority of their income from horses		Income >$500,000	
	2001	2001	2001	2001	2006	2001	2006
Campaspe	171	397	978	14	23	1	2
Greater Shepparton	149	321	833	26	30	3	1
Moira	160	544	944	8	17	3	0
Totals	**480**	**1,262**	**2,755**	**48**	**70**	**7**	

4.4.3 Outlook for agriculture in the region

Recent trends and outlook suggest that dairy and horticulture will remain strong and competitive industries. Strong global economic growth is keeping demand for commodities (wheat, wool, corn, dairy products) sound.

Increased interest in alternative fuels, including biofuel could see changes in cropping due to competition for plant products. At the 2007 ABARE Outlook Conference, Peter Anderton (Agri Energy Ltd) noted that while the ethanol market was immature, it was poised for growth, (e.g. production company projected to go from 216ML/ann in 2007 to 1,288ML/ annum in 2010), while biodiesel was salvageable from a faltering position (e.g. production 623ML/annum 2007 to 1,043ML/annum in 2010).

4.4.4 Implications for land use planning

Land use planning can support existing agricultural industries and ensure that there will be opportunity for new and emerging industries by: retaining allotments in larger parcels and preventing subdivision so that the farms can continue to grow and expand as required; limiting land from being encumbered with unwanted infrastructure, particularly housing,

which can drive up land values beyond productive value and render it unavailable for farm expansion; restricting urban expansion into high value agricultural areas; and preventing cross-boundary conflicts by ensuring that there are buffers between urban (and urban-type) development and agricultural areas particularly irrigation development where farm operations occur 24 hours a day, seven days a week and may produce noise and odours. Careful management is also required throughout the region to ensure land use and development does not impact on biodiversity and is managed in a environmentally sustainable manner.

In productive agricultural areas, the prevention of ad hoc rural living development by managing dwelling development on small allotments is critical. Equally, planning has a role in the integrated modernisation and reconfiguration of the irrigation network and the expansion of irrigated agriculture into the Agricultural development areas.

4.5 Local profiles

This section of the report provides a more detailed analysis and discussion of agriculture in each of the local governments. The following sections outline the methodology used to assess farm businesses and productive agricultural land in the municipalities. These are common to the discussion on each municipality and presented here to prevent duplication.

4.5.1 Farm business analysis

Analysing farm business income provides information on the types of farm businesses, for example whether a farm businesses is fulltime, part time or for lifestyle purposes. This can be useful to understand issues, such as right to farm and the needs of agriculture such as minimum lot size and infrastructure.

Benchmarking of farm businesses over the last fifteen years has established a guideline for the minimum gross turnover at average cost control that enables sufficient profit to support a family and provide sufficient funds for redevelopment and growth for establishing the next generation. At 2006 values, the minimum gross turnover required, over the long term, is approximately $300,000 per business.

Those with a gross turnover below $300,000 and wanting to run *full time* farming business will need to consider increasing farm scale or profitability to increase farm turnover. Opportunities for increasing production efficiency come mainly through increasing scale to allow capital costs to be spread over more units of production. For example, all dairy businesses require a milking shed but greater production efficiency will come from spreading the capital cost of the milking shed across a larger dairy herd compared to a smaller herd.

In this rural strategy, an analysis of turnover of farm business assists in understanding current farming models and the land use planning requirements to underpin these industries into the future. It is important that the strategy reflects the diversity of farm businesses - small scale, large scale, family run, corporate owned, single commodity, multiple commodity – and notes that there are different approaches to running a profitable farm business. It is essential that land use and development in the long term does not impede the capacity of farm business to respond to market signals and remain profitable in the future, regardless of business structure.

From a land use planning perspective it is important to ensure that land is retained in allotments that will facilitate farm expansion. It also important that land does not become compromised with unwanted infrastructure (e.g. dwellings) that can inflate land prices above its productive value. This is a particular issue for farming land close to urban centres where the primary use is shifting to farming for lifestyle purposes.

4.6 Land capability and productive agricultural land

The State Planning Policy Framework Objective for Agriculture (Clause 17.05) states that *"productive farmland of strategic significance in the local or regional context should be protected."* The VPP Planning Practice Note: Applying the rural zones (DSE 2007) provides the following definition of productive agricultural land:

Productive agricultural land generally has one or more of the following characteristics:

- *Suitable soil type;*
- *Suitable climatic conditions;*
- *Suitable agricultural infrastructure, in particular irrigation and drainage systems;*
- *A present pattern of subdivision favourable for sustainable agricultural production.*

Soils in the irrigation areas have been extensively surveyed, classified and mapped in a number of studies undertaken between 1942 and 1975. These studies have been compiled into a single map by Goulburn Murray Water (2006) and reproduced in Appendix E – Map 1 of this report.

In 2000, the Department of Natural Resources and Environment undertook an assessment of land to identify suitable sites for development of sustainable irrigated agriculture and horticulture. These Agricultural development areas (GMW 2006) included areas that are currently not irrigated and indicate how the future irrigation area may look.

With the soil suitability mapping, identification of Agricultural development areas, identification of the irrigation areas and understanding of the climatic conditions, we have an excellent picture of the attributes of the land for agriculture. This will be combined with an assessment of the subdivision pattern, undertaken by others for this study, to identify land to be retained for farming.

In the dryland parts of the study area, there is very little documentation or mapping of soil types. However, for these areas, land use can be used as an indicator of soil type that is more than satisfactory for strategic planning purposes. Generally speaking, land used for dryland cropping with some grazing tends to have better soil or land characteristics such as slope, than land that is used for grazing only. In this report, land use in combination with climatic conditions is used to assess agricultural land outside the irrigation areas.

4.7 Moira Shire

4.7.1 Overview of agriculture

Agriculture in Moira is centred on the Murray Valley irrigation district and the northern reaches of the Shepparton irrigation district. Agricultural production is worth approximately $431 million in gross value of agricultural production per annum (Figure 4-2) Dairy is the most significant industry and is worth approximately $177 million in gross value of agricultural production per annum. About 21% of all employment in Moira is associated with agriculture in on farm jobs.

4.7.2 Agricultural industries

Dairy is the most significant agricultural industry in Moira generating $177million per annum or over 40% of the gross value of agricultural production in the Shire and also the most significant in terms of land area. Figure AD-5 (Appendix D) shows that dairying in Moira occurs in a band through the middle of the irrigation area between Strathmerton and Nathalia

mainly on the Group 2 soils. There are processors in the municipality producing a range of milk-based products including Meiji-MGC, Murray Goulburn at Cobram and Kraft at Strathmerton.

Horticulture generates approximately $101 million in gross value of agricultural production and accounts for 3% of the land use in the irrigated areas of the Shire. Horticultural products include apples, pears, peaches, plums for the fresh market and processing. Other horticultural products include citrus, potatoes, carrots and other vegetables. Horticulture is clustered around Cobram on Group 1 soils that are suitable for high-value irrigated horticulture.

There are a large number of mixed farms in both the dryland and irrigation areas running beef cattle, sheep for wool and lambs as well as dairy young stock. Irrigated mixed farming occurs on the fringes of the irrigation area where the soils are more variable with Group 2 soils mixed with Group 5 and 6 soils. There are a number of abattoirs in the Shire including at Cobram and Numurkah.

Commodity trend data from 2001 to 2006 show that the drought and reduced water allocations impacted on production, particularly in the dairy and grain sectors.

Table 4-8 Commodity Trends in Moira (Australian Bureau of Statistics Agricultural Census Data 2006)

Commodity		2001	2002	2003	2004	2005	2006
Dairy	**Cows ('000s)**	111	110	101	90	108	98
	Farms	547	439	438	447	437	439
	Milk (million L)	553	634	493	439	530	481
Horticulture	**Trees ('000s)**	1385	-	-	-	-	1840
	Farms	290	-	-	-	-	328
	Fruit (million T)	72	-	-	-	-	82
Grains	**Hectares (000's)**	71	81	91	91	97	84
	Farms	813	738	804	862	928	760
	Grain (000's T)	196	212	78	876	224	235
Livestock	**Animals (000's)**	384	329	332	320	339	300
	Farms	811	686	688	659	650	756

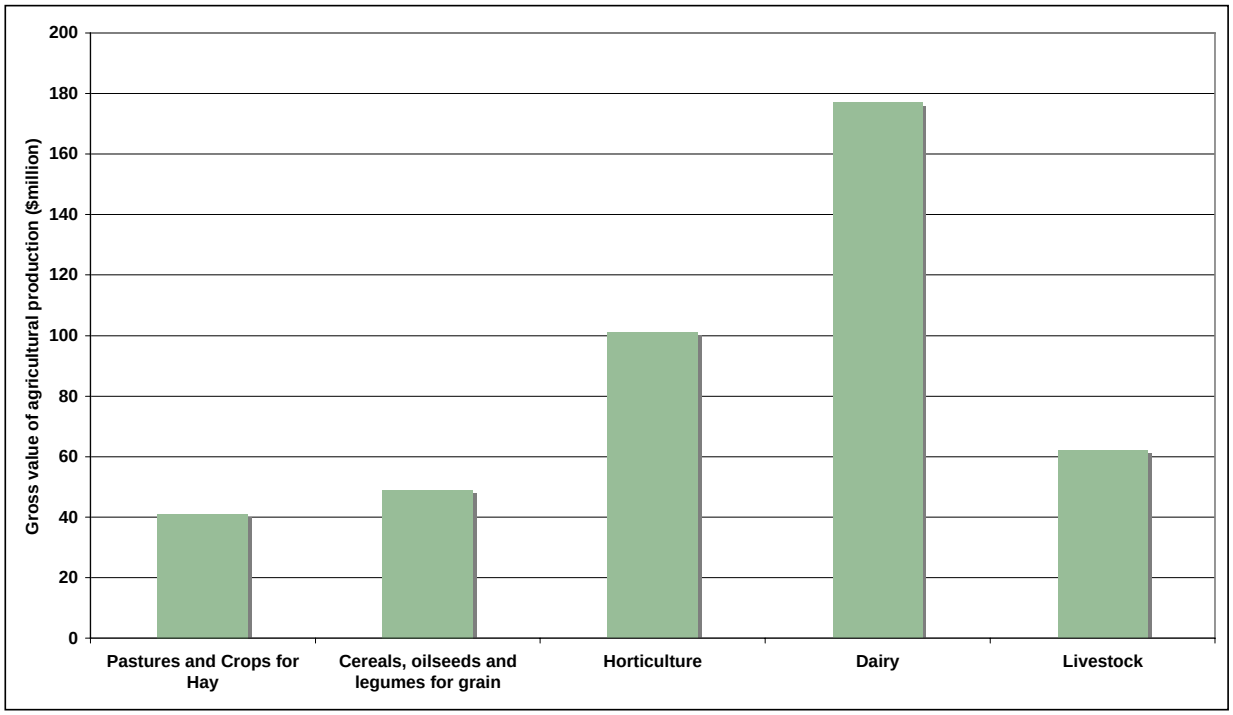

Figure 4-2: Gross value of horticultural production from major industries in the Moira Shire (Australian Bureau of Statistics Agricultural Census Data 2006)

4.7.3 Irrigation infrastructure and efficiency

Approximately 2,000 properties covering 90,000 hectares (ABS 2001) are irrigated in Moira. The Murray Valley Irrigation Area lies entirely within Moira and water is sourced from the Murray River. The northern reaches of the Shepparton irrigation district are also within Moira where irrigation water is sourced from Lake Eildon, via the Goulburn River, and the Broken River.

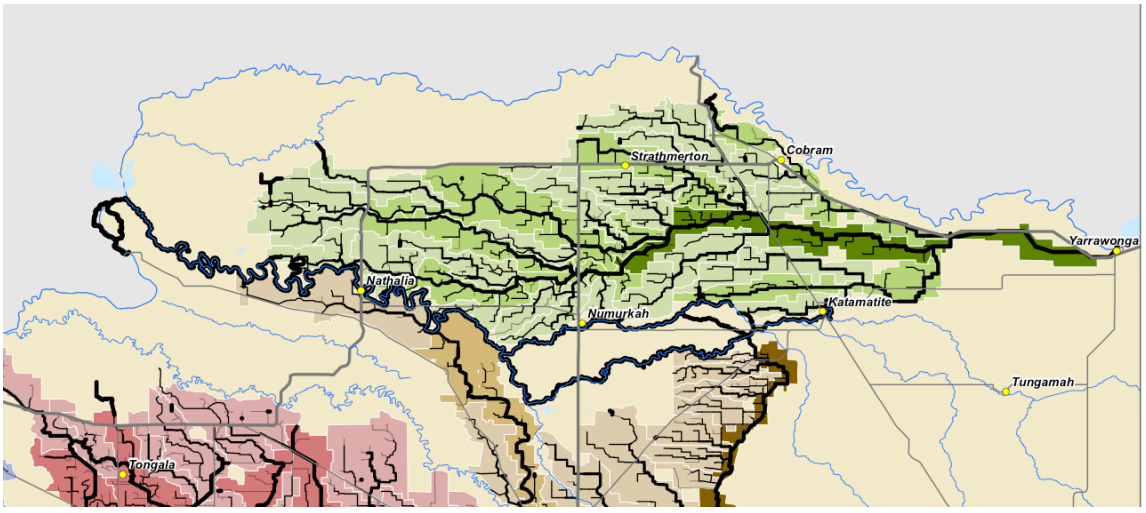

Figure 4-3: Irrigation districts in Moira Shire (Goulburn Murray Water 2006b)

Table 4-9 provides a breakdown by water of irrigation customers in the Murray Valley Irrigation Area. Nearly 50% of customers use less than 20 ML per annum. This suggests that

about a quarter of the customers use about 90% of the water. This is a stark illustration of the need to protect and service the needs of this source of growing businesses.

Table 4-9: Distribution of water use in the Murray Valley (http://www.g-mwater.com.au/)

	Distribution of water use in the Murray Valley				
	<20ML	**20-100ML**	**100-300ML**	**300-1000ML**	**>1,000ML**
Number of customers	662	90	316	303	29
Proportion of customers %	47	6	23	22	2

4.7.4 Farm businesses

The breakdown by farm incomes in 2006 (Table 4-16) reveals that 33% of farms are generating less than $100,000 gross farm income. Over half of these are livestock businesses and are likely to be part time businesses with other income coming off-farm.

Those generating between $100,000 and $200,000 per annum (22% of farm businesses) will be under significant economic pressure (if relying on the farm business alone) and in the near future may need to consider increasing farm scale, introducing a more intensive production system or increasing the off farm income. A large proportion of these are dairy businesses and for those looking to increase farm scale they will need access to land in larger allotments and unencumbered by unnecessary infrastructure such as housing.

Horticultural businesses close to the urban fringe of Cobram looking to expand may be constrained by access to affordable land. There is a tendency for small blocks close to the town and river to be purchased for lifestyle purposes which drives land values above productive value.

A comparison of farm incomes in 2001 and 2006 indicates that the total number of farm business has declined by around 200 businesses. Most of these were from businesses generating less than $500,000 per annum. There has also been a small increase in the number of businesses generating over $500,000. This suggests that some businesses have left farming and that there has been increased productivity, possibly by farm expansion amongst other farm businesses.

Table 4-10: Distribution of farm incomes (estimated value of agricultural operations) in Moira (ABS 2006)

	Farm income range						
Farm businesses type	**< $100k**	**$100k to $200k**	**$200 to $500k**	**$500 to $1mill**	**$1mill to $2mill**	**>2mill**	**Total number of properties**
Horticulture	31	23	29	17	12	9	121
Dairy	48	121	231	65	8	1	474
Livestock	195	46	13	-	3	-	257
Cropping	38	13	28	18	1	-	98
Mixed cropping/grazing	50	39	29	9	1	-	128
Total	**362**	**242**	**330**	**109**	**25**	**10**	**1,078**

Table 4-11: Distribution of farm incomes (estimated value of agricultural operations) in Moira (ABS 2001)

	Farm Income Range						
Farm businesses type	**< $100k**	**$100k to $200k**	**$200 to $500k**	**$500 to $1mill**	**$1mill to $2mill**	**>2mill**	**Total number of properties**
Horticulture	69	25	43	16	10	6	169
Dairy	58	218	270	41	8	-	595
Livestock	167	30	9	2	1	1	210
Dryland cropping	39	24	29	8	1	1	102
Mixed cropping/grazing	84	45	34	4	-	-	167
Total	**417**	**342**	**385**	**71**	**20**	**8**	**1,243**

4.7.5 Productive agricultural land

Productive agricultural land is established based on an evaluation of the soil types, subdivision pattern, climate and irrigation infrastructure.

Soil types

Group 1 and Group 2 soils are found south and east of Cobram and north of Katamatite and around Invergordon North. These soils have few disabilities for irrigation and suitable for horticultural crops, vegetables, perennial and annual pastures and summer fodder crops.

Elsewhere, especially towards the fringes of the irrigation areas, the soils are more variable with Group 1 and Group 2 soils interspersed with Group 5 and Group 6 soils. This variability limits the agricultural options and these areas are commonly used for mixed farming.

The Agricultural development areas (Appendix E – Map 1) in Moira are located north of Nathalia around Picola, south of Nathalia along the irrigation channel between the Goulburn River and Broken Creek and west and south west of Yarrawonga.

There is no soils data for the dryland areas of the Shire, however, the agricultural industry data shows that dryland cropping of winter cereals and grains is significant as is dryland livestock production. This suggests that dryland areas have soils suited to agricultural production.

Subdivision patterns

The pattern of property sizes in the area (shown in Appendix E – Map 2) indicates that within the irrigation areas a most properties are between the 40 ha and 100 ha in area and consist of a number of separate allotments. Around Cobram along the Murray River, there are a number of small properties comprised of a number of quite small allotments. As noted previously, these properties are at risk of becoming lifestyle properties due to their small size and proximity to the river and town. Properties in the dryland areas of the Shire are generally larger than 100ha in size and comprised of a number allotments. The subdivision pattern in the rural areas is considered to be suited for continuing agriculture.

Climate

Moira has a Mediterranean climate with hot dry summers and cool winters with most rainfall falling between May and October. The winters also have cold nights with sufficient hours when temperatures fall below 2^{o}C to meet the chilling requirement for bud initiation in fruit crops. This climate is suited to production of a range of agricultural commodities.

Table 4-12: Temperature and rainfall data from Yarrawonga (http://www.bom.gov.au)

	J	F	M	A	M	J	J	A	S	O	N	D	Annual
Mean max temp ^{o}C	32.1	31.6	27.6	22.9	18.2	14.5	13.5	15.3	18.2	21.8	26.5	29.9	22.7
Mean Min temp ^{o}C	15.5	15.5	12.2	8.7	6.2	4.0	3.4	3.6	5.3	7.1	10.6	12.8	8.7
Mean days < 2^{o}C	0	0	0	0.6	5.2	9.5	10.7	10.4	7.2	2.8	0.4	1	46.8
Mean rainfall mm	28.4	39.4	24.5	27.9	35.5	43.7	49.0	38.3	50.4	37.9	41.2	32.5	449.1

Irrigation Infrastructure

Land that has access to the irrigation network has a wider range of agricultural options than dryland. Without access to the irrigation network dairying and horticulture could not be undertaken in Moira. A process is underway to develop a modernised irrigation supply that is critical to the Shire for the next 50 years and beyond.

Productive agricultural land conclusions

Based on the assessment of soil types, subdivision patterns, irrigation infrastructure and climate, land in the rural areas is generally considered to be productive agricultural land that is of strategic importance to Shire economy. It is important that planning controls reflect this value and they encourage protection and retention of land for agriculture both now and in the future, particularly Group 1 and 2 soils around urban centres.

It is recognised that to secure some parts of the shire for agriculture, other parts, even though they may have good soils, will need to be available to lifestyle living. Existing constraints to furthering agricultural objectives in these areas may include the arrangement

of adjacent property, access to infrastructure and conservation values. However, this will be determined by further analysis of rural living needs.

4.7.6 Summary of agriculture in Moira

Agriculture is a significant land use in the Shire and underpins the local economy directly through on farm employment and through the associated manufacturing and food processing and industries servicing agriculture.

Dairy is the most significant agricultural industry in terms of land use and gross value of agricultural production. Along with horticulture, the dairy industry is dependant on access to a secure water supply via the irrigation network. Land use planning controls need to protect the irrigation areas to secure their future for farming but also integrate with the modernisation and reconfiguration of the systems and expansion into the agricultural development areas.

Farm businesses generally need to grow and expand over time. Access to affordable land unencumbered by unnecessary infrastructure is essential to provide the opportunity for farm growth of both irrigated and dryland businesses.

Horticultural production, and to a lesser extent dairy, requires soils with high suitability for irrigation. Moira has substantial areas of Class 1 soil (highly suitable for irrigation), some of which is in close proximity to Cobram. Land use planning controls need to ensure that sufficient areas of these soils are protected from urban expansion and are available to agriculture in the long term.

Land in the rural areas of the Shire is productive agricultural land based on the soil types, subdivision pattern and climate and the significant level of irrigation infrastructure, protection and retention of this land for agriculture is of primary strategic importance to the Shire and it is recommended that it should be included in the Farming Zone.

The boundaries of the farming zone will be modified based on subsequent strategic work in relation to town boundaries and rural living.

4.8 City of Greater Shepparton

Agriculture in Greater Shepparton is a mix of dryland and irrigation production systems. Agricultural production was worth approximately $481 million in 2006 up from $410 million in 2001. Most production comes from perennial horticulture and dairy associated with the Shepparton and Central Goulburn Irrigation Areas (Figure 4-4). Approximately 10% of all employment in Greater Shepparton is associated with agriculture in the form of on-farm jobs. There is also significant employment associated with the manufacturing and processing of locally produced food.

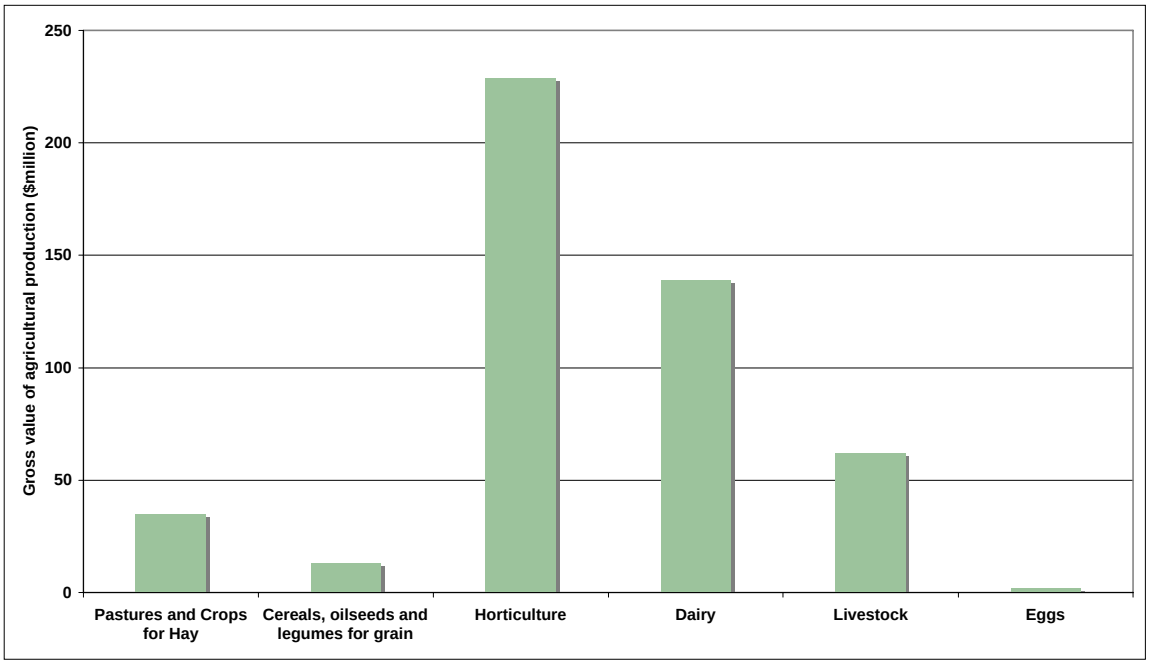

Figure 4-4: Gross $ value of agricultural production from major industries in the City of Greater Shepparton (Australian Bureau of Statistics Agricultural Census Data 2006)

4.8.1 Agricultural industries

Horticulture is the most significant industry in the municipality and is worth approximately $229 million (Figure 4-4). Most of this is associated with fruit production such as apples, pears, peaches, plums as well as vegetables for the fresh and processing markets. Horticulture is focussed on the better soils in the municipality around Shepparton and Ardmona. While horticulture is the most economically significant industry, it takes place on just 12% of the total irrigated area on the municipality (Table 4-13). A number of food processing businesses in the municipality use local horticultural produce such as SPC Ardmona, Campbells Soups and Unifoods in Tatura.

Dairy is the second most significant industry and is worth approximately $139 million per annum. Dairying is focussed in the western side of the Shire and to the north along the Shepparton-Katamatite Road towards Invergordon. There are milk processors producing a range of milk-based products in the municipality including Snow Brand Tatura Dairies.

An analysis of trends in commodities between 2001 and 2007 shows that the drought and low water allocations had a significant impact on production levels in some industries particularly dairy and grain production. Over the same period, horticulture, particularly orchards, expanded the area of production.

Table 4-13: Irrigated Agriculture in Greater Shepparton (Australian Bureau of Statistics Agricultural Census Data 2001)

Commodity	Hectares
	2001
Cereal	1,362
Fruit	9,582
Grapes	363
Pasture	65,163
Total	**76,470**

Commodity		2001	2002	2003	2004	2005	2006
Dairy	**Cows ('000s)**	99	92	85	76	91	77
	Farms	532	408	407	416	407	385
	Milk (million L)	463	530	415	370	446	378
Horticulture	**Trees ('000s)**	3513					4153
	Farms	697					726
	Fruit (million T)	196					185
Grains	**Hectares (000's)**	17	20	21	22	23	20
	Farms	273	253	261	285	309	261
	Grain (000's T)	47	51	20	60	52	58
Livestock	**Animals (000's)**	256	217	218	211	224	196
	Farms	699	603	304	581	577	696

4.8.2 Irrigation infrastructure and irrigation efficiency

Irrigation in Greater Shepparton takes place within the Shepparton and Central Goulburn Irrigation Areas (Figure 4-5). Both irrigation areas source water from Lake Eildon.

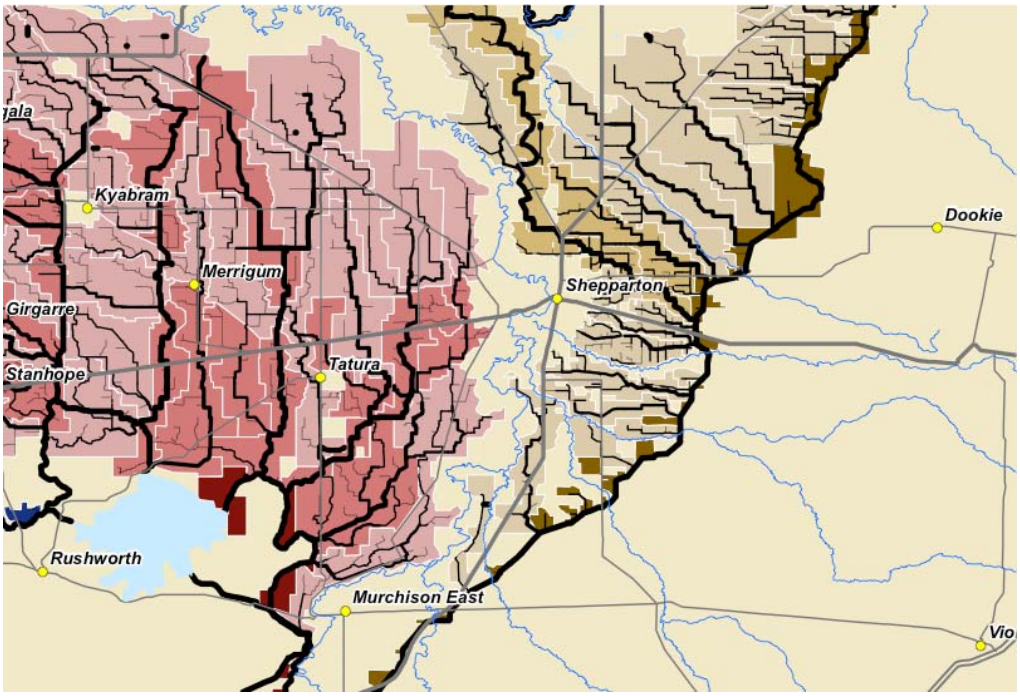

Figure 4-5: Irrigation in Greater Shepparton (Goulburn Murray Water 2006b)

A breakdown by industry of water use confirms that horticulture is a major economic contributor, using relatively low levels of the natural resources of land and water, while dairy uses much more resources to produce similar gross dollar value (Table 4-14)

Table 4-14 Production, business size and water use by major industries in the Shepparton Irrigation Region (compiled by RMCG from Goulburn Murray Water data)

Commodity	Value of production $million	Number of businesses	Average businesses size Ha	Area irrigated Ha	Water use Ml
Dairy	94	369	70	25,823	124,928
Horticulture	89	184	25	4,557	31,232
Mixed	7	74	463	34,178	29,001

4.8.3 Farm businesses

The breakdown of farm businesses by farm income indicates that 33% of farm businesses are generating less than $100,000 per annum. About one half of these are livestock businesses generating less than $100,000 per annum suggesting that they are part time businesses and relying to some extent on off farm income (Table 4-15).

Around 22% of businesses are earning between less than $200,000 per annum with a large proportion of these dairy farms. These businesses may need to consider increasing farm scale or off farm income in the near future and will require access to large allotments to increase farm scale.

About 32% of the horticultural properties are generating between $100,000 and $200,000 per annum and some of theses businesses may be looking to expand in the future. Horticulture is focussed around the urban centres of Shepparton and west of Mooroopna and

it is important that urban growth does not encroach on these production areas and limit opportunities for farm expansion and create right-to-farm issues.

Between 2001 and 2006, the total number of farm business declined by around 200 properties, particularly from dairy and horticulture. There was also an increase in the number of businesses generating more than $500K in the dairy and horticulture industries suggesting that some of this increase may have come from farm expansion and consolidation.

Table 4-15: Distribution of farm incomes (estimated value of agricultural operations) in Greater Shepparton (ABS 2001)

	Farm Income Range						
Farm businesses type	**< $100k**	**$100k to $200k**	**$200 to $500k**	**$500 to $1mill**	**$1mill to $2mill**	**>2mill**	**Total number of properties**
Horticulture	74	64	73	55	22	15	303
Dairy	94	204	253	28	6	-	585
Livestock	201	22	13	4	1	1	242
Cropping	19	10	8	1	-	-	38
Mixed cropping & grazing	**48**	**24**	**10**	**-**	**-**	**-**	**82**
Total	**436**	**324**	**357**	**88**	**29**	**16**	**1,250**

Table 4-16: Distribution of farm incomes (estimated value of agricultural operations) in Greater Shepparton (ABS 2006)

	Farm income range						
Farm businesses type	**< $k**	**$50k to $100k**	**$100 to $200k**	**$200 to $500k**	**$500k to $1million**	**>1mill**	**Total number of properties**
Horticulture	69	43	73	27	11	24	247
Dairy	57	125	197	37	9	1	426
Livestock	230	27	9	2	-	-	268
Cropping	27	9	8	2	1	-	47
Mixed cropping and grazing	**23**	**18**	**18**	**1**	**-**	**-**	**60**
Total	**406**	**222**	**305**	**69**	**21**	**25**	**1,048**

4.8.4 Productive agricultural land

Soil types

There are areas of land with Group 1 and Group 2 soil suitability for irrigation in Greater Shepparton, particularly around Tatura, Ardmona. These soils have few disabilities for irrigation and suitable for horticultural crops, vegetables, perennial and annual pastures and summer fodder crops.

Elsewhere the soils are generally Group 3 and Group 4 which are more suited to irrigated pasture and crop production and are generally used for dairy and irrigated mixed farming (Appendix E – Map 1).

The Agricultural development areas in Greater Shepparton (Appendix D – Figure AD-10) are located around Bunbartha in the north and east of the main channel of the Shepparton Irrigation Area.

There is no soils data for the dryland areas of the Shire, however, the agricultural industry data shows that dryland cropping of winter cereals and grains is significant as is dryland livestock production. This suggests that dryland areas have soils suited to agricultural production.

Subdivision patterns

Analysis indicates that in the irrigation areas east of Shepparton and around the towns, properties are generally 8 to 20 ha. This is associated with the horticultural development in Shepparton East. These properties will be at risk of becoming lifestyle properties due to their small size and proximity to the town (See Appendix E – Map 2).

Elsewhere in the irrigation areas properties are generally 20 to 40 ha or 40 to 100 ha and larger properties would be comprised of a number of allotments. Dryland properties tend to be mainly over 100 ha in size and would be comprised of a number of allotments. This subdivision pattern is considered favourable for agriculture.

Climate

Greater Shepparton has a Mediterranean climate with a hot dry Table 4-17). The winters have cold nights with sufficient hours when temperatures fall below 2^{o}C to meet the chilling requirement for bud initiation in fruit crops. This climate is suited to production of a range of agricultural commodities.

Table 4-17: Temperature and rainfall data from Tatura (http://www.bom.gov.au)

	J	F	M	A	M	J	J	A	S	O	N	D	Annual
Mean max temp ^{o}C	29.3	29.5	26.2	21.6	17.2	13.9	13.0	14.7	17.3	20.8	24.4	27.3	21.3
Mean Min temp ^{o}C	14.0	14.4	11.7	8.2	5.8	3.6	2.9	3.8	5.5	7.6	10.0	12.1	8.3
Mean days < 2^{o}C	0	0	0	1.0	5.9	10.6	13.0	10.0	5.8	1.6	0.2	0	48.1
Mean rainfall mm	32.5	32.5	32.2	34.6	46.6	44.4	48.3	47.1	44.2	48.4	39.0	32.9	482.8

Irrigation infrastructure

Land that has access to the irrigation network has a wider range of agricultural options than dryland. Without access to the irrigation network dairying and horticulture could not be undertaken in Shepparton. A modernised supply system is planned and about to be designed and implemented.

Productive agricultural land conclusions

Based on the assessment of soil types, subdivision patterns, irrigation infrastructure and climate, land in the rural areas is generally considered to be productive agricultural land that is of strategic importance to Shire economy. It is important that planning controls reflect this value and they encourage protection and retention for agriculture both now and in the future, particularly the Group 1 and 2 soils close to urban centres.

4.8.5 Summary of agriculture in Greater Shepparton

Agriculture is a significant land use in the Greater City and underpins the local economy directly through on farm employment and through the associated manufacturing and food processing and industries servicing agriculture.

Horticulture is the most significant agricultural industry in terms of gross value of agricultural production. Horticulture and the dairy industry is dependant on access to a secure water supply via the irrigation network. Land use planning control needs to protect the main production irrigated areas to secure their future for farming but also integrate with the planned modernisation and reconfiguration of the systems and potential expansion into the agricultural development areas.

Farm businesses generally need to grow and expand over time. Access to affordable land unencumbered by unnecessary infrastructure is essential to provide the opportunity for farm growth.

Horticultural production, and to a lesser extent dairy, requires soils with high suitability for irrigation, particularly excellent drainage and low salinity. Greater Shepparton has areas of Class 1 soil and Class 2 soil (highly suitable for irrigation), some of which is in close proximity to urban development around Shepparton, Ardmona and Mooroopna. Land use planning controls need to ensure that these soils are protected from urban expansion and are available to agriculture in the long term and that urban development is buffered from mechanised 24 hour farm activities.

The rural areas of the Greater City are considered to be productive agricultural land based on the soil types, subdivision pattern and climate and the significant level of irrigation infrastructure. Protection and retention of this land for agriculture is of primary strategic importance to the Greater City and it is recommended that it should be included in the Farming Zone.

The boundaries of the farming zone will be modified based on subsequent strategic work in relation to town boundaries and rural living.

4.9 Campaspe Shire

Agriculture is a significant industry in the Campaspe Shire and generated approximately $440 million in gross value of agriculture production per annum in 2006 up from $420 million in 2001. Dairy is the most significant industry and is worth approximately $237 million per annum. Approximately 21% of employment in Campaspe is associated with on farm jobs.

4.9.1 Agricultural industries

Dairy is the most significant agricultural industry in Campaspe generating approximately $237 million per annum or more than half the farm gate value of agricultural production in the Shire. Dairy is focused around Rochester, Lockington and between Stanhope and Tongala.

Livestock production generates approximately $62 million including sheep and cattle production on mixed irrigation farms and dryland farms. The mixed irrigation farms are located between the dairy districts and tend to be on land less suited to irrigation. Dairy and mixed farming account for most of the land use in the irrigated areas of the Shire.

An analysis of trend data for major commodities demonstrates the impact of the recent drought and water allocations on farm production with a decline in the areas of production and overall production levels particularly livestock and tomato production.

Table 4-18: Irrigated agriculture in Campaspe Shire (ABS 2001 and 2006)

Commodity	Hectares
	2001
Cereal	4,033
Fruit	438
Pasture	109,134
Total	**113,605**

Commodity		2001	2002	2003	2004	2005	2006
Dairy	**Cows ('000s)**	154	150	138	123	148	132
	Farms	798	626	625	638	623	608
	Milk (million L)	775	888	674	601	724	643
Horticulture	**Trees ('000s)**	77					106
	Farms	42					48
	Fruit (million T)	9					6
Grains	**Hectares (000's)**	45	52	60	59	61	57
	Farms	585	561	617	642	677	604
	Grain (000's T)	118	116	43	154	122	121
Livestock	**Animals (000's)**	347	319	321	309	326	317
	Farms	904	835	823	791	776	980
Tomatoes	**Hectares**	2782	2457	2075	1873	1968	1921
	Properties	29	29	22	19	18	23
	Tonnes (000's)	215	172	149	170	149	176

Horticulture generates approximately $49 million per annum and a large proportion of this comes from tomato production for the fresh and processing markets around Corop and Colbinabbin. Horticulture accounts for just 0.4% of the land use in the Shire (Table 4-18). Cedenco have a tomato processing plant and Riverside Meats has an abattoir in Echuca to service the local industries.

Viticulture is an expanding industry around Corop and Colbinabbin and the boundaries of the Heathcote Wine Region (Figure 4-7) have been recently declared by the Geographical Indications Committee (www.heathcotewinegrowers.com.au).

This rapid growth and capital investment in viticulture, is estimated to be in the order of $70m over the past decade with over 300 vineyards now supporting 2900 ha of vines within the Heathcote GI (Department of Primary Industries 2008).

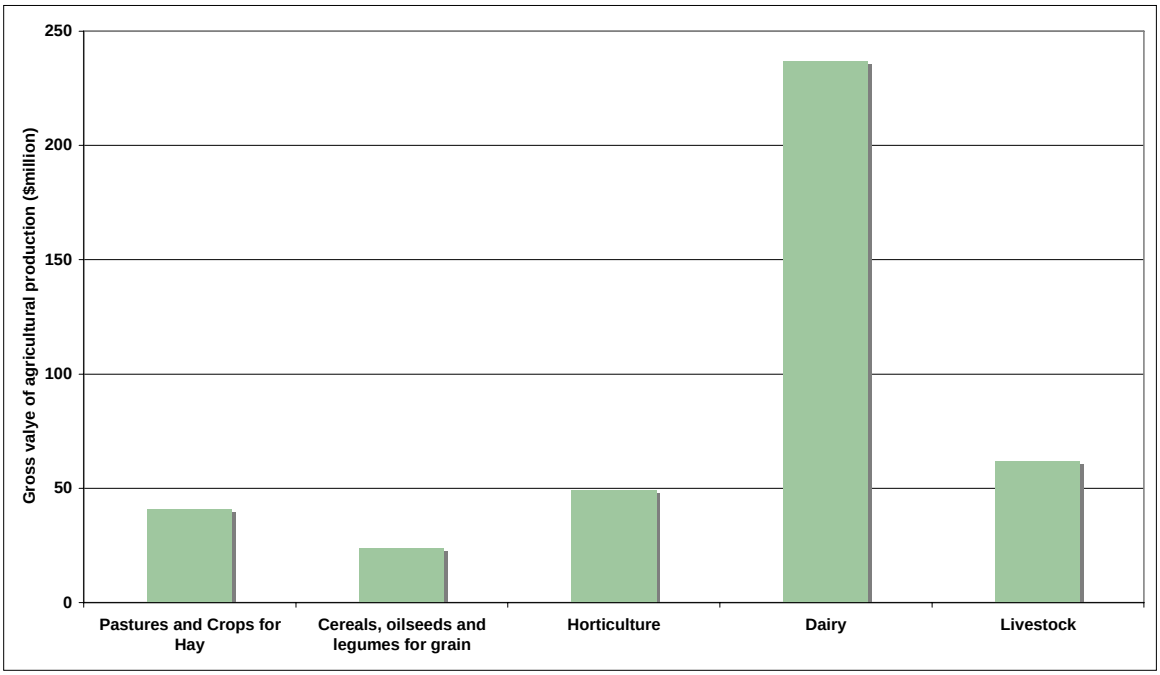

Figure 4-6: Gross $ value of agricultural production from major industries in Campaspe Shire (Australian Bureau of Statistics Agricultural Census Data 2006)

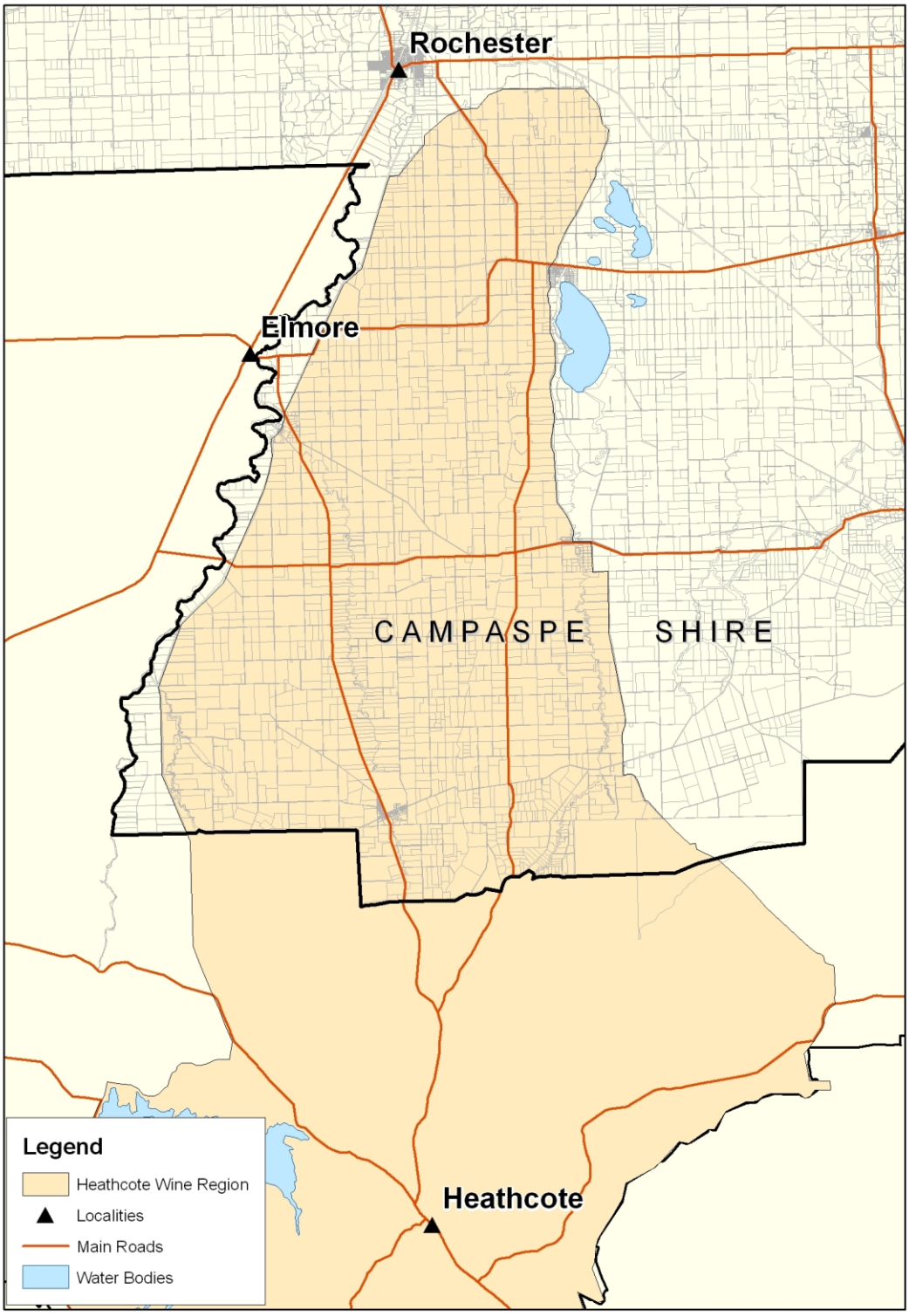

Figure 4-7: Heathcote Wine Region (Based on data from www.heathcotewinegrowers.com.au)

4.9.2 Farm businesses

The breakdown of farm businesses shows that 41% of farms are generating less than $100,000 farm income and a large proportion of these are livestock businesses suggesting that they are part time businesses supported by off farm income (Table 4-19).

About 42% of dairy businesses are generating less than $200,000 per annum. Without off farm income these businesses will be under some financial pressure and will be looking to expand, intensify or increase off farm income in the short term. From a land use planning perspective, growth of these businesses can be assisted by ensuring land is retained in larger allotments, is not encumbered with unnecessary infrastructure and that land values reflect the agricultural value and not inflated by the existence of or potential for a dwelling.

Table 4-19: Distribution of farm incomes (estimated value of agricultural operations) in Campaspe (ABS 2006)

	Farm income range						
Farm businesses type	**< $100k**	**$100k to $200k**	**$200 to $500k**	**$500 to $1mill**	**$1mill to $2mill**	**>2mill**	**Total number of properties**
Horticulture	87	20	12	8	8	4	139
Dairy	102	177	299	74	12	3	667
Livestock	296	41	21	7	5	6	376
Cropping	43	12	15	5	2	-	77
Mixed cropping and grazing	**36**	**24**	**23**	**4**	**-**	**-**	**27**
Total	**564**	**274**	**370**	**98**	**27**	**13**	**1,346**

Table 4-20: Distribution of farm incomes (estimated value of agricultural operations) in Campaspe (ABS 2001)

	Farm income range						
Farm businesses type	**< $100k**	**$1000k to $200k**	**$200 to $500k**	**$500 to $1mill**	**$1mill to $2mill**	**>2mill**	**Total number of properties**
Horticulture	64	9	16	15	12	2	118
Dairy	139	285	373	65	12	-	874
Livestock	245	25	9	5	2	4	290
Cropping	43	12	15	2	2	-	77
Mixed cropping & grazing	**36**	**24**	**23**	**4**	**-**	**-**	**87**
Total	**527**	**355**	**436**	**94**	**28**	**6**	**1,446**

4.9.3 Irrigation infrastructure and irrigation efficiency

Irrigation in Campaspe takes place in the Campaspe Rochester Irrigation Area, the western side of the Central Goulburn Irrigation Area and the far eastern end of the Torrumbarry

Irrigation District (Figure 4-8). Approximately 1,230 properties covering 113,605 ha are irrigated in Campaspe Shire. A number of farms outside the irrigation districts access water from the Waranga Basin via individual licenses from Goulburn Murray Water.

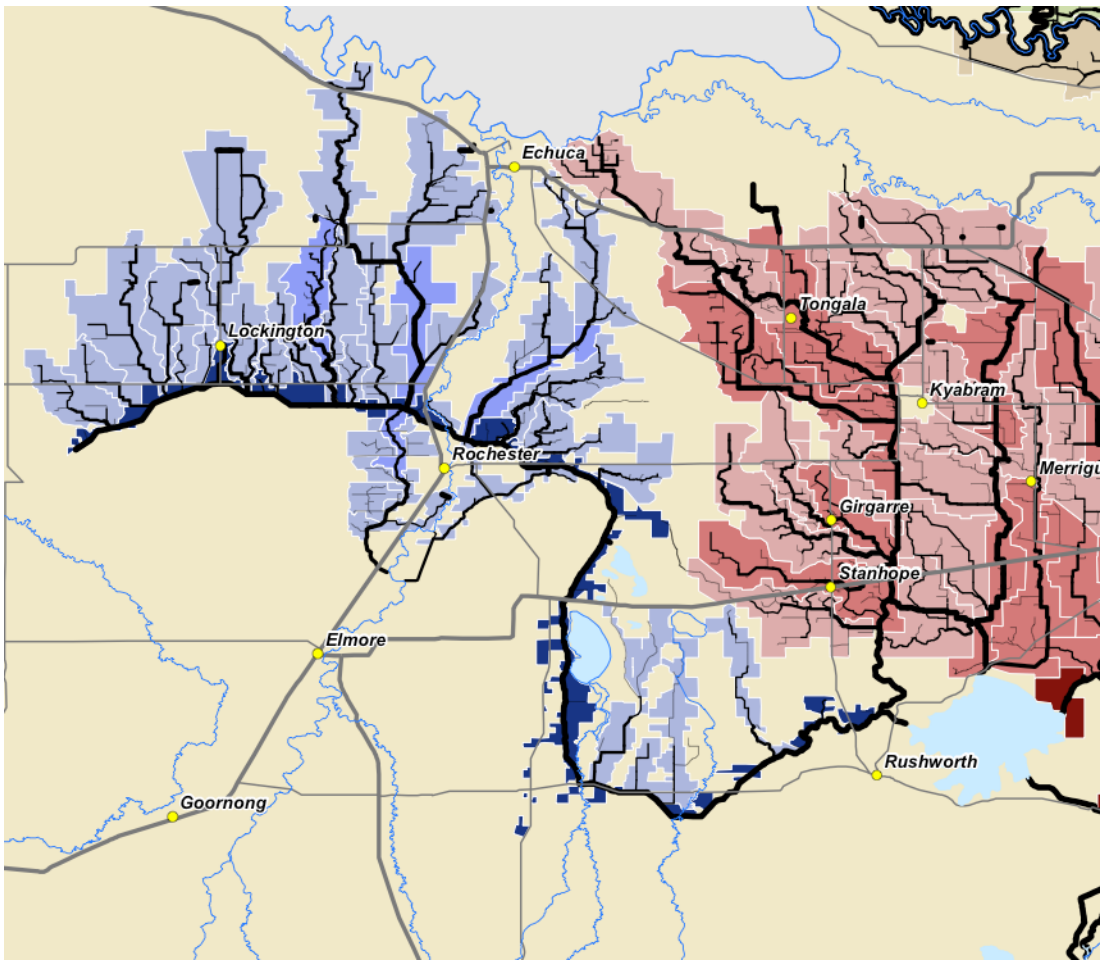

Figure 4-8: Irrigation districts in Campaspe (Goulburn Murray Water 2006b)

A breakdown of water customers by water use for the Rochester Campaspe Irrigation Area indicates that nearly 50% of customers use less than 20Ml per annum (Table 4-21). This suggests that substantial lifestyle occupation of rural properties has already occurred. The remaining productive businesses need to be 'protected' from further encroachment from subdivision and extra houses.

Table 4-21: Distribution of water use in the Rochester-Campaspe irrigation district (compiled by RMCG from Goulburn Murray Water data)

	Distribution of water use in Rochester - Campaspe				
	<20ML	20-100ML	100-300ML	300-100ML	>1,000ML
Number of customers	713	218	369	172	16
Proportion of customers	48%	15%	25%	12%	1%

4.9.4 Productive agricultural land

Soil types

Appendix D (Figure AD-12) shows the suitability of soils for irrigated crops in Campaspe. There are extensive areas of Group 1 and Group 2 soils in the Central Goulburn irrigation areas between Stanhope, Tongala and less extensive areas around Rochester and Lockington.

Agricultural development areas, areas suited but not yet developed for irrigation have been identified south of Lockington and south and west of the main channel near Rushworth.

There is limited land capability data for areas outside of the Agricultural Development Areas and the irrigation districts, however, the industry data indicates that dryland cropping and livestock production is significant in the Shire. This suggests that the dryland areas have soils suited to agricultural production.

It is important from a land use perspective that planning controls seek to protect particularly the soils most suitable for irrigation (where there is not excessive subdivision already) and agricultural development areas for agriculture.

Subdivision pattern

Properties in the irrigation areas are commonly 20 to 40 ha and 40 to 100 ha. In the dryland areas properties are generally larger and over 100 ha in size and would most likely be comprised of a number of allotments (Appendix E – Map 2). This pattern of subdivision is favourable for agriculture.

Climate

Campaspe has a Mediterranean climate (Table 4-22) with a hot dry summers and cool winters with most rainfall falling between May and October. The winters also have cold nights with sufficient hours when temperatures fall below 2^{o}C to meet the chilling requirement for bud initiation in fruit crops. This climate is suited to production of a range of agricultural commodities.

Table 4-22: Temperature and rainfall data from Echuca (http://www.bom.gov.au)

	J	F	M	A	M	J	J	A	S	O	N	D	Annual
Mean max temp ^{o}C	30.8	30.6	27.2	22.2	17.6	14.2	13.4	15.2	18.3	22.2	26.0	29.0	22.2
Mean Min temp ^{o}C	15.1	15.2	12.9	9.4	6.6	4.7	3.9	4.8	6.4	8.7	11.1	13.4	9.4
Mean days < 2^{o}C	0	0	0	0.3	3.2	8.3	10.6	7.6	3.8	0.7	0.1	0	34.6
Mean rainfall mm	26.9	26.5	30.4	32.7	41.3	42.9	41.0	42.1	39.5	43.1	32.0	28.4	426.7

Irrigation infrastructure

Land that has access to the irrigation network has a wider range of agricultural options than dryland. Without access to the irrigation network dairying and horticulture could not be undertaken in Campaspe. A reconfiguration process has commenced and is likely to be incorporated with the modernisation of the irrigation supply.

4.9.5 Productive agricultural land conclusions

Based on the assessment of soil types, subdivision patterns, irrigation infrastructure and climate, land in the rural areas is generally considered to be productive agricultural land that is of strategic importance to Shire economy. It is important that planning controls reflect this value and they encourage protection and retention for agriculture both now and in the future.

4.9.6 Summary of agriculture in Campaspe

Agriculture is a significant land use in the Shire and underpins the local economy directly through on farm employment and through the associated manufacturing and food processing and industries servicing agriculture.

Dairy is the most significant agricultural industry in terms of land use and gross value of agricultural production. The dairy industry is dependant on access to a secure water supply via the irrigation network. Land use planning controls needs to protect the irrigation areas to secure their future for farming but also integrate with the modernisation and reconfiguration of the systems and expansion into the agricultural development areas.

Farm businesses generally need to grow and expand over time. Access to affordable land unencumbered by unnecessary infrastructure is essential to provide the opportunity for farm growth.

The rural areas of the Shire are considered to be productive agricultural land based on the soil types, subdivision pattern and climate and the significant level of irrigation infrastructure. Protection and retention of this land for agriculture is of primary strategic importance to the Shire and it is recommended that it should be included in the Farming Zone.

Increasing development of intensive agricultural industries within areas of Campaspe have also occurred. These are commonly in locations that are associated with large areas of native grasslands. Strategic policy instruments are required to ensure that existing and future intensive industries can coexist in a sustainable way with the protection of significant native grassland ecosystems.

5. Population and settlement

The study region encompasses a number of distinct landscapes and communities, each following varied trajectories in land use modification, population change and economic transition. These trends present the core challenges for future planning as they indicate new pressures and motivations for development in both urban and rural areas.

Given that the study area includes productive irrigation areas, valuable riverine and forest environments and areas where rural landscapes have attracted new and emerging forms of (often urban-generated) living, it is important to consider social and economic trends as they are reflected in each of these location types. Land use and population trends in the area should also be seen in a broader context of change in the region and beyond. In general the following broad trends can be identified across rural Australia, including in the study area:

- Declining rural and small-town populations, particularly in dryland agricultural areas, but also in many established irrigation regions.
- A centralisation of services (a 'sponge city' effect) in most agricultural regions.
- Rapid growth within the expanding commuter field of larger urban centres, this is evident in both rural landscapes and in established settlements.
- Growth of population and housing in valued localities where leisure landscapes, comparative housing affordability and lifestyle perceptions combine. This appears to be driven by both local population movement and more general 'tree change' trends.
- Concurrent and divergent pathways of large and expanding commercial agricultural holdings and increasing small, niche and sub-commercial farming – and effective, but long term, trend of the 'hollowing-out' of mid-range farm businesses, leaving only large and small (or sub-commercial) farms as predominant in the landscape.

In the case of the study region each of these processes can be identified in various localities, presenting an often contradictory set of dynamics at the regional level: larger urban centres such as Shepparton and Echuca continue to grow, a number of small towns are characterised by population decline, towns and rural areas on the River Murray and its broader environs show strong population and development growth, while the character of farming landscapes show a mixed process of change relating to farm business size, transition to non-commercial land uses and the continued emergence of newer forms of agricultural activity.

Exploring these issues, and offering strategic approaches to future land management, requires consideration of the existing context of policy and land use planning, a review of trends in population at a regional and local level, and an appraisal of land use trends, especially trends in housing and subdivision. This chapter outlines each of these elements and offers a strategic basis for directing broad land use objectives in the regions rural landscapes.

5.1 Strategic elements for consideration

Various existing elements of strategy and policy guide the direction for development in the study area. The include the Moira Rural Living Strategy (2004), Echuca Low Density Residential and Rural Living Review (2003), as well as elements of broader strategy such as the Greater Shepparton 2030 Strategy Plan which have been prepared at a local government level, as well as the Local and State Planning Policy contained within each of the three planning schemes.

In general, there is recognition that many rural localities are experiencing land use change, whether within a context of agricultural restructure, or through a transition to residential development in a rural setting. Even within these different processes of change, existing policy offers a framework for the form and management of new development and land use change.

The Echuca Low Density Residential and Rural Living Strategy (2003) are concerned directly with land on the fringes of urban Echuca. The strategy sought to determine the appropriate distribution and form of rural residential opportunities in areas including Wharparilla Drive and sites on the immediate fringe of the existing urban area such as the racecourse precinct. In general this strategy, which was largely supported with the eventual approval of Amendments C34, C35 and C36 to the Campaspe Planning Scheme, recognised the need to provide for rural lifestyle development as a genuine market segment, but to do this within a framework that supported locations where development was strategically desirable, and in forms that met a range of market opportunities. The study also ensured that the supply of such land was suited to anticipated levels of demand.

The Moira Rural Living Strategy (2004) assesses capacity and demonstrated demand for residential development in rural areas, specifically within the environs of six areas of Moira: Cobram, Numurkah, Nathalia, Yarrawonga, Barmah and Bundalong. This resulted in specific analysis of opportunities for such development in localities near Yarrawonga and Numurkah, although the proposed changes at Numurkah were not supported by the Panel[6] reviewing the subsequent amendment proposal. In the case of Moira, the strategy and subsequent amendment recognised the role of rural residential (low density and rural living) development, especially near the River Murray towns, but the existing levels of supply were also assessed and the need to ensure that any land use transition was managed to meet location constraints, risks to existing rural activities, and anticipated levels of demand was recognised in the strategy and in the subsequent assessment of the proposed amendment to the Moira Planning Scheme.

In Shepparton, while no specific rural land strategy has been prepared in recent years, the Greater Shepparton 2030 Strategy Plan (2006) provides a framework for some lifestyle development in rural landscapes close to existing urban centres. The strategy focussed strongly on the role of rural living development within the spectrum of urban-generated housing choices, especially where servicing and environmental constraints limit the development at urban residential densities. In general, this policy framework considers rural residential housing as a component of the broader urban and urban-generated settlement process, rather than as a distinct land use in the rural landscape. This reflects the productive nature of rural landscapes in Greater Shepparton, and that population growth is not necessarily linked to specific landscape features.

At the 2006 Census the study area recorded a population of 118,105 – this represents a net population growth of 2,109 since 2001 (Table 5-1). At the local level, the pattern of population change was varied, with some areas and urban centres recording significant levels of growth and others in decline. Generally, it is apparent that levels of growth since 2001 have not been as high as the experience of the 1990s, with some areas recording population decline subsequent to increases during the period between 1996 and 2001.

[6] The Panel, or The Planning and Environment List is part of the Victorian Civil and Administrative Tribunal (VCAT), an independent tribunal, which hears and decides applications by permit applicants, objectors and others.

Table 5-1: Population – Statistical local areas 1996-2006. Source: ABS Census

	1996	2001	2006	Av. Annual Change 1996-2006
Campaspe - Echuca	10,014	10,955	12,401	2.16
Campaspe - Kyabram	11,750	11,981	11,646	-0.09
Campaspe - Rochester	7,865	7,990	7,791	-0.09
Campaspe - South	3,691	3,685	3,619	-0.20
Gr. Shepparton - Pt A	39,694	42,749	43,999	1.03
Gr. Shepparton - Pt B East	3,832	3,846	3,590	-0.65
Gr. Shepparton - Pt B West	8,376	8,615	8,525	0.18
Moira - East	7,374	7,870	8,558	1.50
Moira - West	17,339	17,605	17,976	0.36
Total	**109,935**	**115,296**	**118,105**	**0.72**

The highest levels of population growth were recorded in Echuca, Shepparton and Moira – East (which includes localities such as Yarrawonga and its environs), while agricultural areas of the study region experienced low growth or population decline. Areas such as Shepparton Part B East and Campaspe – Rochester had experienced moderate growth in the later 1990s prior to a decline in population.

The divergent trends in population are more evident in the urban centres in the region. Centres including Echuca, Shepparton and Yarrawonga have experienced considerable growth (at level above averages for Victoria and Regional Victoria), while some smaller centres have declined in population (Table 5-2).

Table 5-2: Population – Urban Centres 1996-2006. Source: ABS Census

	1996	2001	2006	Av. Annual Change 1996-2001
Shepparton-Mooroopna	31,945	35,828	38,797	1.96
Echuca	10,014	10,955	12,401	2.16
Yarrawonga	3,435	4,025	5,731	5.25
Kyabram	5,738	5,534	5,615	-0.22
Cobram	3,865	4,554	5,066	2.74
Numurkah	3,128	3,382	3,683	1.65
Tatura	2,826	2,931	3,534	2.26
Rochester	2,553	2,624	2,832	1.04
Nathalia	1,455	1,416	1,425	-0.21
Tongala	1,164	1,179	1,257	0.77
Rushworth	976	1,001	1,039	0.63
Murchison	633	672	787	2.20
Stanhope	565	514	520	-0.83

Consistent with most regions in Victoria the population is ageing and the trends of smaller household sizes, especially in urban centres, has resulted in household growth continuing at rates above population growth. In a land use planning context, this pattern of change is significant – in some instances declining populations have occurred along with increasing household numbers. Increases in lifestyle developments within the study area, such as locations in the River Murray corridor, also mean that housing growth can be independent of permanent population change.

The age profile of the study area reveals an older profile in Moira and Campaspe than in Shepparton. The geography of the age profile reflects younger populations in and around centres such as Echuca, and older populations in areas such as Yarrawonga. In rural areas, the pattern of the age profile is mixed, with irrigation areas exhibiting a younger median age, and areas, such as around Rushworth, Yarrawonga and Barmah - where lifestyle development has been more evident – displaying an older age profile (Figure 5-1).

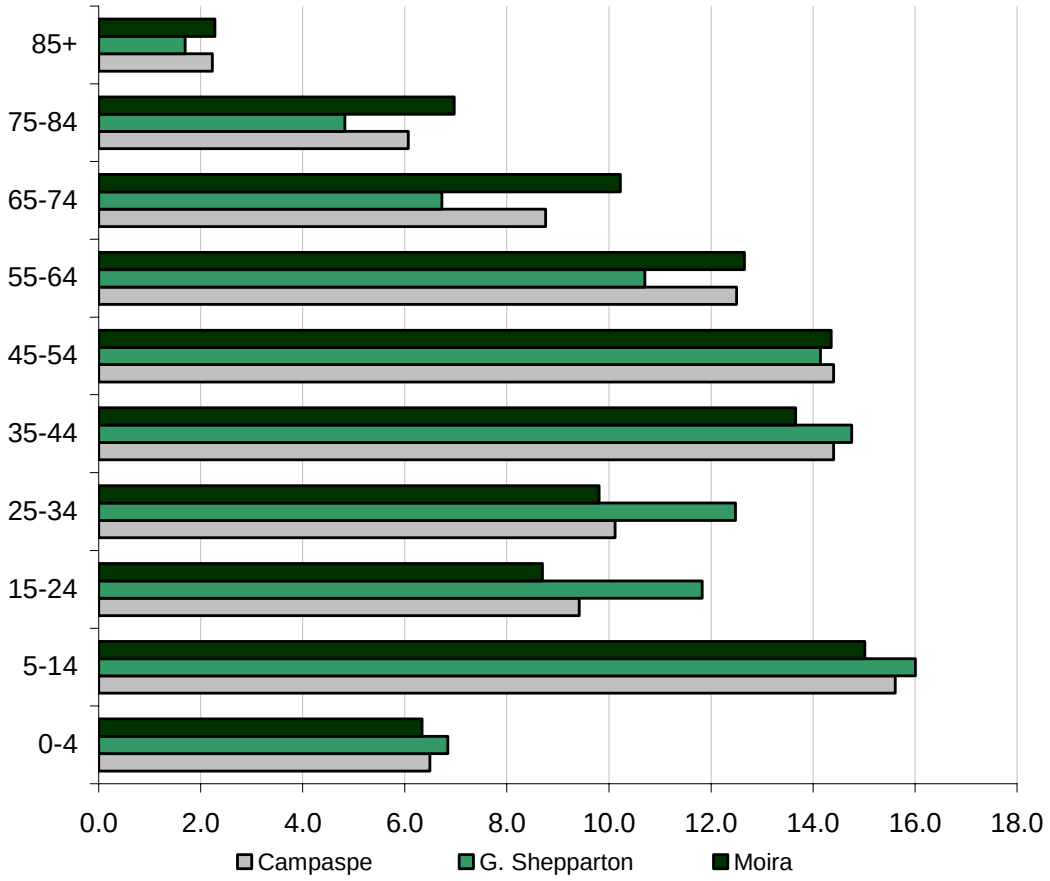

Figure 5-1: Age Profile (%) - 2006. Source: ABS Census

Between 1996 and 2006 all Statistical Local Areas within the study region experienced an increase in household numbers. This included those areas where populations declined. Housing growth in a variety of forms continues to occur throughout the region.

Table 5-3: Households – Statistical Local Areas 1996-2006. Source: ABS Census

	1996	2001	2006	Av. Annual Change 1996-2006
Campaspe - Echuca	3752	4165	4686	2.25
Campaspe - Kyabram	4168	4396	4437	0.63
Campaspe - Rochester	2796	2849	2910	0.40
Campaspe - South	1324	1333	1437	0.82
Gr. Shepparton - Pt A	14262	15419	16112	1.23
Gr. Shepparton - Pt B East	1215	1254	1240	0.20
Gr. Shepparton - Pt B West	2843	3006	3007	0.56
Moira - East	2733	2971	3277	1.83
Moira - West	6213	6502	6847	0.98
Total	**39,306**	**41,895**	**43,953**	**1.12**

The patterns of change reveal some distinct characteristics for regions within the study area; those areas where lifestyle attractions have driven growth, those where linkages to traditional agricultural activities have not supported population growth and larger urban areas that have experienced population increases as small centres and rural areas around them have not. These differences offer insight to the transitions that are occurring in terms of production, farm business restructure and development across the landscapes of the study region, and provide a means for considering strategic approaches to rural land use management into the future.

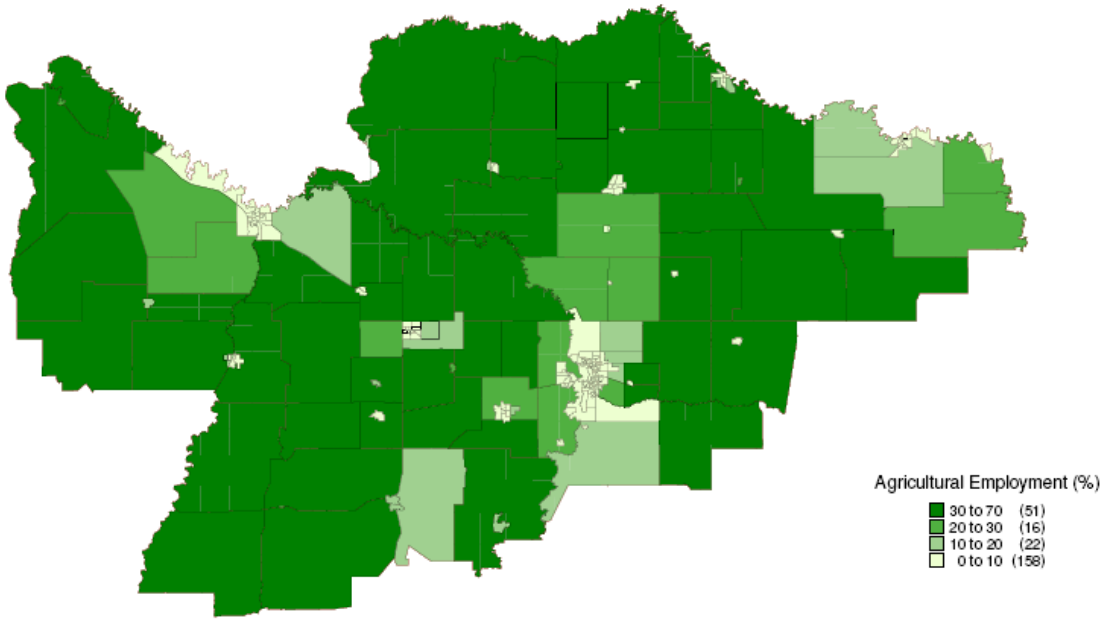

Figure 5-2: Employment in Agriculture (% of all employment), 2006. Source: ABS Census

The distribution of agricultural activity in the study region reflects patterns of population and housing growth. Areas surrounding larger centres such as Echuca and Shepparton, as well as areas along the River Murray corridor have lower levels of agricultural employment than the core agricultural areas that have not experienced high levels of housing growth (Figure 5-2Figure 5-2). The age structure of farmers in the study area is also reflective of

localities that appear to be experiencing transition form agricultural activity with older farmers predominant in areas where farming activity is less (Figure 5-3).

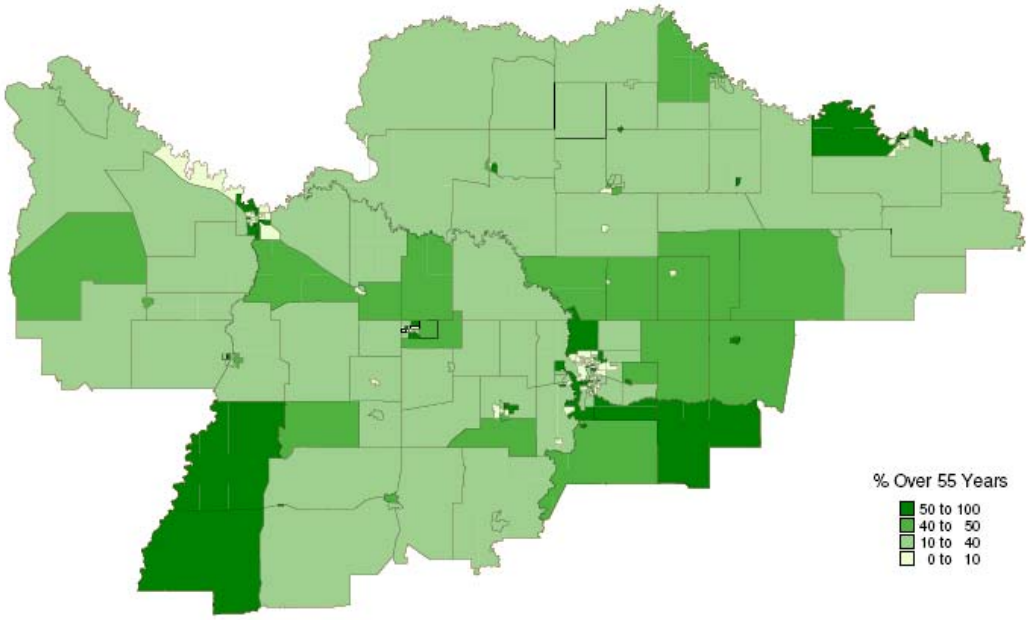

Figure 5-3: Employment in Agriculture (% over 55 years), 2006. Source: ABS Census

Likewise, patterns of population mobility reflect areas that appear to be undergoing change, corresponding to locations experiencing housing and other development activity, mostly on the fringes of larger centres and 'lifestyle' towns such as Yarrawonga. The profile and characteristics of the 'new' community generally confirms the process of centralisation in the larger centres of Echuca and Shepparton, as well as in the Cobram/Yarrawonga region (Figure 5-4).

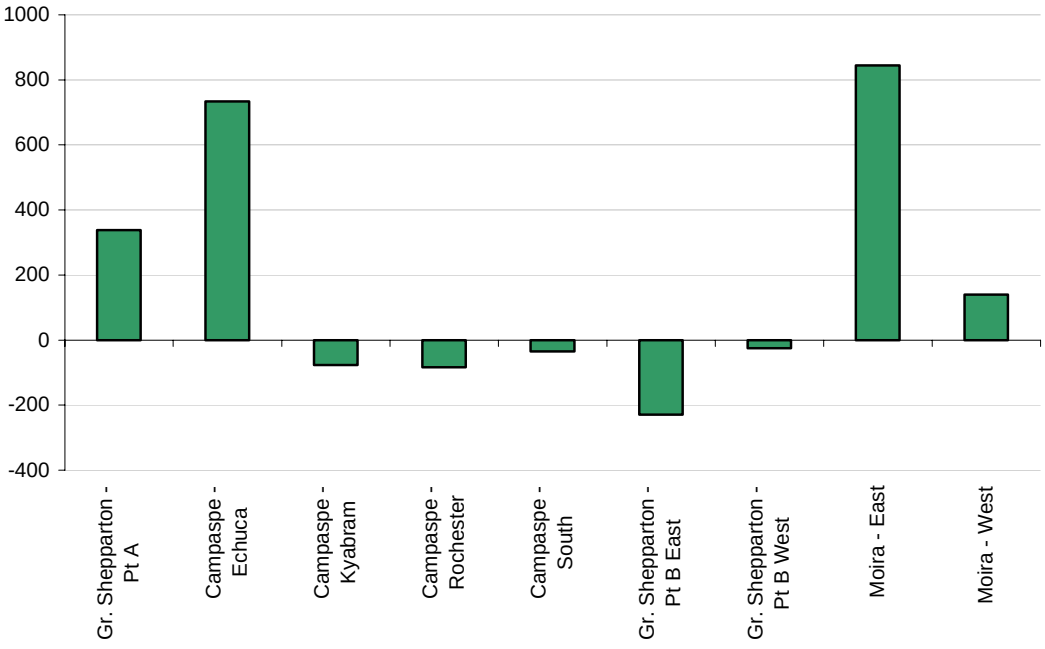

Figure 5-4: Net Population Movement: 2001-2006. Source: ABS Census

More specific characteristics of the new, old and existing population reveal considerable differences in age profile. Younger people, as might be expected, tend to leave the region, however considerable numbers also move into the region. In all age groups, except young adults aged 15-24, inward movements between 2001 and 2006 were greater than outward movements for the total study area (Figure 5-5).

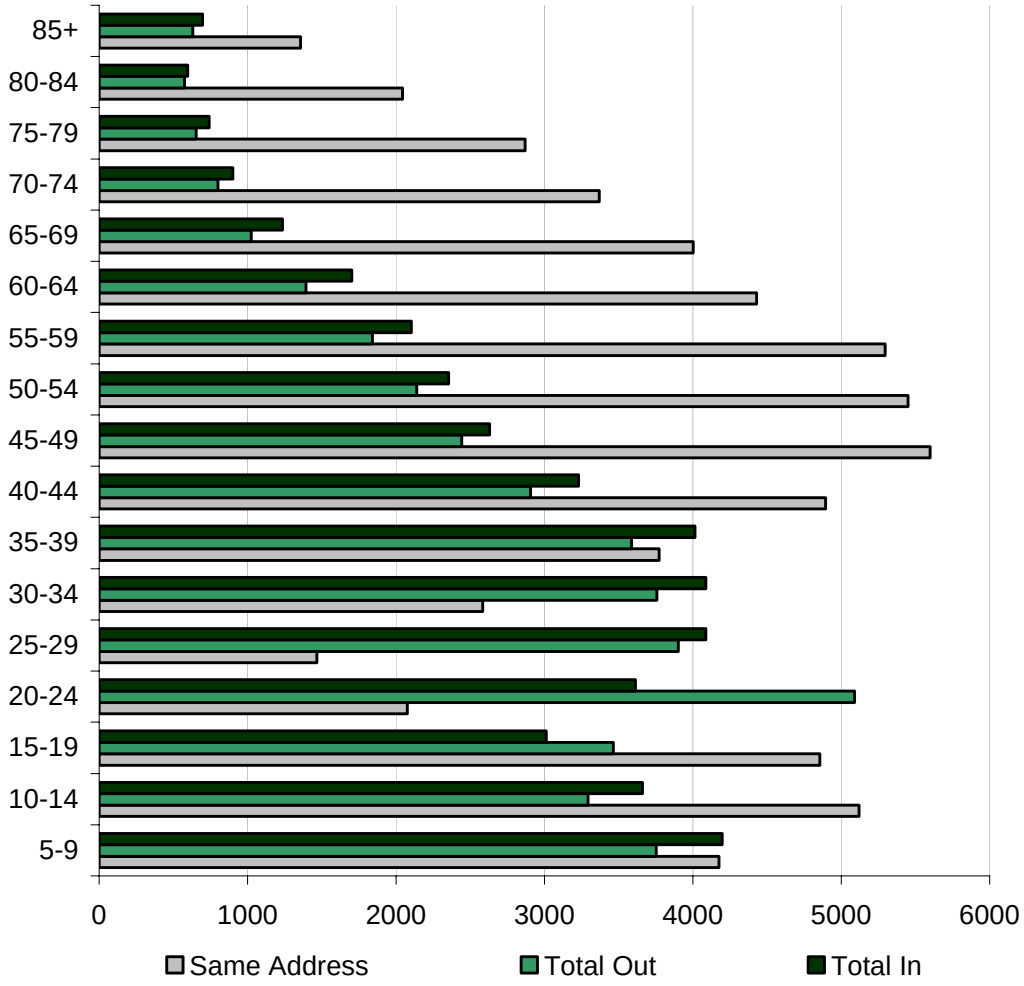

Figure 5-5: Age Profile and Population Movement (Study Region) - 2001-2006. Source: ABS Census

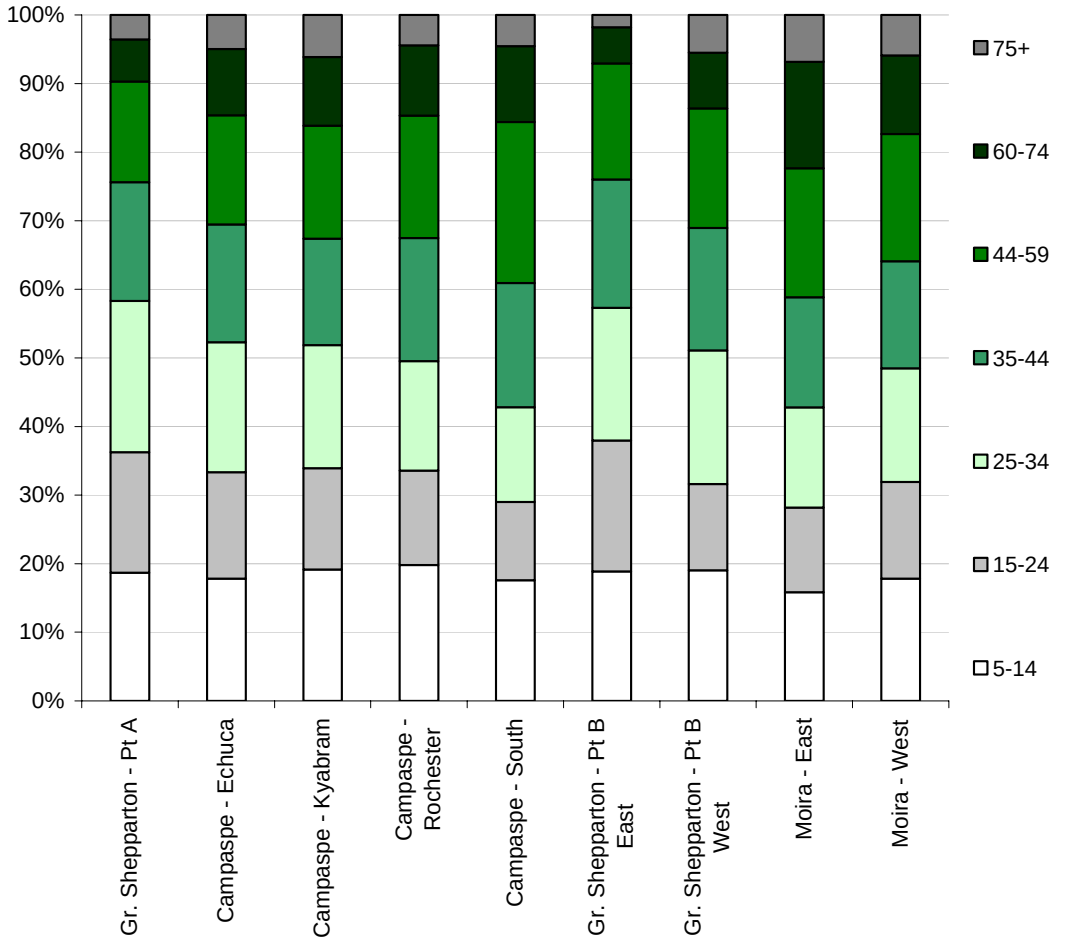

Figure 5-6: Age Profile - Inward Population Movement (Region SLAs): 2001-2006. Source: ABS Census

At a more local level, new residents are typically older in Moira Shire and Campaspe – South (Rushworth/Waranga) and younger in Shepparton (urban and rural), Echuca and Kyabram.

Within the specific context of the rural areas, it is evident that population growth remains centred on the larger urban areas of the study region. The forms and levels of landscape-scale population and housing growth in rural areas that are evident in peri-metropolitan areas, coastal areas and some rural locations (such as Victoria's north east) are not being experienced in this region. While perception of a 'tree-change' process may be apparent in some localities, population processes appear to indicate that the centralisation of population and the growth of larger centres (or localities immediately within their influence) is a greater driver of change. Notwithstanding this, some locations appear to be undergoing functional and structural change with new forms of rural lifestyle occurring.

The following section provides some detail of the spatial processes of development and change, as well as an analysis of trends in supply and demand for the existing provision of rural lifestyle land.

5.2 Rural property and trends in housing

Patterns of rural land use and housing development reflect the differentiated rural changes occurring in the study region. Existing patterns of landholdings reflect a range of historical drivers of development; larger dryland holdings, irrigation holdings developed at various phases and reflecting horticulture and dairying and smaller rural residential holdings on urban fringes and in desirable landscapes.

The distribution of smaller properties (Appendix E – Map 2) reflects an historical pattern of land settlement in irrigated farming areas, such as close to Shepparton, along a band from Cobram to Nathalia and around Bamawm and Lockington. The riverine corridors within the study are also characterised by smaller holdings. There are implications for future planning resulting from this property size distribution; while in some localities productive farming continues on single holdings in others multi-property farm businesses are a more typical response to pressures for increased scale, while in other places these properties have become an opportunity for non-farm rural development.

Patterns of existing housing, as reflected through rural address data indicate a predominance of housing on smaller holdings (Table 5-5). The capacity for these smaller properties to be operated and traded as an element of larger agricultural holdings is potentially limited by the existing residential nature of them.

Table 5-4 Property Size Ranges (Rural Zones) – Based on Council Maintained Cadastral Data

	Campaspe	Moira	Gr. Shepparton	Total
0-4ha	3,135	1,796	1,925	6,856
4-8ha	668	354	495	1,517
8-20ha	1,103	528	836	2,467
20-40ha	987	557	849	2,393
40-100ha	1,609	1,270	1,146	4,025
>100ha	1,239	1,206	590	3,035
Total	**8,741**	**5,711**	**5,841**	**20,293**

Recent trends in housing development (reflected through building permits) and subdivision reflects trends towards the generation of smaller land units and their development (Appendix E – Map 3). This would appear to imply development pressures not related to commercial agriculture. Higher levels of new rural housing on smaller properties in localities including Strathmerton, Katamatite and along the River Murray near Cobram suggest that these areas are undergoing change at a landscape scale, presenting risks for land markets based on agricultural values, and creating development patterns that are not fully reflective of existing planning objectives in the area. Overall, however, the area is typified by larger holdings and lower levels of development in genuine rural landscapes (Table 5-4).

Table 5-5: Property Size Ranges (ha) – Rural Addresses. Based on Council Maintained Cadastral Data

	Campaspe	Moira	Gr. Shepparton	Total
0-4ha	1,329	1,671	1,975	4,975
4-8ha	317	286	4,146	4,749
8-20ha	667	482	852	2,001
20-40ha	623	507	937	2,067
40-100ha	969	1,327	1,280	3,576
>100ha	757	1,903	674	3,334
Total	**4,662**	**6,176**	**9,864**	**20,702**

Note: Rural Addresses are the most consistent and reliable indication of existing dwellings available. The associated maps do not indicate the exact location of a dwelling, but rather the location of properties with an address point.

5.3 Land supply in specific rural living precincts

The Rural Living Zone has been applied in six precincts within the study area: areas adjoining Echuca, a small area adjoining Kyabram, areas the south-east of Shepparton, land near Rushworth, and small sites near Yarrawonga and Barmah. An assessment of the trends in land supply across the region within specific localities suggest that in general there is not clear and identifiable evidence of demand for expansion of the existing Rural Living zoning in any area. It is noted that this analysis is focussed at the regional level and other studies concentrated on given localities or at the township level could indicate demand for the application of Rural Living zoning.

Each of the areas has been analysed using existing housing data, recent building permits and subdivision activity data (Appendix E – Map 3). The following summaries indicate the status of each:

5.3.1 Echuca

A considerable area of land to the south-east of Echuca is zoned Rural Living. This includes an area of over 800ha either side of the Echuca-Kerang railway corridor. This rural living land was subject to an assessment of supply and demand in 2002. At that time it was evident that land supply was adequate for likely future demand in this area. Most new development in and around Echuca was assessed as being focussed on fringe urban sites, including low density residential areas closer to the River Murray.

At present 153 developed sites on small (up to 1ha) blocks area evident. These area generally in linear subdivisions on Mary Ann Rd, Lady Augusta Rd, Simmie Rd and the Murray Valley Hwy. A further 42 lots in this size range are not developed. Additionally, a further 15 large blocks (between 20ha and 120ha) remain within this zoned area. This would suggest potential for at least 50 additional lots at the existing subdivision minimum of 8ha, and substantially more at densities similar to those in the locality.

Building data shows that 45 new building permits for houses were issued in this area between 2001 and 2007. These would indicate that, at these trends, over 10 years supply is available in the area.

5.3.2 Kyabram

Three areas totalling 250 ha are zoned Rural Living on the fringes of Kyabram. At present these comprise 53 properties ranging in size from under 0.5ha to 26ha. At present, 17 of these properties do not have a dwelling on them, representing 32% of all properties. Additionally, at least three properties have potential for further subdivision at the existing 8ha minimum. Building data since 2001 shows 6 new permits issued, suggesting over 20 years supply at current trends.

5.3.3 Shepparton

Around 1000ha of land on the south-eastern fringes of Shepparton is zoned Rural Living. This comprises 130 properties ranging in size from under 1ha to over 80ha with 120 houses on them. A number of larger blocks have significant development constraints resulting from identified flood risks on some of the property. At present the 8ha subdivision minimum could result in application for subdivision on approximately 7 lots where land is not subject to Flood Overlay. In recent years there has been 8 building permits approved for new dwellings in the area, and one approved subdivision created three lots (each over 20ha).

5.3.4 Barmah

Two small areas of Rural Living land exist in Moira Shire; at Barmah and at Yarrawonga. Both have an 8ha subdivision minimum.

The Barmah site includes 15 houses on 20 properties at the edge of the existing urban area. In recent years two building permits have been granted in this area. In total five properties have potential for further subdivision within the existing planning provisions.

5.3.5 Yarrawonga

The Yarrawonga site includes 19 houses on 29 properties immediately adjoining the urban area. In recent years only one building permit has been approved in the area. There is limited scope for further subdivision in this area.

5.3.6 Rushworth Region

A considerable area (over 6000 ha) of land to the south east and south west of Rushworth is zoned Rural Living. This zoning applies to five separate areas, mostly adjoining public land near the Tait & Hamilton Rd, the Heathcote-Rochester Rd and in the Waranga Basin environs. These areas do commonly contain natural and cultural values that can inhibit development potential. These sites mostly comprise properties of about 20ha, although a number of smaller ‘formal’ subdivisions are evident to the east of Rushworth. The areas include 286 properties with 152 houses. Within these areas 83 properties are large enough for further subdivision at the existing 8ha minimum. A total of 49 building permits were issued for the various localities in this area between 2001 and 2007.

5.3.7 Nathalia and Numurkah Environs

At present, no land has been zoned for Rural Living in the environs of Nathalia or Numurkah. In the environs of each town a small area of Low Density Residential land and some areas of small lots within the Farming Zone exist.

East of Numurkah an area zoned LDRZ (Brooke Crt and Ashley Crt) includes 38 lots of approximately 0.5ha. Based on building permit data, in this area 22 houses have recently been approved and 4 lots remain vacant. South of the golf course a cluster of small lots, of

around 1ha, are within the Farming Zone. These are also largely developed for housing with a number of recent building approvals. No distinct areas of development are evident at the typical scale of Rural Living development (4-8ha).

An area to the west of the Broken Creek at Nathalia is zoned LDRZ. This includes lots ranging from 0.5ha to 7ha. While many of the smaller lots are developed, a significant area remains in larger holdings. Land form constraints, including land subject to flooding present some limitations for further development here. Some smaller lots in the Farming Zone, such as land north-west of Scott Lane, have also developed on small lots. Again, no distinct areas of development at the Rural Living scale are evident

Previous planning consideration resulting from the Moira Rural Living Strategy (2004) did not consider there to be a demonstrated level of demand for rural living development in either town. The preparation of the Numurkah Strategy and Nathalia Strategy has commenced and will inform the appropriateness of developing town fringe areas at suitable densities for urban settlement in both towns.

5.3.8 Summary of rural living zone trends

Considerable scope exists for further rural living development in each of the existing precincts. In many cases this includes considerable scope for additional subdivision within the existing provisions. Recent trends do not indicate that any area requires additional provision of rural living to meet current trends in development and development demand.

Trends in development in some areas however suggest the de facto creation of rural living areas, with the corridor between Cobram and Yarrawonga being the most evident example.

5.4 Strategic directions

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 any considerable pressure for significant provision of locations for rural lifestyle development in a broader context.

It is evident that the rural landscapes in the region will have varied prospects and futures resulting from past patterns of development, access to water, patterns of land holdings and the risk and opportunities resulting from land use change. The drivers of population change (and consequent development pressures) are also varied. Planning for these processes requires the development of a desired land use future that recognises these drivers, but which also manages the flexibility and scope to meet future land use and production needs.

Essentially, the trends described 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. Consequently, an exploration of past trends in population and settlement suggests that managing scope for appropriate agricultural futures is the central need of this strategy. Clarity in planning strategy and controls should be seen as a mechanism to ensure that competing land use trends and property markets do not distort the policy intent in the rural areas of this region, especially given the existing comparative low intensity of new small lot development beyond the influence of larger centres in this region.

6. Environmental values and threats

The environmental agenda of the region is primarily set by the following regional policy documents:

- North Central Regional Catchment Strategy, (NCRCS)
- Goulburn Broken Regional Catchment Strategy, 2003 (GBRCS)
- Moira Planning Scheme
- Campaspe Planning Scheme
- Greater Shepparton Planning Scheme.

In addition to these documents there are numerous other land, water and vegetation strategy documents that build upon the above regional strategies. The following section does not provide an exhaustive review of existing regional strategies. Rather, alignment at a policy level and with respect to planning scheme implementation is the focus of the RRLUS.

The five documents reviewed have been selected as they identify the environmental values and challenges of the region and the strategic response to them. In terms of planning for rural land use, they provide guidance about constraints and limitations. The GBRCS highlights the ongoing importance of agriculture in the region's economy and the role of farmers in enhancing the environmental condition of the region in pursuit of agricultural viability.

The following section of the report outlines the key drivers across the region with respect to environmental values and threats including remnant vegetation, fauna, water, flooding, salinity, soil health and climate change. Following a broad outline of these key factors, policy implications and recommendations are provided.

6.1 Environmental considerations

The key environmental considerations of the region include:

6.1.1 Remnant vegetation

Most of the region has been heavily modified for settlement and agriculture, and as a result minimal native vegetation remains. Significant remnant vegetation has been preserved along roadsides and along adjacent riparian areas. Policy dictates that this should be preserved.

In addition to areas of remnant vegetation on public land, pockets of remnant vegetation exist on private land (Appendix E – Map 4, 5 & 6). Of particular note in this region are areas of remnant grasslands in the west of the region around Patho Plains and Gunbower[7]. The vegetation communities of the Victorian Northern Plains have been severely degraded since European settlement and now only small remnant areas remain. As a result, all vegetation communities on the Northern Plains are of considerable conservation significance. Northern Plains Grasslands are recognised as one of the most endangered vegetation communities in Victoria with less than 1% of their original extent remaining. Northern Plains Grasslands are listed under the *Victorian Flora and Fauna Guarantee Act 1988*, and have been nominated under the *Commonwealth's Environmental Protection and Biodiversity Conservation Act 1999*. These are highly significant due to their minimal representation across the region and

[7] Designated by Australia to the List of Wetlands of International Importance - The Convention on Wetlands (Ramsar, Iran, 1971)

the locally indigenous nature of the species within this area. In addition, the native grasslands within these areas are also highly threatened as they are not as obvious as larger species such as trees and can be lost without being recognised. In particular, cropping and inappropriate levels of grazing are significant threats to grasslands.

Box Ironbark forest is also a significant vegetation type present in the region. The Whroo-Rushworth State Forest is part of the largest block of Box Ironbark habitat remaining in Victoria.

The region also includes Barmah Forest, the largest River Red Gum forest in Australia that is located adjacent the Murray river between Echuca, in Victoria and Tocumwal in New South Wales. While significant areas of this forest is located within reserved land managed by Parks Victoria, the Ecological Vegetation Class that includes River Red Gum extends into private land and it is on this land that is poorly represented.

The State Government has adopted a policy of net gain for native vegetation across the landscape. Any proposal to clear remnant vegetation is subject to a strict assessment to determine the appropriateness of the clearance proposal, with avoidance of the need to clear the preferred position especially in the case of significant, rare or threatened species, or high quality remnants. Any clearance approved is subject to an offset requirement to compensate for the vegetation lost and contribute to net gain. This offset may take the form of protection and enhancement of another area of remnant vegetation, or replanting of an area.

While the region seeks to promote and protect opportunities for agriculture, legislation and policy also requires remnant vegetation, in particular significant remnant vegetation, should be protected.

Where significant areas of remnant vegetation are zoned Farming Zone, it is recommended that these areas are reviewed with consideration of application of the Rural Conservation Zone. The extent of these proposed Rural Conservation Zones extend beyond identified values to to incorporate a contiguous area incorporating existing private parcels that also contain ecological significant values. This is particularly the case in the Dookie Hills, Box-Ironbark forests within the Shire of Campaspe and City of Greater Shepparton that are to the east of Rushworth and adjacent the township to its west and south. In addition there are significant tracts of remnant River Red Gum forests adjacent the Murray River.

In addition to the application of RCZ, it is recommended that the application of a Vegetation Protection Overlay (VPO) is consistently applied throughout the region based on assessment of both priority Ecological Vegetation Community (EVC) Mapping[8]and existing mapping developed through the Biodiversity Action Planning partnership process developed between the Catchment Management Authorities, Department of Sustainability & Environment, Trust for Nature, Local Government and Parks Victoria. Appendix E – Map 4, 5 & 6 demonstrates these priority areas throughout the region and it is recommended that the application of these mapping as a basis for across the region will ensure future planning decisions are made in accordance with the requirements of Victoria's Native Vegetation Framework.

The Northern Grasslands within the Shire of Campaspe present a different rural land use challenge. There is recognition within this area that intensive agricultural industries have the potential to pursue sustainable agricultural practices if well managed and contained without impact on significant tracts of native grasslands. Therefore it is recommended that this area remain within the Growth Farming Zone and that the application of a Environmental Significance Overlay (ESO) across the region will ensure decision making is based on

[8] EVC Mapping has been prepared by Department of Sustainability & Environment, 2008.

protecting the priority areas of significant native grasslands from the impacts of agriculture. Requirements to ensure that adequate waste management and associated development and use within this area does not impact on grassland areas should be incorporated into the associated schedule to the ESO.

6.1.2 Significant Flora and Fauna

The region supports a diversity of flora and fauna species of National and State significance. Threatening processes associated with historic land use changes have placed risk on the long term viability, maintenance and expansion of native flora and fauna. The recognition of biodiversity and associated habitat value provided through protecting native vegetation, grasslands and associated riparian areas and wetlands through application of the Rural Conservation Zone and Vegetation Protection Overlay's is the key planning tool for biodiversity management. The protection, maintenance and enhancement of habitat throughout the region will ensure the long term viability of native species.

Flora

A search of the Environment Protection and Biodiversity Conservation (EPBC) Act protected matters search tool indicates that 13 threatened flora species of national significance occur, or have the potential to occur, within the region. Refer to Table 6-1 for further details.

Table 6-1: State significant species of plant with potential habitat within the region

Scientific Name	Common Name	EPBC Act [1]	Shires Applicable	Notes
Amphibromus fluitans	River Swamp Wallaby-grass	V	Campaspe, Shepparton and Moira	Species or species habitat may occur within Campaspe, Shepparton and Moira Shire.
Brachyscome muelleroides	Mueller Daisy	V	Campaspe, Shepparton and Moira	Species or species habitat likely to occur within Campaspe, Shepparton and Moira Shire.
Callitriche cyclocarpa	Western Water-starwort	V	Campaspe, Shepparton and Moira	Species or species habitat likely to occur within Campaspe, Shepparton and Moira Shire.
Calochilus richiae	Bald-tip Beard-orchid	E	Campaspe	Species or species habitat likely to occur within Campaspe Shire.
Diuris sheaffiana	Tricolour Diuris	V	Campaspe, Shepparton and Moira	Species or species habitat may occur within Campaspe and Shepparton Shire. Likely to occur in Moira Shire.
Lepidium monoplocoides	Winged Pepper-cress	E	Campaspe	Species or species habitat likely to occur within Campaspe Shire.
Maireana cheelii	Chariot Wheels	V	Campaspe	Species or species habitat likely to occur within Campaspe Shire.
Myriophyllum porcatum	Ridged Water-milfoil	V	Campaspe, Shepparton and Moira	Species or species habitat likely to occur within Campaspe, Shepparton and Moira Shire.
Pimelea spinescens subsp. spinescens	Plains Rice-flower	CE	Campaspe	Species or species habitat likely to occur within Campaspe Shire.
Sclerolaena napiformis	Turnip Copperbur	E	Campaspe, Shepparton and Moira	Species or species habitat likely to occur within Campaspe, Shepparton and Moira Shire.

Scientific Name	Common Name	EPBC Act [1]	Shires Applicable	Notes
Senecio behrianus	Stiff Groundsel	E	Campaspe	Species or species habitat likely to occur within Campaspe Shire.
Swainsona murrayana	Slender Darling-pea	V	Campaspe, Shepparton and Moira	Species or species habitat likely to occur within Campaspe, Shepparton and Moira Shire.
Swainsona plagiotropis	Red Darling-pea	V	Campaspe	Species or species habitat Shire.

Key 1) Listed as critically endangered (CE); endangered (E) or vulnerable (V) under the Environment Protection and Biodiversity Conservation Act 1999.

The region supports numerous flora species of state significance. The majority of threatened flora species are associated with habitats that have been impacted by land clearing and disturbance associated with European settlement. Notable species of state significance within the North Central and Goulburn Broken CMA boundaries include:

- Crimson Spider Orchid (*Caladenia concolor*)
- Whipstick Westringia (*Westringia crassifolia*)
- Slender Sunray (*Rhodanthe stricta*)
- Grey Billy-buttons (*Craspedia canens*)
- Weeping Myall (*Acacia pendula*)

Fauna

Native fauna within the region is largely associated with existing tracts of remnant vegetation, waterways and wetlands that provide habitat for faunal species. A search of the EPBC Act protected matters search tool indicates that 16 threatened flora species of national significance occur, or have the potential to occur, within the region. Refer to Table 6-2 for further details.

Table 6-2: State significant species of plant with potential habitat within the region

Scientific Name	Common Name	EPBC Act [1]	Shires Applicable	Notes
Birds				
Lathamus discolor	Swift Parrot	E	Campaspe, Shepparton and Moira	Species or species habitat may occur within Campaspe, Shepparton and Moira Shire.
Pedionomus torquatus	Plains-wanderer	V	Campaspe, Shepparton and Moira	Species or species habitat may occur within Shepparton and Moira Shire. Likely to occur within Campaspe Shire.
Polytelis swainsonii	Superb Parrot	V	Campaspe, Shepparton and Moira	Species or species habitat likely to occur within Campaspe and Moira Shire. May occur within Shepparton Shire.
Rostratula australis	Australian Painted Snipe	V	Campaspe, Shepparton and Moira	Species or species habitat may occur within Campaspe, Shepparton and Moira Shire.
Xanthomyza phrygia	Regent Honeyeater	E	Campaspe, Shepparton and Moira	Species or species habitat likely to occur within Shepparton and Moira Shire. May occur within Campaspe Shire.

Scientific Name	Common Name	EPBC Act [1]	Shires Applicable	Notes
Amphibians				
Litoria raniformis	Growling Grass Frog	V	Campaspe, Shepparton and Moira	Species or species habitat may occur within Campaspe, Shepparton and Moira Shire.
Insects				
Synemon plana	Golden Sun Moth	CE	Campaspe, Shepparton and Moira	Species or species habitat may occur within Campaspe, Shepparton and Moira Shire.
Mammals				
Dasyurus maculatus maculatus	Spot-tailed Quoll	E	Campaspe, Shepparton and Moira	Species or species habitat may occur within Campaspe, Shepparton and Moira Shire.
Nyctophilus timoriensis	Eastern Long-eared Bat	V	Campaspe and Moira	Species or species habitat may occur within Campaspe and Moira Shire.
Ray-finned Fish				
Craterocephalus fluviatilis	Murray Hardyhead	V	Campaspe, Shepparton and Moira	Species or species habitat likely to occur within Campaspe and Moira Shire. May occur within Shepparton Shire.
Maccullochella peelii peelii	Murray Cod	V	Campaspe, Shepparton and Moira	Species or species habitat may occur within Campaspe, Shepparton and Moira Shire.
Macquaria australasica	Macquarie Perch	E	Campaspe, Shepparton and Moira	Species or species habitat may occur within Campaspe, Shepparton and Moira Shire.
Maccullochella macquariensis	Trout Cod	E	Moira	Species or species habitat likely to occur within Moira Shire.
Reptiles				
Aprasia parapulchella	Pink-tailed Worm-lizard	V	Campaspe, Shepparton and Moira	Species or species habitat likely to occur within Campaspe, Shepparton and Moira Shire.
Delma impar	Striped Legless Lizard	V	Campaspe, Shepparton and Moira	Species or species habitat likely to occur within Campaspe, Shepparton and Moira Shire.

Notable fauna species of state significance include:

- Bush Stone Curlew (*Burhinus grallarius*)
- Brush Tailed Phascogale (*Phascogale tapoatafa*)
- Silver Perch (*Bidyanus bidyanus*)
- Eastern Wallaroo (*Macropus robustus robustus*)

6.1.3 Water

The Goulburn Broken Catchment produces 11 per cent of the Murray Darling Basin stream flow (GBCMA 2003).

The region is also an importer of water for irrigation and urban water use. Key water assets in the region include the Murray River, Campaspe River, Broken River and the Goulburn River. These rivers are significant in terms of their contribution to the local economy through

provision of water for agriculture. They are also significant tourism and recreation assets. They obviously also play a significant role in the biodiversity of the region.

Groundwater from the Murray Basin is also a water source for the region.

A number of significant wetlands exist in the region associated with the significant rivers, these include the Barmah-Millewa Forest[9] and Kow Swamp.

The quality of water in the region has been compromised by run off from urban and rural areas, increasing nutrient loads, salinity levels, turbidity and allocation levels. Given the region's dependence on water for agriculture it is fundamental that water quality be protected. Initiatives to protect water quality include maintaining remnant vegetation (particularly riparian vegetation), effective effluent management (urban areas and that from rural areas including animal waste), managing salinity, maintaining natural flood processes and protecting environmental flows.

The application of VPO throughout the region is key to ensuring management of remnant vegetation and maintenance of water quality throughout waterways and wetlands.

6.1.4 Flooding

Associated with the region's values based on water assets, a significant proportion of the region is subject to flooding.

Flooding can limit land use prospects for agriculture and more specifically development within an urban context. However, flooding is an important process in terms enhancing the environmental health of the river system. Where possible, natural flooding processes should be protected. In some areas drainage has been enhanced to promote movement of floodwaters and minimise risk of water table recharge and increase of soil salinity. Drainage systems are a significant part of the infrastructure of the region to enhance agricultural productivity.

Flooding is managed in the region by a number of localised floodplain management plans and planning controls that seek to minimise development in the floodplain.

Campaspe have highlighted the environmental significance of their main flood paths through application of the Rural Conservation Zone (RCZ) to these areas, as well as the Floodway Overlay (FO). Moira and Shepparton have relied on the Floodway Overlay. All three Councils use the Land Subject to Inundation Overlay for the balance of the floodplain. The different approach that Campaspe has adopted indicates that farming is not their intended land use for these flood paths, and the environmental role should take precedence. In Moira and Shepparton, although the area is flood prone and development should respond to this, farming still remains the preferred land use. The application of the RCZ within Campaspe therefore requires review to ensure a consistent approach across the region, particularly where agricultural activity is the primary objective across the land. The use of FO in areas subject to flooding is considered a more appropriate planning instrument as it will ensure that building, works and development are considered through the planning process.

[9] Designated by Australia to the List of Wetlands of International Importance - The Convention on Wetlands (Ramsar, Iran, 1971)

6.1.5 Salinity

Salinity presents the biggest threat to the Catchment's natural assets[10]. Salinity continues to affect the productive value of the soil, detrimentally affects water quality and threatens the health of native vegetation, even as process of farm practice and land management are addressing this issue.

Soil salinity is caused through the water table rising to the surface and bringing with it dissolved salts which then contaminate the soil. Due to changes in vegetation cover, drainage and irrigation practices water tables in the region have risen over the period of settlement. Programs over the last 10-20 years have improved the situation significantly, but it is an ever present threat. In 2001, 23.5 per cent of the Shepparton Irrigation Region was underlain by a water table within two metres of the surface (this varies from year to year depending on seasonal conditions).

The ongoing productivity of the region is dependant on managing water table levels.

Detailed assessment of the implications of salinity are required to ensure that the application of the Salinity Management Overlay across the region is adequate. A detailed assessment of salinity levels, associated impacts and implications for planning policy is outside the scope of this regional strategy.

6.1.6 Soil health

Farming land across the region has suffered from inappropriate past practices. Soil issues in the region include compaction, water logging, sodicity and salinity. These issues affect productivity and current farming practice generally seek to avoid these problems. These problems are managed by appropriate cultivation and grazing practices, drainage management and protection of vegetation.

6.1.7 Climate change

The climate of the region is expected to change as a result of increased concentrations of greenhouse gases in the atmosphere. Climate change may affect the growing conditions for agriculture through increased average temperatures and changes in rainfall patterns (further information in relation to climate is located at Section **Error! Reference source not found.**). In particular it is considered likely that climate change will affect the amount of water available to the region for agriculture. The ongoing agricultural viability of the region is dependant on the improved efficiency of water delivery and use. As discussed above, this presents significant challenges and some opportunity for agriculture in the region.

City of Greater Shepparton joined the *Cities for Climate Protection Program* in 2000 and has committed to evaluate and set targets for greenhouse gas emissions for Council and community and promote energy efficient subdivision and house design.

Although the effect of climate change is relatively unknown, is it considered prudent to be planning for farming in a dryer climate, with a less reliable rainfall and more limited water supply. The potential negative impacts on horticulture and dairying from diminishing water supplies provides further catalyst for aligning land use policy with significant investment around water security across the region. Importantly, the uncertainty associated with changes in climatic conditions require land use policy to provide flexibility throughout the

[10] GBRCS (2003) Summary, page 11.

rural zoned land to respond to different opportunities and constraints associated with Climate Change.

6.2 Implications for Planning Policy and Practice

The management and enhancement of the condition of the environment is significant in terms of supporting agricultural growth and development. In particular:

- Native vegetation is required to be preserved to maintain biodiversity and manage water tables.
- Floodplains and flood events are required to flush waterways and enhance water quality.
- Fauna is required to maintain biodiversity and manage pest plants and animals.

Presently, the application of environmental controls in the region varies with a limited use of available overlays, specifically to manage significant vegetation, landscape and habitat. The range of remnant vegetation, from riverine to significant Box-Ironbark forests is indicated in the map of Ecological Vegetation Classes in Appendix E (Map 4). Importantly, the application of appropriate zoning to reflect important landscapes, amenity values and habitat is limited to small forest inliers (except in the case of Campaspe, where area of river corridor and landscape features have the Rural Conservation Zone applied). Consideration of Biodiversity Action Planning processes being completed by Catchment Management Authorities are key to this decision making (See Appendix E – Map 5). The BAP[11] reporting and associated mapping outlines priority ecological areas.

From the perspective of this study, the crucial issues for consideration are:

1. The need to create a consistent application of overlays (Vegetation Protection Overlay, Environmental Significance Overlay, Significant Landscape Overlay) across each of the three planning scheme areas based on EVC and BAP prioritisation;
2. The need to adopt a consistent approach to planning in floodways and floodplains. In this respect, the application of either the FO or LSIO is considered the most appropriate mechanism to limit the impact of agricultural development on the natural operation of floodways or floodplains. This approach should be applied consistently across the region as a whole;
3. The need to apply the Rural Conservation Zone widely to those areas where environmental features and landscape/amenity values suggest the need to manage development type, scale and intensity so as to support these values.

Where significant values are identified the choice of selecting an appropriate overlay, or the use of the RCZ (perhaps with overlays) should be guided by the following principles:

- If the identified value can be considered to exist at a landscape scale, the RCZ should be applied.
- Specific features, habitat areas and flood related landscapes should be subject to an appropriate overlay.

Consequently, this study recommends that the RCZ is applied more widely across the region including areas around Rushworth in Campaspe and Greater 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

11 Biodiversity Action Planning is a coordinated program between DSE, CMA's, Trust for Nature, Local Government and Parks Victoria to ensure priority areas of native biodiversity are identified, mapped and managed at bioregional scales (Source: http://www.dpi.vic.gov.au/DPI/Vro/vrosite.nsf/pages/biodiversity_bap .

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.

In addition to the application of RCZ, 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 partnership and relevant EVC Mapping.

The exception to this approach is the Northern Grasslands located within Campaspe. Recent strategic work completed by the Shire of Campaspe has highlighted the increasing importance of intensive agricultural industries within this region. It is recommended that the application of an ESO across the native grasslands of the Pathos Plains is applied. The ESO should reflect the most recent EVC Mapping undertaken by the Department of Sustainability and Environment. This is recommended to ensure protection of the high value non-forest vegetation that has been identified and to enable the long term sustainable agricultural development of both existing and future farms within the region.

And finally, the consistent approach of a Flood Overlay (FO) is recommended throughout the region. This entails removal of the broad application of the Rural Conservation Zone from areas identified with flood risk within the Shire of Campaspe. This recommendation should not be considered to diminish the significance of areas of high value vegetation where the ESO should be applied. However, the application of the FO recognises that often the primary purpose of these areas is agriculture and that the use of this land for agriculture would be preferable to some non agricultural uses that could be considered within the Rural Conservation Zone.

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 area[12]. 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.

[12] 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 Provisions[13]

	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

14 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 review[15] 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 it's 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
	Yarrawonga Town Hall	14 August 6pm-8pm
	Cobram Civic Centre	15 August 10am-12pm
Greater Shepparton	Tatura Ballantyne Centre	21 August 10am-12pm
	Katandra Football Club	21 August 1pm-3pm
	Shepparton COGS Boardroom	21 August 4pm-6pm
Campaspe Shire	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 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- *Expanding Enterprise*	Consolidation – *Room to Move*	Niche – *Compact and amenable*
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 or 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-subdivison 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 Overaly 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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17. Goulburn Broken Catchment Management Authority (2006) Shepparton Irrigation Region – Why investing in the sustainability of the Shepparton Irrigation Region pays dividends.
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25. RM Consulting Group (2006) Season 2006-07 – Drought Impacts.
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27. Woodlands to Bundalong Strategy (Draft, 2006).

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.

Study for benefit of client

This report has been prepared for the exclusive benefit of the client and no other party. PB assumes no responsibility and will not be liable to any other person or organisation for or in relation to any matter dealt with in this report, or for any loss or damage suffered by any other person or organisation arising from matters dealt with or conclusions expressed in this report (including without limitation matters arising from any negligent act or omission of PB or for any loss or damage suffered by any other party relying upon the matters dealt with or conclusions expressed in this report). Other parties should not rely upon the report or the accuracy or completeness of any conclusions and should make their own inquiries and obtain independent advice in relation to such matters.

Other limitations

To the best of PB's knowledge, the facts and matters described in this report reasonably represent the conditions at the time of printing of the report. However, the passage of time, the manifestation of latent conditions or the impact of future events (including a change in applicable law) may have resulted in a variation to the conditions.

PB will not be liable to update or revise the report to take into account any events or emergent circumstances or facts occurring or becoming apparent after the date of the report.

APPENDICES

Appendix A

Planning Scheme Summary and Comparison – Rural Land Use

Appendix A: Planning Scheme Summary and Comparison – Rural Land Use

	Campaspe	Greater Shepparton	Moira
Strategic basis	In terms of employment, agricultural production is the largest industry in the Shire. Agriculture (in a variety of forms) will remain the economic driving force of the Shire. The Shire of Campaspe lies within one of Australia's most productive and developed agricultural regions. High quality agricultural land is a finite resource. Farm consolidation is fundamental to the long term viability of the agricultural base of the Shire. The fragmentation of existing farms is inconsistent with the trend towards the consolidation of larger and more viable agricultural parcels. Fragmentation leads to rural living where the expectations of the rural living dweller are quite different to the expectations of the farmer. Adequate land has been allocated throughout the Shire to accommodate rural living demand. Uncontrolled rural living opportunities means that high quality agricultural land is taken out of production. One way to encourage farm consolidation is to allow for the excision of existing houses from farms.	Municipality makes a significant contribution to Victoria's agricultural productivity. Economy based on irrigated and dry land agriculture and in the value-adding manufacturing and processing of agricultural produce. The region is often described as the "food bowl" of Australia providing 25% of horticultural produce in the state. Expansion and amalgamation of primary producers. Availability and management of water is one of the highest priorities. Intergenerational equity. Focus on strengthening the agricultural economy. Economic performance of Shepparton is largely dependant on the rural section and associated value adding industries. City's agricultural sector is a major contributor to the economic wealth of Victoria and Australia. Protection of productive agricultural land and securing of water are of paramount importance. Farm holdings are becoming larger. Rural house lot excisions pose a threat to the long term viability of the agricultural sector by reducing the size of farms and causing friction between land uses. Land within rural zones should not be used for non rural activities that can be accommodated in towns. Some tourism development is appropriate in rural areas. Organic produce is a key opportunity. Rural residential development which relies on irrigation water should be avoided. Demand for low density and rural living environments should be tempered by greater concern to protect natural features, the productive capacity of soils, areas of native vegetation, provide services efficiently and reduce dependence on fossil fuels to access facilities. Demand for low density residential development and rural living opportunities should be satisfied by planned supply. New residential development should include 'buffers' to protect the amenity of residents and also protect the continued agricultural operations on adjoining land.	Towns are supported by a diverse agricultural base heavily reliant on irrigation farming for the production and processing of a range of agricultural products. The Shire is located within the broader Shepparton Irrigation Region in the heart of the Goulburn and Murray Valleys, which is one of the most important dairy and fruit production areas in Australia. Local producers and processors play a significant role in the food industry of the local, regional, state and national economy. Peaches, pears, viticulture crops, tomatoes and vegetables are recognised as key elements for the long-term prosperity in the irrigation region; The dairy industry is also a major contributor to the economy of the Shire and the broader region. The tourism industry is a growing contributor to the Shire's economy. Consolidate rural lifestyle areas around townships Protection of the agricultural land resource from inappropriate use, development and subdivision; Viable agricultural land use is the most important economic asset to the community of Moira. The economic strength of the Moira Shire lies in intensive irrigated agricultural production and associated food processing industries.

	Campaspe	Greater Shepparton	Moira
Strategic Objectives	To promote appropriate land use and development on agricultural land. To identify areas for agricultural expansion. To identify areas for rural living opportunities. To identify areas for intensive animal industries. To encourage traditional and emerging agricultural activities that: are ecologically sustainable; incorporate best management principles; introduce diversity and productivity improvements; and will assist in the development of value-adding enterprises.	To provide land for rural residential purposes without impacting on the long term growth potential of urban centres or productive agricultural land, subject to a supply and demand analysis. To protect the productive agricultural land base. To protect the valuable regional resource of irrigated land. To minimize conflicts at the urban fringe/agricultural land interface.	To restrict housing opportunities in rural areas other than in identified areas on the town fringes; To protect the use of agricultural land for agricultural purposes and ensure that housing in rural areas minimize the impact on the environmental and economic sustainability of the Shire's agricultural resources; To ensure that agriculture continues to provide a significant economic base for the Shire; To promote development which protects the long-term viability of agricultural land; To identify appropriate rural lifestyle opportunities in rural areas.
Strategies	Require a planning permit for new dwellings on land less than 40Ha in the rural areas. Promote farm consolidation by using legal agreements to ensure that the price of rural land is not distorted by the potential for further dwellings and further subdivision of consolidated land. Restrict the subdivision of agricultural land. Restrict rural living and low-density residential development to areas identified as appropriate. Restrict new dwelling opportunities on high quality agriculture land especially where lot sizes are less than the minimum subdivision size specified. Adopt minimum subdivision sizes to reflect the trend to larger farming units; Limit non-agricultural use and development in all rural areas especially on Main Roads; Restructure old and inappropriate subdivisions on rural land. Restrict industrial use on rural land except if there is a clear link between the agricultural production and the industrial output.	Discourage the fragmentation of productive agricultural land. Discourage housing on old and inappropriate lots where amenity may be negatively impacted by farming activities, or where housing may inhibit rural activities. Encourage consolidation of rural land holdings to increase the viability & sustainability of agriculture Discourage small lot subdivision, including subdivision for house excisions in rural areas. Support the growth and expansion of primary industries in irrigated and dry land farming. Support food related industries and value adding opportunities. Provide for new opportunities for emerging farming practices. Encourage the preparation and certification of Whole Farm Plans to show sites for ancillary agricultural buildings and works, such as sheds and freight areas. Support an efficient water supply and distribution system throughout the rural areas in accordance with the Regional Catchment Strategy. Prevent inappropriate non-agricultural uses on rural land. Discourage rural residential development which relies on irrigation water supply. Provide for rural residential development in planned areas.	Avoid inappropriate encroachment of residential / rural residential development onto rural industrial areas. Ensure housing in rural areas is primarily for the purposes of housing persons actively engaged in agricultural pursuits. Require the consideration of housing in rural areas to include any potential impact on the ability to effectively farm surrounding lots due to potential urban rural conflicts including dust, chemical drift, machinery noise, irrigation channel management and domestic animal and weed management. Recognise the intensity of horticulture in the Cobram district with use of a minimum lot size of 12ha; Support irrigated farming practices through the use of a minimum lot size of 20 hectares; Support broad acre, non irrigated farming by use of a minimum lot size of 40 Ha; Protect agricultural land from non-farming uses, particularly rural residential development and small lot subdivision; To minimize the potential for land use conflict in rural areas by restricting housing to those areas that are required for the farming operation on the land; Discourage dwellings on lots smaller than the minimum lot size in the Farming Zone unless they are required for the agricultural use of the land;

Appendix B

VCAT Review

VCAT Cases reviewed (Note VCAT Cases are available online for review via the Australasian Legal Information Institute – web links are noted below)

P571887/2001 - http://www.austlii.edu.au/cgi-bin/sinodisp/au/cases/vic/VCAT/2002/878.html?query=P51887/2001

P142/2003 - http://www.austlii.edu.au/cgi-bin/sinodisp/au/cases/vic/VCAT/2002/1191.html?query=P142/2003

P316/2004 - http://www.austlii.edu.au/cgi-bin/sinodisp/au/cases/vic/VCAT/2004/1225.html?query=P316/2004

P1225/2004 - http://www.austlii.edu.au/cgi- bin/sinodisp/au/cases/vic/VCAT/2004/1225.html?query=1225/2004

P3558/2204 - http://www.austlii.edu.au/cgi-bin/sinodisp/au/cases/vic/VCAT/2005/2065.html?query=P3558/2204

P1169/2005 - Weblink not available.

P1632/2005 - http://www.austlii.edu.au/cgi-bin/sinodisp/au/cases/vic/VCAT/2005/2794.html?query=P1632/2005

P1266/2006
& P1272/2006 - http://www.austlii.edu.au/cgi-bin/sinodisp/au/cases/vic/VCAT/2006/2098.html?query=P1266/2006

Mildura Cases:

P1979/2005 - http://www.austlii.edu.au/cgi-bin/sinodisp/au/cases/vic/VCAT/2005/1979.html?query=1979/2005

P1980/2005 - http://www.austlii.edu.au/cgi-bin/sinodisp/au/cases/vic/VCAT/2005/2700.html?query=P1980/2005

P1981/2005 - http://www.austlii.edu.au/cgi-bin/sinodisp/au/cases/vic/VCAT/2005/1981.html?query=1981/2005%20mildura

P2794/2005 - http://www.austlii.edu.au/cgi-bin/sinodisp/au/cases/vic/VCAT/2005/2794.html?query=2794/2005

P2306/2006 - http://www.austlii.edu.au/cgi-bin/sinodisp/au/cases/vic/VCAT/2007/1244.html?query=P2306/2006

P2473/2006 - http://www.austlii.edu.au/cgi-bin/sinodisp/au/cases/vic/VCAT/2007/1244.html?query=P2473/2006

P2474/2006 - http://www.austlii.edu.au/cgi-bin/sinodisp/au/cases/vic/VCAT/2007/1244.html?query=P2474/2006

P2475/2006 - http://www.austlii.edu.au/cgi-bin/sinodisp/au/cases/vic/VCAT/2007/1244.html?query=P2475/2006

P2476/2006 - http://www.austlii.edu.au/cgi-bin/sinodisp/au/cases/vic/VCAT/2007/1244.html?query=P2476/2006

P2478/2006 - http://www.austlii.edu.au/cgi-bin/sinodisp/au/cases/vic/VCAT/2007/1244.html?query=P2478/2006

P2608/2006 - http://www.austlii.edu.au/cgi-bin/sinodisp/au/cases/vic/VCAT/2007/1244.html?query=P2608/2006

P2619/2006 - http://www.austlii.edu.au/cgi-bin/sinodisp/au/cases/vic/VCAT/2007/1244.html?query=P2619/2006

Appendix C

Cowra (NSW) Rural Planning Review

INDEPENDENT REVIEW PANEL – COWRA SHIRE COUNCIL

30 March 2006

The Hon Frank Sartor MP
Minister for Planning

Dear Minister,

Review of Certain Planning Matters in Cowra Shire

You appointed an Independent Review Panel on 7 December 2005 to review certain planning matters in Cowra Shire and to report by March 2006. Herewith is the Panel's report.

The principal recommendations of the Panel are that:

1. Cowra LEP 1990 (Amendment 14) be made as a matter of priority with a minimum lot size of 400ha inserted at clauses 12(3) and 17A(b).
2. On balance, no further action be taken with respect to planning consents given by the Cowra Shire Council that may be uncertain.
3. Cowra Shire Council be urged to publish and/or republish section 101 notices with respect to planning consents given by the Council that may be uncertain.

In addition, the Panel is of the view that the current actions being taken by Cowra Shire Council to ensure the orderly and sustainable development of the Cowra Shire are appropriate, subject to periodic review.

ADRIAN GALASSO
Chairperson

REGINA FOGARTY

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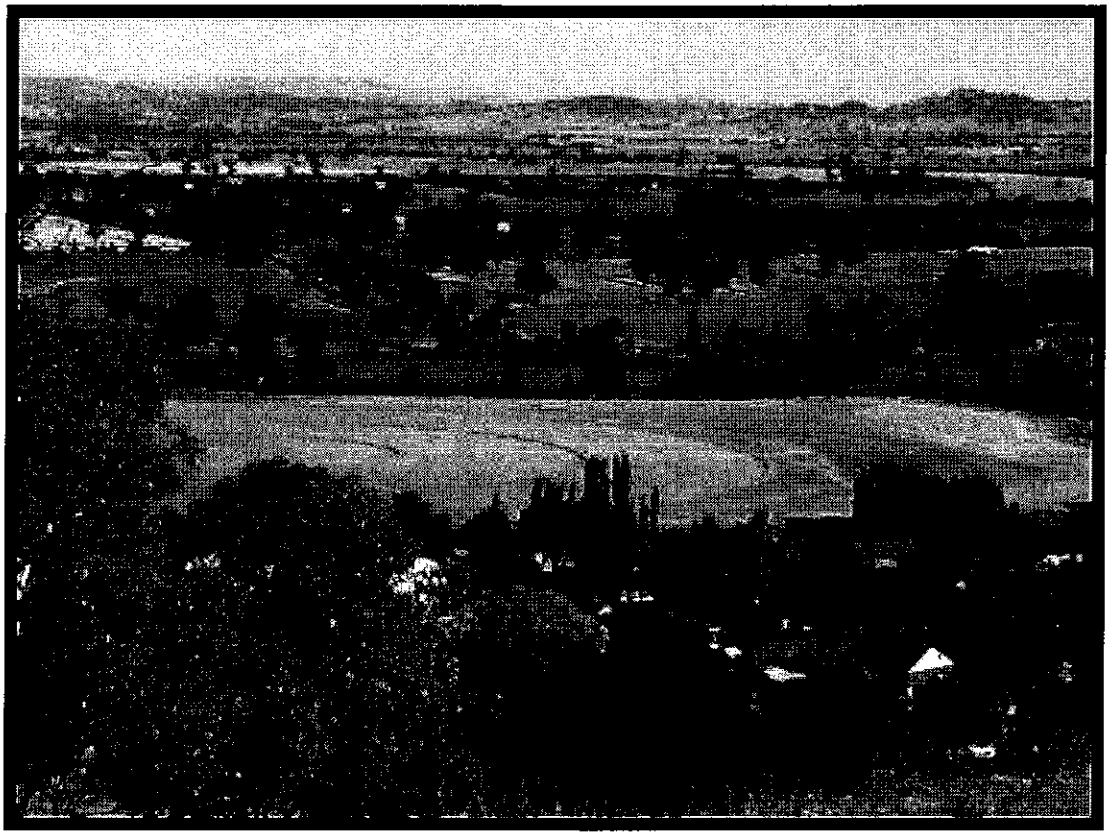
INDEPENDENT REVIEW PANEL

REPORT TO THE HONOURABLE FRANK SARTOR MP
MINISTER FOR PLANNING



REVIEW OF CERTAIN PLANNING MATTERS
Cowra Shire

MR ADRIAN GALASSO, CHAIRPERSON
DR REGINA FOGARTY
MR KEVIN CLELAND

MARCH 2006

INTRODUCTION

On 7 December 2005 the Honourable Frank Sartor MP, Minister for Planning appointed an Independent Review Panel to review certain planning matters in Cowra Shire and to report by March 2006.

The Panel comprised:

Mr Adrian Galasso, Chairperson
Dr Regina Fogarty
Mr Kevin Cleland

The terms of reference set by the Minister were:

1. As a matter of priority, advise the Minister for Planning whether the interim Cowra Local Environmental Plan 1990 (Amendment No.14) should be made.
2. Identify and describe possible errors in the planning process, and particularly whether actions have been taken by the Council that contravened environmental planning instruments.
3. Identify and describe the nature and extent of planning consents given by the Council that may be uncertain.
4. Consider and advise the Minister for Planning what actions the Government should take to address the issues arising from the first three terms of reference, particularly in relation to uncertainty of property rights and consents.
5. Advise on the appropriateness of current actions being taken by Cowra Shire Council (including its preparation of its land use strategy) in supporting the orderly and sustainable development of the Cowra area.
6. Recommend any other appropriate actions that would promote improved land use planning for the Cowra local government area.

The Panel publicly advertised its terms of reference seeking submissions in the Cowra Guardian, Central Western Daily, Sydney Morning Herald and Daily Telegraph on 19 December 2005. The Panel requested information from the Department of Planning, Department of Primary Industries and Cowra Shire Council. In addition, the Panel also wrote to applicants, landowners and those with delegated authority who had an association with the 35 development applications whose determination is now considered uncertain by Council.

The Panel advertised a public forum session in the Cowra Guardian, Central Western Daily, Sydney Morning Herald and Daily Telegraph on 27 February 2006 and wrote to all parties who had previously made a written submission to the Panel advising of the public forum session.

Written responses were received from a total of 60 parties. The public forum session was held in Cowra on 9 March 2006 and 19 interested parties presented their arguments. The Panel undertook private inspections in Cowra Shire on 8 March 2006.

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Cover photograph: A view from Bellevue Hill Lookout, Cowra

with a subdivision standard of 40ha on prime agricultural land, 2ha on non-prime agricultural land and 1 concessional lot per 40ha of existing holding on prime agricultural land.

Subdivision of Rural 1(a) lands well in excess of the demand for rural lifestyle development has occurred since gazettal of Cowra LEP 1990. Presently, there are about 600 subdivided lots on Rural 1(a) land and about 700 lots available on lands zoned for rural lifestyle purposes. The average uptake of these lots has been less than 6 lots per year.

Of particular relevance to the Panel is that in May 1998 the definition of prime agricultural land in Cowra LEP 1990 was amended. Up until that time it was within Council's discretion to define prime agricultural land. From May 1998 prime agricultural land was to be determined by reference to land classification maps prepared by the Department of Agriculture. The interpretation of the definition of prime agricultural land from May 1998 until 2004 by a number of parties associated with assessing and approving subdivision applications has resulted in a level of uncertainty for a number of approvals which are now the subject of this review. In effect prime agricultural land has been reclassified as non-prime agricultural land where there has been no lawful ability to do so.

The Department of Planning has been investigating these (and other) planning issues in Cowra Shire since 2004. This follows submissions from residents concerned with Council's assessments and determination of development applications, mainly in regard to subdivision of Rural 1(a) lands. In response the Department of Planning wrote to Cowra Shire Council in November 2004 to seek clarification of Council's understanding of determinations of classification of prime and non-prime agricultural land under the Cowra LEP 1990. The Department of Planning asked the Council to review all development applications granted since 1998 where consent could have been affected by a misunderstanding of Cowra LEP 1990 provisions. In August 2005, Council advised the Department of Planning it had completed the review and considered that there were 35 development applications where consent may be in question.

With the encouragement of the then Director-General of Planning, Council subsequently prepared, exhibited and adopted draft Cowra LEP 1990 (Amendment 14) (exhibited with a minimum lot size of 400ha but ultimately adopted with a minimum lot size of 100ha for a dwelling entitlement) as an interim measure to restrict subdivision of Rural 1(a) lands.

Independent Review

The Minister for Planning has referred the making of draft Cowra LEP (Amendment 14) to the Panel as Term of Reference 1. Matters relating to Cowra Shire Council's processing of the 35 uncertain development approvals have also been referred to the Panel under Terms of Reference 2, 3 and 4. Council's current management and review of its planning procedures are the subject of Terms of Reference 5 and 6.

OVERVIEW

In 1973, the NSW State Government established a temporary State-wide subdivision minimum for rural land of 40 hectares (ha) for a dwelling entitlement. The policy was in response to growing concerns about the fragmentation of agricultural land and the spread of lifestyle blocks in rural areas.

The 40ha minimum had little practical relevance to commercial, sustainable agricultural enterprises or the degree of geographic, climatic or biophysical variability across the NSW agricultural landscape. There were concerns that the 40ha policy discriminated against intensive agriculture and ignored the economic realities facing farmers. Other problems with an arbitrary minimum allotment size included environmental issues with insufficient catchment areas to feed dams or capacity to absorb household waste.

In order to promote the policy to rural landowners, the then State Planning Authority also offered a number of subdivision 'concessions' to farmers, including the option of separating undersized allotments from the main farm. However, at the time it was suggested that the policy could potentially promote rural sprawl, result in environmentally harmful practices and increase land use conflict.

Concessional allotments were intended for farm workers and family members, but over time concessional lots have been sold to unrelated purchasers. The 40ha temporary minimum was intended to be an interim measure until more meaningful standards could be determined in each LGA by the respective council. It was a holding measure until more appropriate minimums could be worked out.

Cowra LEP 1990

Cowra LEP 1990 was gazetted in 1990 after a long and protracted history, commencing in 1982. The original draft Plan was exhibited in 1984 with a 400ha minimum lot size with a dwelling entitlement but did not progress due to concern about this issue. The plan was re-exhibited in 1989. The then Soil Conservation Service and Department of Agriculture objected to the draft Plan due to a range of negative planning outcomes and impacts upon the security of agriculture.

The Department of Planning acknowledged the potential for negative planning outcomes associated with the Cowra LEP as proposed being 40ha for prime agricultural land and 2ha for non-prime agricultural land. In lieu of amending the poor rural planning controls, the Department proposed an annual monitoring programme to monitor rural dwellings in Cowra. It is not known whether this ever occurred, but is unlikely.

The concerns about management of agricultural land in Cowra Shire included:

- Exclusion of Class 3 land from the definition of prime agricultural land (contrary to State-wide practice).
- Low subdivision standards for rural dwellings (40ha) with high potential for land use conflict, loss/fragmentation of prime agricultural land, servicing costs and cumulative impacts.
- Little practical distinction for subdivision controls between 1(a) Rural zoned (originally 1ha on non-prime agricultural land) land and 1(c) Rural Small Holding zoned land.
- Objectives of the Rural 1(a) zone were inherently in conflict as they were to protect agriculture yet facilitated unplanned rural residential development.

The Department of Agriculture recommended a 400ha minimum lot size for a dwelling in the Rural 1(a) zone in 1989 (and again in 1992). The Cowra LEP 1990 was gazetted on 23 November 1990

ISSUES RAISED IN SUBMISSIONS

INDEPENDENT REVIEW PANEL (IRP)

The IRP received 60 submissions following its advertised call for submissions and letters to known interested parties and 19 parties appeared at the public forum. Despite concerns raised by some residents the Panel is satisfied advertising and notification procedures have been adequate. The Panel has considered all issues raised relevant to the terms of reference in making its recommendations. The issues raised in submissions included:

Land Use Planning

- Over the last 2 years Council has restructured its planning department.
- Under the new planning department Council has been able to progress planning reform in the Shire with the completion of draft Cowra LEP (Amendment 14), the commencement of a land use strategy, review of Section 94 contributions, a heritage study and a floodplain risk management study.
- Council has initiated a Strategic Growth Plan for the next 30 years (Cowra 30).
- The 400ha minimum lot size suggested for the interim LEP reflects farming enterprises typical to the Cowra area.
- The Panel hearing, the introduction of draft Cowra LEP (Amendment 14) and the preparation of the new LEP will negatively affect investment in the Cowra Shire.
- Council should be responsible for its own planning decisions as the regulations are Council's.
- Land in Cowra should not be treated as a single parcel. There are many types of land in the Shire, from highly productive agricultural land to non-arable rock formations.
- Council was given a grant of $86,000 by the State Government to complete its new LEP. Does this mean Council will automatically follow the wishes of the State Government?
- More inclusive consultation and better focussed planning for roads in the Shire is essential.
- Approved DAs should not be dismantled.
- Early resolution of issues is required to remove uncertainty.
- Wirong Dairy is an efficient operation and should not be classified as a feedlot.
- Council is not discharging its planning responsibilities in a transparent, equitable manner.
- The State Government should not dictate planning outcomes to Local Government.
- Council should implement basic planning education for Councillors.
- Current property rights need to be confirmed.
- Council must ensure adequate infrastructure is provided for rural residents.
- Council is ignoring ratepayers by proceeding with Amendment 14.

Cowra LEP 1990 (CLEP 1990)

- A number of consents issued by Council in the past are not consistent with the provisions of CLEP 1990. Council has assisted Department of Planning in identifying those consents relating to subdivisions for dwelling house purposes on land zoned Rural 1(a) between 1998-2005.
- Provisions applying to development on Rural 1(a) land in CLEP 1990 have been a major contributing factor to land use planning problems. 15 years of rural subdivision within the zone has created land use conflicts.
- LEP 1990 should remain with a minimum lot size of 40ha with building entitlements. All existing property rights should also be retained.
- Consent conditions should be more strictly monitored.

- Submissions indicate the current LEP provides outcomes acceptable to many residents.
- Conditions attached to subdivisions in Rural 1(a) areas have not required provision of adequate infrastructure.

Draft Cowra LEP 1990 (Amendment 14)

- DAs which have been determined by Council using Amendment 14 should be reviewed to avert legal action.
- Amendment 14 has the ability to stifle growth in the Shire.
- Many landowners were unaware of whether they had building entitlements or not until Amendment 14.
- Clauses in the current planning provisions allow for better utilisation of non-prime agricultural land. The new amendment deletes such clauses.
- The interim LEP is too rigid, and too broad based for merit assessment.
- The draft LEP is not based on objective facts and is attempting to use a simple solution to solve a complex problem.
- The Shire-wide land use strategy should be completed before a new LEP is made.
- The proposed interim LEP will not solve rural land use issues.
- Constraints in the draft LEP are not sustainable.

Agricultural Land

- Draft Cowra LEP 1990 (Amendment 14) should be made as a matter of urgency as recommended to the Minister for Planning with a minimum lot size of 300ha or greater to allow improved security of agriculture in the Shire.
- Large scale subdivision bordering on prime agricultural land will reduce the productivity of the agricultural land.
- Department of Primary Industries advice is not relevant to Cowra and residents lack confidence in Department of Primary Industries representatives.
- Intensive agriculture should be more clearly defined.
- Prime and non-prime agricultural land should be better classified.

Community Participation

- Cowra residents are generally happy with the existing LEP but recognise it needs review.
- The community wants Council to be consistent in its decision making.
- Draft Cowra LEP 1990 (Amendment 14) should not be made. Over 200 submissions have been made to Council supporting a minimum lot size of 40ha. Only 8 submissions supporting the 400ha minimum lot size were received.
- Cowra is suitable for major development, being located on a rail link, and with a temperate climate and an available water source.
- A regional planning group should be appointed to co-ordinate future development in Cowra and surrounding Shires.
- Concessional lots should be re-introduced.
- Council's criteria as to the permissibility of development are not clear.
- Many subdivisions granted in Cowra are sound but developers are not adhering to conditions of approval which leads to negative development outcomes.
- Subdivision infrastructure should be implemented prior to subdivision occurring.
- Community title should be encouraged to provide development that can have lessened environmental effects.
- Council should be dismissed and an administrator appointed.

Lot Size

- Support for the retention of the 40ha minimum lot size remaining as 40ha is a decent size for a usable parcel of land and for land management in the Shire.
- Landholdings much smaller than 400ha can be made productive, provide diversity of agricultural pursuits and can give lifestyle opportunities.
- Any future subdivision should take into consideration adjoining landholders and any disruption to adjoining farming activities.
- There should be a number of zones with different minimum lot sizes depending on the proximity to towns and infrastructure.
- The availability of smaller landholdings would encourage investment in the area by 'treechangers'.
- A rural land strategy should have been undertaken prior to preparation of Amendment 14.
- Constraints applied to land use affects investment and growth in country areas.
- Some councillors have had conflicts of interest.
- More comprehensive environmental studies, such as flora and fauna surveys, should be conducted prior to approval being given for future subdivisions.
- Not all small landholdings have detrimental environmental effects due to better management and pest control.
- The concessional lot system has been misused.
- Concessional lots should be re-introduced.
- Many subdivisions have been approved with little regard to bushfire provisions.
- The minimum lot size changes proposed are only due to the pressure applied by the State Government. Agencies adhere to the ideology that agricultural land should be maintained.
- The 400ha minimum lot size suggested for the interim LEP reflects farming enterprises typical to the Cowra area.
- Larger blocks will mean more weed infestation and bushfire hazard.
- Less migrants to Cowra will lead to a decline in services in the town.
- Small lot creation should remain to provide financial surety during hard times.
- Limited small lot creation would preserve the majority of the land for farming.

DRAFT COWRA LEP 1990 (AMENDMENT 14)

As part of the review the Panel also took into account matters raised in submissions to the public exhibition of Draft Cowra LEP 1990(Amendment 14).

TERMS OF REFERENCE

TERM OF REFERENCE 1

As a matter of priority, advise the Minister for Planning whether the interim Cowra Local Environmental Plan 1990 (Amendment No.14) should be made.

Draft Cowra Local Environmental Plan 1990 (Amendment 14) has been prepared by Cowra Shire Council following Council's adoption of a resolution to do so on 20 December 2004(see Appendix 1). Council's decision is expressed to be an interim measure to provide security and certainty for all forms of agriculture while reducing the potential for land use conflict with lifestyle developments in the rural areas of the Shire.

The weight of evidence in submissions made to the Panel clearly establishes the need to better protect agricultural land within Cowra Shire. This situation has arisen because Cowra LEP 1990 contains rural settlement provisions which are inconsistent with the long term sustainability of agriculture. Specifically, Cowra LEP 1990 generally provides for minimum lots sizes with a dwelling entitlement in Rural 1(a) zones of 40ha for prime and 2ha for non-prime agricultural lands. However, the way to adequately protect agriculture in the Shire over the long term, while providing for appropriate lifestyle development, is strongly disputed within the community.

State Government Policy

State Government policy is set out in the following documents to which the Panel has had due regard:

- Policy for Sustainable Agriculture in New South Wales (1998);
- NSW Sustainable Agriculture Implementation Review Group Report (2001);
- Rural Lands Policy (Department of Planning, 2000);
- Policy for the Protection of Agricultural Land (Department of Primary Industries, 2004); and
- State Environmental Planning Policies.

The 2001 Report noted above was endorsed by the Premier in July 2002. It recommended that:

- Minimum lot sizes for subdivision that may be eligible for a dwelling consent should be determined based on the area required to sustain a farming enterprise typical for that locality. This approach recognises the role of off farm income and that smaller parcels of agricultural land can be traded, however no dwelling rights are attached to these smaller lots.
- Concessional allotments are an inappropriate form of subdivision and should be progressively removed from plans across the State.
- Rural lifestyle opportunities should be provided for in a planned way, based on rural residential strategies and zones.
- Intensive forms of agriculture need to be catered for in the planning process. Determining allotment sizes for sustainable intensive agricultural developments will need to carefully consider potential environmental impacts as well as return on capital invested.

Of particular relevance for the Panel in considering these documents is that significant subdivision of land within the Rural 1(a) zone in Cowra Shire for lifestyle dwelling development has occurred, to the extent that over 600 lots have been created between 1990 and March 2005. Much of this subdivision is now generally considered inappropriate in a planning sense. These lots are in addition to the

potential 700 lots in designated Rural (Small Holdings) 1(c) zones. Average uptake since 1990 has been under six rural dwelling lots per year.

It is claimed in some submissions that as a consequence of these developments the ability of a number of genuine farmers to undertake traditional, commercial and sustainable agriculture is being adversely affected. On the evidence available to the Panel, the Panel has been satisfied this situation has been increasingly occurring in agriculturally productive areas of the Shire. Moreover, the majority of those submissions opposing an increase in the minimum lot size for dryland agricultural areas have not provided convincing merit argument to support their case, but have chosen to largely rely on the number of residents in the local community who oppose an increase in the minimum lot size.

Minimum lot sizes for rural dwellings are guided by State-wide Government policies to protect agricultural land. These policies and accompanying guidelines seek to ensure that the determination of minimum lot sizes for rural subdivisions with dwelling entitlements is based on the area required to sustain a farming enterprise typical for that locality, while allowing for farm adjustments. A detailed assessment to determine a minimum lot size in dryland agricultural areas has not yet been undertaken for Cowra Shire.

The policies and identification of lot sizes for dwellings in the Rural 1(a) zone also seek to ensure:

- Loss and fragmentation of agricultural land from unsustainable settlement is minimised;
- Land use conflict between agriculture and other sensitive land uses is avoided;
- Agricultural land is valued for its agricultural potential and not for speculative development potential;
- A critical mass of farms is maintained in areas to support reliant services and businesses;
- The wider community does nor bear the social and economic cost burden of providing services and infrastructure for a dispersed rural settlement pattern;
- The need to protect the resource (land) upon which agriculture, forestry, mineral development and energy production rely, and to minimise inappropriate demand on scarce natural resources such as surface and groundwater;
- Environmental impacts of rural settlement are minimised and adverse impacts such as location in environmentally sensitive areas (flood, bushfire or biodiversity areas) are prevented;
- Agriculture can respond to variability in climate, commodity prices and externalities; and
- Strategic planning for long term land use decision making is the basis for future agricultural land management, including intensive agriculture and rural lifestyle opportunities and that such planning also determines the desirability of, and appropriate future location of all land uses.

Agriculture in Cowra Shire

The development, management and conservation of agricultural land in New South Wales is of State and regional significance according to the Department of Planning. More particularly, maintenance of sustainable traditional agriculture is very important to Cowra. According to the Department of Planning, economic, environmental and social considerations in this regard include:

Economic

- Many rural and regional areas rely heavily or solely on agriculture as the main economic activity. Agriculture is worth $91m to Cowra Shire (population 13,090) and provides over 21 percent of employment in the Shire.
- Cumulative impacts and gradual and continual decline in the number of genuine farms reduces the critical mass of farms needed to support the industry, be sustainable and also support reliant agri-businesses and services and rural communities.

- Unrealistic subdivision minima necessitates supplementary (off farm) income and effectively relegates farming to a part time activity. For farmers to increase rates of return, they need to increase the scale of operation. The more efficient and profitable farmers tend to be those expanding their farm area. The average farm size in the Shire is 451ha but due to multiple holdings the 'real' size is likely to be greater.
- Infrastructure costs and services are also often socialised across the wider community and not provided by the developer or the new resident.
- Economically, unsustainable farm sizes can contribute to adverse outcomes such as:
  - Increased environmental degradation as land is pushed harder for economic gain; and
  - Increased pressure for further subdivision into smaller lots for the lifestyle market which in turn can artificially inflate land values and prevent consolidation by genuine farmers.
- Australia is one of six net food exporting countries in the world and this has enormous impacts upon the nation's balance of trade.
- There is intense competition for the land resource upon which agriculture depends from urbanisation, settlement, mining, forestry and other specialist primary production uses.
- The issue of the finality of subdivision is rarely considered in the proliferation of urban encroachment. It is rare that land once subdivided for urban (rural residential) purposes will be converted back to an agricultural use.

Environment

- Most rural land is held in private ownership necessitating good management for positive environmental outcomes. There is evidence that larger agricultural holdings support better management of land degradation. There is also evidence to suggest that there is poor natural resource management on small hobby farms and rural residential blocks.
- There is very little good quality agricultural land in reliable rainfall areas. Ongoing loss of agricultural land forces agriculture into more marginal areas and places greater stress on already strained ecosystems.
- Large numbers of rural settlements compete for scarce resources such as water, with agriculture losing out to higher security stock and domestic purposes.

Social

- A critical mass of genuine, commercial agricultural activity, farmers and support industries is necessary to ensure the continuation of agriculture in the locality.
- An agriculturally based community is often united with common interests, networks and support structures. Social norms and traditions (bushfire brigade, agricultural shows, Landcare, local hall) are supported. Harmony is maintained as interests and values are shared and potential for conflicts minimised because tensions between genuine farmers and lifestyle seekers are not present. A breaking down of this critical mass occurs when agricultural land is removed from production through fragmentation and urban encroachment.
- Significant parts of Cowra Shire contain socially disadvantaged populations. These areas coincide with the areas where large amounts of subdivision for rural residential purposes have occurred which are predominantly located on remote and lower quality agricultural land.
- Absentee land owners make it necessary for existing farmers to control weeds, pests (locusts) and feral animals, result in a lack of support for social institutions in rural residential communities and create potentially negative impacts from social isolation due to remote rural residential settlement.
- Implementation of the Government's Planning Reforms will require most rural Councils in NSW to seriously address the issue of rural settlement.

Strategic Landuse Planning

It is stated by Council's Director-Environmental Services, rural residential development in the Rural 1(a) zone in Cowra Shire, particularly in areas removed from community centres, may lead to:

- Irreversible loss of agricultural land.
- Mounting conflicts between rural activities and rural residential dwellers.
- Inadequate and costly servicing of rural residential subdivisions.
- Loss of the rural landscape and its scenic appeal.
- Poor property management.
- Environmental degradation through loss of habitat, pollution and erosion.
- Social problems including isolation from health, education and community services.
- Negative influence on agricultural productivity and employment.
- Higher and potentially non-viable agricultural land prices.

However, there may also be positive aspects including financial benefits to the owners and developers of the land, improved real estate markets, provision for wider appreciation of a country lifestyle, increased Council rates and additional employment in service industries.

Council acknowledges these factors dictate that to ensure rural areas continue to flourish in Cowra Shire a strategic approach to land use planning involving all stakeholders is essential. Council has commenced work on a Shire-wide Planning Strategy which is to result in the preparation of a new Local Environmental Plan for Cowra Shire. An underlying premise is that rural land must first support the interests of the agricultural sector.

In this respect Council's Mayor, while supporting good rural residential development, stated:

> *However, I also appreciate that the rural zone supports our agriculture sector which in turn supports much of our local economy and employment base. Any rural-residential development must therefore not come at the price of sustainable agricultural objectives...*

And in reference to the relevant current planning instrument, Cowra LEP 1990, the Mayor reported:

> *In essence the 2 hectare rule in LEP 1990 for the non-prime agricultural areas of the shire is creating real problems for farmers and Council. Similarly, the 40 hectare rule for prime agricultural land could lead to problems, as some of our most productive farms are broken down into significantly smaller holdings, before being duly assessed with regards to sustainability in socio-economic, environmental and agricultural matters.*

The Department of Planning emphasised a strategic approach to land use planning is essential as:

- Cowra LEP 1990 currently provides rural settlement conditions inconsistent with established Government policy;
- Cowra Shire is experiencing substantial subdivision in its rural areas for lifestyle (dwelling) development with sufficient supply of these lots for 230 years at current demand;
- A significant number of these subdivisions are adversely affecting traditional, commercial and sustainable agriculture; and
- Some subdivision is occurring in remote areas of the Shire with potential negative impacts including land use conflict, loss of productive agricultural land, high cost provision of services and environmental degradation.

However, many in the community do not agree with what they consider the simplistic and inaccurate assessment of the supply and demand for rural lifestyle lots in the Shire. They consider the supply is relatively limited across various lot sizes and locations. According to these residents harsh subdivision rules are consequently not an appropriate outcome, would stifle development within the Shire, and remove current 'rights' to which landowners are entitled, and preclude equitable succession planning for farming families.

Aims of Cowra LEP 1990 (Amendment 14)

The specified aims of draft Cowra LEP 1990 (Amendment 14) are:

(a) to provide greater security for all forms of agriculture and to facilitate opportunities for diversification and farm expansion, and

(b) to minimise the potential for land use conflict between agriculture and settlement by requiring new dwellings to be ancillary to agricultural use, and

(c) to minimise the fragmentation and loss of agricultural land, and

(d) to reduce the uncoordinated demand for roads, infrastructure and services on the wider community that can be caused by inappropriately located settlement for lifestyle purposes, and

(e) to enhance the natural resource outcomes associated with sustainable management of rural lands, and

(f) to minimise settlement of rural areas for lifestyle purposes and encourage such development to be located after broad strategic land use assessment.

These aims are accepted by Council, government agencies and some within the community. Other community members consider further settlement should be encouraged in rural areas for the economic and social well-being of the Shire. The evidence available to the Panel is not consistent with this latter position, as widespread rural residential development has been shown to create significant landuse conflicts, to increase the cost of service provision, and to restrict traditional agricultural practices to the detriment of sustainable agriculture. The Panel strongly endorses the aims of the interim plan which have the sound and necessary strategic objectives of adequately protecting and encouraging sustainable agricultural productivity in Cowra Shire.

Cowra LEP 1990 (Amendment 14) significantly changes the aims of Cowra LEP 1990 in respect of the Rural 1(a) zone. The latter included in its aims that of providing "opportunities for people to live in rural areas" subject to encouraging and preserving all forms of agriculture and preserving prime agricultural lands. In practice, many development applications for subdivision with dwelling entitlements in rural areas were granted by Council with what appears only cursory consideration of the need to protect traditional agricultural pursuits. This has resulted in landuse conflicts in some locations. Because of the lack of strategic landuse planning in Cowra Shire a surplus of smaller lots exists (over 1300 lots have been created since 1990 with a take-up rate of about 6 lots per year).

One of the difficulties that arises is land use conflict with farmers. Farmers should be allowed to farm. Whilst this is hypothetically to be addressed at the planning stage, if a minimum subdivision standard is inappropriate then it is difficult to see how subdivision can be curtailed to take into account the land use conflict. Once the subdivision is effected and rural settlement takes place then private rights will overtake the pre-existing situation to create land use conflict. Inevitably the agricultural enterprise will lose in such a land use conflict because it may be regarded as incompatible with a non-agricultural land use. That problem usually exists from lifestyle lots/concessional allotments in which the concessional allotment is not occupied by relatives of the original agricultural landowners.

To the extent that it may be said that land use conflicts can be addressed by imposition of appropriate conditions of consent (as some submissions suggested), such an approach is to ignore the fact that by definition some aspects of agricultural land use are inherently not appropriate for conditioning, or cannot be conditioned. An example of this is the picking of grapes on a vineyard at early hours of the morning due to the sugar content of the grapes. No amount of conditions, other than a prohibition, can avoid a land use conflict with an adjoining "lifestyle" lot.

If then there is a desire, or a need for "lifestyle" lots as tends to be the prime use of most of the lots that in the past have been subdivided, then it should be handled in a co-ordinated and strategic way, involving not only stakeholders but also relevant authorities such as the Department of Planning, the Department of Primary Industries and the Council. Such potential should be achieved by specific zonings to ensure that additional lots are properly serviced, for example with roads, bridges, telephone and electricity.

There is no reason why, with proper strategic needs rather than local stakeholder motivation, there cannot be lifestyle blocks. This should be done by rezoning (for example to zone Rural 1(c)), with an environmental study. Cowra LEP 1990 (Amendment 14) only relates to Rural 1(a) land.

The Panel wishes to make it clear that it is not advocating there be no rural subdivisions, or no lifestyle blocks. The Panel recommends that such subdivision be undertaken in a co-ordinated way rather than in an ad-hoc or de facto way by private landowners.

Cowra LEP 1990 (Amendment 14) is expressed to be an interim plan which has as its primary aim the long term security of agriculture as well as minimising non-strategic settlement of rural areas for lifestyle purposes. These aims are consistent with State Government policy and recognise the importance of sustainable agriculture to the future well-being of Cowra Shire. Concurrent with the interim LEP, Council is preparing a land use strategy and a comprehensive LEP.

Council considers the main objectives of draft Cowra LEP 1990 (Amendment 14) could be summarised as:

- Protecting agricultural land uses, and
- Emphasising the need for strategic land use planning.

While a strategic land use plan and new comprehensive local environmental plan are prepared, the draft LEP seeks to achieve these objectives in the interim by:

- Eliminating the distinction between prime and non-prime agricultural land;
- Removing the 2 hectare and 40 hectare minimum lot size standards for a dwelling entitlement in the Rural 1(a) zone;
- Removing concessional lot provisions; and
- ADepartment of Planningting minimum lot size standards for dwelling entitlements in both dryland and intensive agriculture areas.

Many residents of the Shire object to the effective removal of what they consider their "right" to subdivide their land. Others, largely those pursuing traditional agriculture practices, support the aims of the interim LEP as it offers protection to their livelihoods. A long standing issue is the belief of many owners that they have a "right" to subdivide their land as they see fit. However, their "right" is not to subdivide their land (subdivision is a planning tool) but to make application to Council for subdivision based on the LEP, other relevant documents and a merit assessment. It is Council's role to consider the application and ultimately resolve to either grant or refuse consent to any subdivision on the merits of the application.

There is a need for ongoing education in this regard. However, many in the community believe Council's decisions should reflect their wishes, and not be subservient to State policy. Social issues raised in this regard included that the subdivision of rural land is a farmer's superannuation or allows portions of a farm to be passed on to the following generation. While these practices have been allowed to occur to date, further continuation of such "privileges" would be inconsistent with the protection and encouragement of long term sustainable agriculture in the Shire.

The Panel has reviewed the evidence relating to the subdivision of land zoned Rural 1(a) in Cowra Shire. Until recently subdivision of rural lands has been largely uncontrolled and uncoordinated in

any strategic sense, as evidenced by the available supply of lots compared with the demand for lots. Any short term demand (6 lots per year) could be met by the available supply (1300 lots) so sustainable development in Cowra is unlikely to be adversely affected in this interim period. The Panel has not been convinced that subdivision as supported by many of the submissions is intrinsically a sustainable practice unless guided by strategic planning.

The Panel is adamant that agriculture in Cowra Shire needs to be protected and encouraged for the Shire's long term well-being. On the available evidence uncontrolled and uncoordinated land subdivision in Cowra Shire could occur with retention of a 40ha minimum lot size in dryland agricultural areas to the detriment of sustainable agriculture. This would not provide a sustainable future for the Shire, but result increasingly in land use conflicts and difficulties in Council servicing relatively widespread rural residential properties.

Nevertheless, the Panel acknowledges that some rural areas have limited traditional agricultural value. In preparing the land use strategy Council should give consideration to potential alternative land uses in these areas.

The Panel strongly supports the aims of Cowra LEP 1990 (Amendment 14) as would be implemented in the interim through amendments to clauses 2, 5, 9, 10, 12, 13, 14, 17, 17A, 17B, 19 and 21 until the land use strategy and comprehensive LEP are aDepartment of Planningted. The Panel is satisfied the aims and content of draft Cowra LEP 1990 (Amendment 14) are generally consistent with the sought outcomes referred to in the introduction to this term of reference.

Minimum Allotment Size

There is general and widespread support for many of the provisions in the draft Cowra LEP 1990 (Amendment 14) as an interim measure while Council undertakes its Shire-wide strategic land use plan and prepares a new LEP. However, the minimum lot area for dryland agriculture to be inserted in clauses 12(3) and 17A(b) remains a major area of difference between Council, Council officers, Department of Primary Industries, Department of Planning and many in the community. There is less dispute over the recommended 40 hectare development standard for intensive agriculture (some submissions argue for a smaller area) and the removal of the concessional lot provision (some submissions argue for its retention).

The minimum lot size for dryland agricultural areas of the Shire is a most contentious issue. The minimum lot sizes suggested in submissions to the Panel for insertion in clauses 12(3) and 17A(b) for a dwelling entitlement in dryland agricultural areas were:

Council	100ha
Council Officers	300ha
Department of Primary Industries	400ha
Department of Planning	300ha or greater
Community	10 to 400ha

In brief, reasons given in these submissions were:

Council (100ha)

- The LEP is an interim plan.
- Strategic land use planning is being undertaken by Council.
- Continued growth in the Shire would still occur.
- Agricultural land would be protected from undue speculative pressure.
- The public interest would be maintained in the short and long term.

Council Officers (300ha)

- A 300ha minimum lot size would effectively prevent further inappropriate "rural residential development" on an "interim basis".
- There is already an ample supply of rural land for rural residential development to supply the expected demand in Cowra Shire over the interim two year period. There are about 1300 existing lots available for an average dwelling demand of 5.6 dwellings per year.
- A 300ha farm unit size would support more sustainable farm management and ecologically sustainable objectives. The economies of scale permitted from larger sized farms facilitate crop and stock rotation which in turn reduces potential for overgrazing and soil degradation.
- Limitation on the size and number of subdivisions and dwelling-houses in the 1(a) Rural Zone would help reduce potential conflicts between agricultural land users and rural dwellers.
- 300ha would be consistent with the Department of Planning's Rural Lands Policy.
- A minimum lot size below 200ha would not be large enough to stop inappropriate rural residential development.

Department of Planning (300ha/400ha)

- 100ha is inadequate to give effect to the objectives of the LEP, the policy framework of the State government or the objectives of the EP&A Act.
- 400ha was based in fact and was indicative of the minimum area required for a commercial farm in this part of the state.
- 100ha is too small to prevent inappropriate subdivision, fragmentation and loss of agricultural land from genuine/commercial production, or to undertake sustainable and efficient agriculture. Precedent for this occurs wherever unsatisfactory minimum lot sizes for dwellings in rural areas are present (former Evans Shire).
- The dwelling right forms the major value component of the land for 100ha whereas above 300ha the agricultural value forms the major value component of the land.
- 300ha as recommended by Council's staff would give effect to the objectives of the draft LEP, be more consistent with the State government's policy position, minimise further fragmentation in the rural areas of Cowra, be consistent with the principals of ESD and allow opportunity for detailed analysis with the future land use strategy. 100ha would not achieve these aims and would in all likelihood see a flood of speculative subdivision for rural lifestyle purposes.
- Other local government areas in the Central West and beyond have more appropriate development standards for dryland rural subdivision to attract an ancillary dwelling. Narromine, Weddin, Parkes, Wellington each have 400ha, Dubbo 800ha, Coolah and Bogan 600ha, Gilgandra 500ha, Bourke, Brewarrina and Central Darling 2,000ha, and Wentworth in the far west has 10,000ha. These areas illustrate the need to match development standards more appropriately to local bio-physical and economic conditions. A summary of the regional status of minimum lot sizes in dryland agricultural areas is provided in Appendix 2.

The Department of Planning stated that despite the controversy with draft Cowra LEP 1990 (Amendment 14), principally over the 400ha development standard issue, the plan delivers other positive controls to the rural areas of Cowra. The draft LEP removes concessional lots which is consistent with State Government policy. The draft LEP also removes the provisions allowing unplanned and ad hoc rural settlement. The removal of these provisions strengthens the Rural 1(c) zone which is designated for rural lifestyle settlement and allows clearer focus on future strategic planning. The draft LEP seeks to make all future dwellings in the rural areas (unless on an existing holding or lot created with consent for the purposes of a dwelling) ancillary to genuine agriculture. It is a Department of Planning requirement that Council determine a minimum lot size based on sustainable agricultural enterprises typical for the Shire, taking into account the biophysical environment.

As noted above Council resolved to adopt a 100ha minimum lot size for dryland agriculture in clauses 12(3) and 17A(b) of Cowra LEP 1990 (Amendment 14). The Department of Planning challenged Council's position, as well as referring to the interim nature of the plan and the potential for some discretion, stating that:

- Council failed to consider the underlying policy intent of managing rural settlement.
- Council selected its proposed 100ha minimum lot size purely on local political circumstances.
- Council did not analyse the underlying basis for the selection of a development standard for an ancillary dwelling in the dryland agricultural area.
- Council's selection of the 100ha development standard is inconsistent with the objectives and specifics of the *Rural Lands Policy* (Department of Planning), the *NSW Policy for Sustainable Agriculture* and the *Policy for the Protection of Agricultural Land* (Department Of Primary Industries).

Department of Primary Industries

- A 400ha interim standard is supported by Department Of Primary Industries to reflect policy requirements and sustainable dryland agricultural needs under typical local conditions.
- 400ha has been the Department Of Primary Industries preferred minimum lot size since the early 1980s.
- A minimum lot size should be one that protects agricultural lands and removes the threat of speculative subdivision and other incompatible land uses.

The Department Of Primary Industries used a simplified version of the draft methodology it has developed with the Department of Planning to estimate its preferred minimum lot size. It recommends Council commission a detailed study using the recommended methodology as part of preparing its strategic land use strategy.

Community (10ha to 400ha)

- The Government should listen to the majority of the community which would mean a minimum lot size in dryland agricultural areas of 40ha (some suggest smaller lots).
- Some farmers stated that the minimum lot size should be at least 200ha to protect traditional agriculture in dryland areas of the Shire.

Argument from those wishing to maintain a minimum lot size of 40ha (or less) emphasised that by adopting an interim single area in the Shire of greater than 40ha:

- Owners' equity in their properties would be reduced.
- The choice of on and off farm income would be reduced.
- Smaller holdings could not be passed to family members.
- Choice for retirees, lifestyle and young people would be reduced.
- Further small scale agriculture would be eliminated.
- Other regional areas, such as Young which has a greater choice of lot size, would benefit.
- Doubt would be created for prospective investors as to the likely final planning rules.
- The variability in land types in the Shire from highly productive river flats to grazing only type lands at higher altitude is not being recognised.

The *Department of Natural Resources* and the *Department of Environment and Conservation* did not specify a standard but were supportive of a larger minimum bt size to protect the values for which they are administratively responsible.

Dryland Agriculture

A number of submissions from the community pointed out that using a "one size fits all" approach with a large minimum lot size for dryland agriculture in Cowra Shire does not account for the wide variability in the productive capabilities of agricultural land within the Shire. In general, those submissions then argue to maintain the current 40ha minimum lot size with merit assessment as this would provide landowners with greater flexibility in planning the future management of their land. Moreover, a smaller minimum lot size would allow Cowra to grow by encouraging more residents as well as young farmers with limited capital. In this regard they refer to the success of farms on smaller lots and claim that smaller farms can be more productive per hectare than farms with larger areas. The Panel does not doubt that in a number of cases the above is true, however, these claims are selective based on documented evidence before the Panel. In general, farms with larger area in dryland agricultural areas achieve greater productivity per hectare than farms with smaller area.

In addition the Panel has not been presented with conclusive evidence that ongoing subdivision of Rural 1(a) zoned land with 40ha lots in the absence of a strategic planning basis has provided or even can provide Cowra Shire with long term sustainable economic and social outcomes. But such subdivision is making sustainable agriculture more difficult. Nevertheless, the Panel supports the provision of land for rural residential lifestyle purposes, provided it is part of the strategic plan now being prepared by Council. A basic factor for rural residential development must be the efficient provision of services, which would indicate such development should generally only occur in proximity to existing towns and villages. Otherwise, the cost of servicing outlying and often disadvantaged development will continue to disproportionately burden people living in the towns and villages as well as having the strong likelihood of adversely affecting genuine dryland agricultural production. Specific use areas, such as around Wyangala Dam should however be investigated as part of the land use strategy.

The issue of maintaining an efficient sustainable agricultural industry in a global market is generally not mentioned by those arguing to maintain a 40ha minimum lot size. The evidence is that for smaller lot sizes such as 40 to 200ha the dwelling entitlement is a major component of the land price. Land is lost to agriculture in many cases where this occurs as the land is used more for lifestyle purposes than genuine agriculture (which is not to say all the land is lost to agricultural production). The adverse effects on traditional agriculture will continue if this situation is not rectified. The minimum lot sizes (with dwelling entitlement) in agricultural areas needs to reflect the dryland agricultural value of the land. On the evidence to the Panel this may occur in the range of 200 to 500ha or more in Cowra Shire, reflecting the variability in the dryland landscape units within the Shire. The Panel has not been convinced that a contrary position is justified by submissions which use broad statistics to support their position.

The Panel has also noted that:

- The draft Cowra LEP 1990 (Amendment 14) does not prescribe a minimum lot size for agricultural purposes without a dwelling entitlement; and
- The approved subdivision applications in Cowra Shire since 1990 have resulted in a land bank of over 1300 lots. These range down in size from 40ha to less than 1ha spread over the local government area. The annual development rate is about 6 lots per year.

The Panel has not been persuaded that the continued subdivision of agricultural land (with a 40ha minimum lot size in dryland agricultural areas of the Shire), while Council prepares its new Cowra LEP, is essential or indeed desirable for the sustainable economic and social well-being of Cowra Shire. The decline of Cowra's fortunes, as referred to by those opposing larger minimum lot sizes on dryland agricultural lands, has not been arrested by the above-noted largely non-strategic subdivision going back to at least 1990.

The objectives of protecting the agricultural viability and productivity of rural areas and of providing for rural-residential development in Cowra Shire can both be achieved through sound strategic planning. The current Cowra LEP 1990 does not achieve these objectives. In this regard the Panel notes that the Department of Planning recognised the potential for the current unsatisfactory situation to occur in relation to excessive rural-residential development on agricultural land in its documentation to the then Minister in 1990 concerning Cowra LEP 1990.

The main objective for rural locations outside towns and villages in agricultural areas is to ensure the sustainability of agriculture. Government policies now reinforce this objective. Cowra LEP 1990 is sadly deficient in relation to the protection of agriculture as its objectives also include the provision of rural residential development. In traditional agricultural areas these objectives are in many cases antagonistic to each other. The lack of strategic planning in the rural areas of Cowra Shire has exacerbated the situation as the level of subdivision was not effectively controlled by Council, in part due to the legal standing of Cowra LEP 1990. This was aided by Council's then understanding of certain clauses in Cowra LEP 1990 relating to the agricultural classification of land zoned Rural 1(a) and which is not legally sustainable.

Intensive Agriculture

The suggested minimum lot size for intensive agriculture with a dwelling entitlement generally ranged from 10ha to 40ha. Council, Department of Planning, Department of Primary Industries and some community members support 40ha. Others in the community argue for a smaller minimum lot size, some suggesting 5 or 10ha. A development application for subdivision for intensive agriculture must include proof of a secure water supply (which is difficult for Lachlan River lands due to earlier unsustainable water allocations).

The basis of the argument of those supporting a lot area considerably less than 40ha is that a smaller area could viably support some intensive agricultural pursuits. A smaller lot area would also allow young farmers to establish themselves for a reasonable capital outlay. Other submissions pointed out that it is not essential for a small agricultural enterprise to have a dwelling, in which case there is little restriction on the lot area able to be subdivided for an agricultural pursuit alone.

In arguing for a 40ha minimum lot size with dwelling entitlement for intensive agriculture, Department Of Primary Industries stated that:

> *The viticulture industry is an important industry to the area. However, the underlying issue is whether there is a real need for more subdivision to create sustainable intensive agricultural development opportunities. The need to protect larger size lots in order to provide industry diversity, meet the needs of other sectors of the market and allow for future needs is more pressing. Again a strategic planning process that reviews current lot and holding patterns and land use resulting from subdivision is a starting point.*
>
> *With expansion of grape growing in the region, 10 hectares is often the standard for commercial budgets and is widely accepted as the minimum commercial scale. However 10-15ha is generally the minimum area required to permit cost effective mechanisation and hence some efficiency of scale.*
>
> *40 hectares is recommended by NSW Department of Primary Industries as an appropriate subdivision area for intensive agriculture that may attract a dwelling entitlement. This area will allow for: buffers to property boundaries and water courses, shed and storage facilities, remnant or shelter vegetation, and physical constraints such as drainage lines, excessive slopes, unfavourable soils etc.*

In these circumstances, the Panel recommends an interim minimum lot area of 40ha for a dwelling entitlement for relevantly justified intensive agricultural development until Council has further assessed this matter using the relevant guidelines. Nevertheless, there may be a case for smaller intensive lots in specific areas and the Panel recommends further investigation be undertaken as part of the land use strategy.

Panel's Summary Comments

The Panel has reviewed the aims of Cowra LEP 1990 and the specific clauses relating to subdivision of Rural 1(a) lands, as well as noting how the provisions of Cowra LEP 1990 have been implemented and the resultant outcomes. It is clear to the Panel (and to many in the local community), that there have been, and still are, serious deficiencies in Cowra LEP 1990 and its application in relation to the protection of sustainable agricultural production while reasonably providing for rural residential development. Moreover, the evidence does not support a conclusion that relatively uncontrolled subdivision and rural settlement alone result in enhanced economic and social conditions or increased population, (it is more likely that sustainable employment opportunities are needed for this to occur). The Panel has no doubt that this situation needs to be rectified in the long term interests of the Cowra community as well as those of the State. A strategic approach to land use planning in Cowra Shire as is currently being developed by Council is therefore essential. Government policies are also relevant. They cannot be simply discounted (as appears to be assumed in a number of submissions) and replaced by the desires of some of the residents who seek greater subdivision potential, irrespective of the consequences for traditional agricultural activities.

The current planning instrument, Cowra LEP 1990, has aims to encourage settlement in rural areas, which if not well managed would continue to damage the long term sustainable agricultural value of rural lands adjacent to rural lifestyle development. That detriment has already been caused to the agricultural potential in a number of well documented cases is apparent to the Panel. Submissions to the Panel proffer a range of ways and arguments for improving the current situation, including:

- Maintaining Cowra LEP 1990 while the land use strategy is completed, and amending the LEP based on the findings of the strategy in consultation with the community;
- Amending Cowra LEP 1990 but still allowing subdivision in Rural 1(a) areas with a minimum lot size of 40ha, subject to rigorous merit determination of proposed subdivisions and ensuring good quality development occurs; and
- The making of Cowra LEP 1990 (Amendment 14).

The basic long term aim of Government in strategic land use planning in the Rural 1(a) zones of Cowra Shire is to protect and encourage sustainable agricultural production which the current Cowra LEP 1990 has not achieved. Council has acknowledged this requirement and is adopting a strategic approach to land use planning in the Rural 1(a) zone. The primary aim of Cowra LEP 1990 (Amendment 14) is to protect, in the interim, agricultural lands by restricting the level of inappropriate development of rural lands for lifestyle purposes in Cowra Shire. The Panel strongly supports the aims and general intent of Cowra LEP 1990 (Amendment 14) for the interim.

Although there is general support for the intent of Cowra LEP 1990 (Amendment 14), there is widespread dissatisfaction with the minimum lot sizes for a dwelling entitlement proposed in the Rural 1(a) zone, particularly with respect to dryland agricultural areas and to a lesser extent for intensive agricultural areas. It is one of the Panel's roles to recommend minimum lot sizes.

The Panel considers it instructive to note the land use planning position in other local government areas in the region (see Appendix 2). It can be seen from the Department of Planning's submission that practically all inland councils in NSW are either:

- Implementing new minimum lot sizes for rural subdivisions/dwellings which have been determined after strategic analysis; or
- Engaging in strategic analysis to determine new minimum lot sizes; or
- Acknowledging the need to review minimum lot sizes with impending Planning Reforms and new LEPs.

In determining its recommended interim minimum lot size for dryland agricultural areas in Cowra Shire the Panel has taken into account:

- Importance of sustainable agriculture in Cowra Shire;
- Potential for impact on development in Cowra Shire;
- State Government policies;
- Outcomes in regional local government areas where the minimum lot size is 100ha or less;
- Dwelling entitlements;
- Department of Primary Industries preliminary recommendation of 400ha;
- Department of Planning's preliminary recommendation of 300ha or greater;
- Council's adoption of 100ha;
- Council officers' recommendation of 300ha;
- Residents' recommendations of 400ha to less than 40ha;
- Supply and demand for lifestyle lots in Cowra Shire;
- Written and verbal submissions to the Panel; and
- Potential for restriction of landowners' privileges.

Overall, the community generally accepts that rural residential development in the Shire needs to be better managed as it is recognised there has been some sub-standard development approved. Many also support removal of the distinction between prime and non-prime agricultural land. There is however, significant opposition to the removal of perceived 'rights' which landowners strongly believe they now enjoy and which they state are very relevant to retirement and succession planning (legally there is no "right" for subdivision of land, or concessional lots, other than to make application to Council). In addition, a number of submissions contend that land development is important to Cowra as it results in increased population as residents move to the Shire to enjoy its special attributes.

The Panel has thoroughly reviewed the evidence it has relating to Cowra LEP 1990 (Amendment 14) and is satisfied that:

- A strategic approach to land use planning is essential to achieving the best long term sustainable outcome for the well-being of the Shire;
- Unless restrictions are placed on subdivisions in the rural areas of the Shire in the interim, traditional agriculture will continue to be detrimentally affected; and
- Subdivision of rural areas which is not strategic in nature is likely to reduce the long term sustainability of those areas due to land use conflicts with traditional agriculture as well as increasing Council's service costs.

The Panel also recognises that there are significant variations in topography and soil types across the Shire. The Panel notes that this fact is used to support argument for maintaining smaller minimum lot sizes in dryland agricultural areas as a "one size fits all" approach is claimed by some as not logical in these circumstances. Similar argument is used in other submissions to reject comparison with minimum lot sizes in nearby local government areas to the north and west of Cowra Shire. Furthermore, a number of these submitters argue that smaller farms can be more efficient agricultural producers than larger farms. These submissions generally support smaller minimum lot sizes (40ha or less) with merit assessment and good standards for development to overcome the issue of inappropriate development.

However, these submissions avoid in large part addressing the main reasons for Cowra LEP 1990 (Amendment 14) which are the long term preservation of sustainable traditional agriculture including minimising land use conflict, and controlling the number and dispersion of subdivisions on rural lands. Given the legal standing of Cowra LEP 1990 and its likely interpretation by the Land and

Environment Court, merit assessment under this LEP would be likely to provide only limited protection for agricultural lands. The Panel believes stronger controls are necessary and considers the overall approach in Cowra LEP 1990 (Amendment 14) is sound for the interim period while the land use strategy and new LEP are being prepared.

The Panel has not been convinced that restricting subdivision of Rural 1(a) land in the interim would stifle development in the Shire. The evidence indicates there is a considerable number and wide range of lot sizes and locations currently available in the Shire with only a low sustained development rate. The Panel is concerned that land values over the long term reflect sustainable land uses in the context of strategic land use planning. Relevant endorsed Government policies consider the rural lands in Cowra Shire should be protected for traditional agriculture.

Dispersed rural living, and especially as has been approved in Cowra Shire, is largely antagonistic to traditional agricultural practices. Depending on the minimum lot size with a dwelling entitlement the value of traditionally agricultural lands can be raised above its value for agriculture, and consequently may be at least partially lost to agricultural productivity as well as conflicting with adjacent agricultural pursuits. As noted earlier the Panel has not been convinced the contrary can be sustained based on the rather simplistic application of broad statistics relating to the comparison of farm numbers, farm sizes and the value of agricultural production since 1990.

Moreover, argument that the issues should be fully understood before any change is made to the minimum lot size ignores the reasons for the change and would result in the continuing inappropriate subdivision of rural lands in the Shire. It is also likely that many opposing Cowra LEP 1990 (Amendment 14) would remain dissatisfied with additional information that did not support their position.

In summary, a large number of residents of the Shire argue for maintaining a maximum lot size of 40ha but:

- Do not fully acknowledge the extent of land use conflict with the current relatively uncontrolled subdivision of Rural 1(a) land;
- Do not fully acknowledge the high service costs of dispersed rural settlement;
- Have an unrealistic understanding of Council's ability to control rural residential subdivision under the current provisions of Cowra LEP 1990;
- Do not offer solutions which are feasible to apply in the legal and social context of the relevant planning controls; and
- Substantially downplay the relevance of State Government policy.

Cowra LEP 1990 (Amendment 14) does not remove legal rights which landowners have acquired. It does however change the rules by which landowners can apply to subdivide their land in order to protect agricultural lands. It only affects Rural 1(a) lands and only in the interim. Land use options will be widely canvassed in developing the Cowra Land Use Strategy and everyone who wants to participate in the process will be able to do so. The new comprehensive LEP will then be the relevant legal instrument.

The Panel has reviewed all submissions it has received, taken into account relevant Government policies, heard parties present their arguments and viewed locations within Cowra Shire. Moreover, draft Cowra LEP 1990 (Amendment 14) is expressed as an interim plan. The Panel does not consider sustainable development in Cowra Shire will be detrimentally affected (due to the available supply of subdivided lots) while further assessment is carried out as part of Council's strategic planning to determine the minimum lot size for dryland agricultural areas with dwelling entitlements for any new Cowra LEP. This assessment should be based on the relevant Government guidelines and current local information.

The Panel recommends that Cowra LEP 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 in clauses 12(3) and 17A(b).

Another concern raised in submissions involved the uncertainty in terms of the delay in implementing Cowra LEP 1990 (Amendment 14). Although the delay exists, and although it is unfortunate, it is a necessary product of the time required to effect such a significant change and the requirement, obviously, for public participation in that process. However, the Panel is adamant the amendment should not be deferred until the land use strategy is completed given the level of subdivision applications for rural lands and that the land use strategy and new LEP could take some time to finalise and implement. In circumstances where the clear gravitation towards acknowledgement of the need to consider ecologically sustainable development (ESD) and in particular intergenerational equity, the current position of the Council (100ha minimum lot size) or retention of a control which has the effect of prejudicing a valuable and non-renewable resource, is to ignore the need for inter-generational equity, one of the important aspects of ESD.

The draft Cowra LEP 1990 (Amendment 14) was exhibited with a 400 hectare minimum. Submissions were received in response to such a control, and a Section 68 report addressed such submissions. It would not appear necessary that the draft LEP be re-exhibited, notwithstanding the Council's decision to forward the draft LEP to the Minister with a 100 hectare minimum.

The Panel supports a minimum lot size of 40ha for intensive agriculture. It also recommends further detailed assessment be undertaken by Council in relation to the potential for niche agricultural pursuits to be developed on smaller lots in specified locations.

The Panel is satisfied that the other provisions in Amendment 14 are sound. These other provisions are generally supported by the Council, government agencies and many within the community. Although some sections of the community sought smaller lot sizes and/or retention of concessional lots, providing reasons as to why their position should be adopted (mainly linked to the number of objectors to the proposed changes), the Panel has not been persuaded by their arguments.

TERM OF REFERENCE 2

Identify and describe possible errors in the planning process, and particularly whether actions have been taken by the Council that contravened environmental planning instruments

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This term of reference asks the Panel to identify and describe possible errors in the planning process, and particularly whether actions have been taken by the Council that contravened environmental planning instruments

Strictly speaking the term of reference would have required an exhaustive investigation into, generally, errors or potential errors in the planning process across all of the decisions of Council. The Panel though limited its inquiries to lands the subject of draft Cowra LEP 1990 (Amendment 14).

The issue of possible errors in the planning process was first raised in about 2004 following complaints from members of the public to the Department of Planning (in its previous designation) concerning decisions undertaken by the Council with respect to, in particular, subdivision of rural lands.

By the time of the appointment of the Panel inquiries and investigations had already commenced by the Department of Planning into such complaints, and the Council had cooperated in the provision of information relevant to such complaints.

Following the receipt of submissions called in relation to the Terms of Reference, and the provision of additional material by the Council as part of the information gathering process undertaken by the Panel, it became apparent that for a period of some six years between 1998 and 2004 some decisions had been made by the Council based upon interpretations of the relevant provisions of Cowra LEP 1990 which were arguably not available, or possibly incorrect.

In particular the decisions related to Rural 1(a) lands, and especially insofar as such lands were designated as "prime agricultural" lands.

As made, the Cowra LEP 1990 provided for minimum allotment sizes for subdivision of Rural 1(a) land, and minimum allotment sizes concerning existing dwellings and new dwellings in that zone. The minimum allotment sizes were different as a function of whether the land so zoned was designated as "prime agricultural land" or "non-prime agricultural land". From the time of its making until May 1998 the Cowra LEP 1990 provided that the differential designation was determined by resolution of the Council.

In May 1998 the Cowra LEP 1990 was amended to provide that the differential designation was to be determined by reference to a map prepared by the Department of Agriculture which classified land in certain ways, or otherwise as specifically notified to the Council.

Hence from about this time the fundamental basis for determining whether land was prime or not was for the first time to be determined by a body other than the Council.

The concept of that change is especially relevant once it is acknowledged that there is a marked difference in the development standard for lands which are zoned the same way, but are otherwise differently designated.

At the outset it is important to observe and acknowledge that the subdivision provisions of Cowra LEP 1990 are somewhat confusing and hence open to a variety of interpretations in terms of the controls for subdivision and the erection of dwelling houses. Consequently, in such circumstances, it is easy to see how the terms of the LEP are open to various interpretations without necessarily being incorrect.

Based upon the information provided to the Panel it would appear that errors occurred in the planning process between the period 1998 and 2004 in so far as the misapplication of the maps provided by the Department of Agriculture was concerned in relation to Cowra LEP 1990.

Firstly, as a general proposition such maps were at a scale which were inappropriate for application to specific lands, and they were not ground-truthed.

Secondly, in some instances only lands identified as "A1" and "A2" but not "A3" (all as required by the Department of Agriculture's definition of "prime agricultural land") were regarded by the Council as "prime" lands.

And thirdly, and most relevantly, it appears that some confusion existed between the cultural change-over from the old definition of prime agricultural land to the altered definition of prime agricultural land such that in some instances the land was effectively reclassified to "non-prime agricultural land" merely by the provision of an agronomist's report certifying that the designation of land by the Department of Agriculture was inappropriate.

In addition to these aspects, the Council itself also submitted to the Panel that it was concerned some versions of the Cowra LEP 1990 which were being utilised during the period 1998 to 2004 did not contain the definition of "prime agricultural land" that was incorporated into the Cowra LEP 1990 in 1998. If true, this would have been an error fundamental in nature. The effect of this would have been that the decision making process would have been a function of the agricultural classification of the land as dependent upon a resolution of Council. Whilst this self expressed concern by the Council is curious, it did not appear that the holding of the incorrect copy of the Cowra LEP 1990 was in fact the basis for the making of decisions during that period; there was an absence to any reference to resolutions of the Council relevant to the matter, and it was more probably the fact that decisions were being made as a function of the classification mapping by the Department of Agriculture.

More importantly is the fact that it appears that in applying the Cowra LEP 1990 in some instances only certain provisions of the LEP were being relied upon in order to determine the minimum allotment size for subdivision, and any coincident entitlement to the erection of a dwelling house. The approach of having failed to take into account all the provisions of the LEP relevant to the issues concerning a particular development application resulted in the determination in some cases of applications which on the face could perhaps be considered technically sound but which may not have actually taken into account all of the relevant provisions of the LEP.

Similarly, there was also some concern expressed as to the possibility that Community Title subdivisions were not subdivisions to which the currently relevant provisions of Cowra LEP 1990 applied.

Upon assessment of the various actual development applications (the subject of Term of Reference 3 below) it became apparent that possible errors in the application of Cowra LEP 1990 occurred shortly following Amendment 7 which effected the change to the definition of "prime agricultural land".

In the year following the making of that Amendment 2 development applications which related to prime agricultural land were lodged in respect of which a query was raised concerning that classification as evidenced in the Department of Agriculture's mapping. This query was raised by the Council directly with the Department of Agriculture which responded, in effect, by indicating that although the mapping indicated that the subject land is classified relevantly to render the land as

prime agricultural land, the Department of Agriculture noted that the designation was not necessarily appropriate in the circumstances of the then present case. The Department of Agriculture's response also, quite relevantly to the present Panel Report, urged a strategic planning approach at the Council planning level to determine lands which were appropriate to be retained for agriculture in the face of inappropriate settlement which caused fragmentation of agricultural land and land use conflicts.

That part of the response which operated to effectively circumvent the land mapping appeared to have created a precedent (in terms of approach by the Council) for many subsequent decisions with respect to development applications which were with respect to prime agricultural land but in respect of which a case was inevitably made that that classification was inappropriate. Hence, subsequently, many of the applications identified as being not in accordance with the terms of the Cowra LEP 1990 were applications with respect to prime agricultural lands but in relation to which submissions were made that such a classification was inappropriate.

The first of those that followed this initial communication with the Department of Agriculture were supported by an agronomist report that argued a case against the land being prime agricultural land on the basis of the inherent quality of the land. That submission was then used to effectively reclassify the land as a non-prime agricultural land, and hence notwithstanding the definition in the Cowra LEP 1990, the development application was determined as if the land was so classified, hence giving rise to the "possible error in the planning process".

The approach of the use of an agronomist report to argue a case against the prima facie prime agricultural land classification then continued throughout the relevant period. However, quite ironically the use of such reports evolved to the point at which rather than arguing a case concerning the classification of land on the basis of the land's inherent quality (for example soil, slope), in some instances the agronomist report argued in a quite paradoxical fashion that the land, whilst classified as prime agricultural, was not prime agricultural because it was " *no longer prime agricultural due to the expansion of North Cowra*" or (even more ironically having regard to the Panel's Terms of Reference) "*the land is a non prime because of its fragmentation from prime agricultural lands*".

Finally, in some instances there was evidence of a possible misinterpretation of the classification maps, but this instance was the exception rather than the rule.

Generally speaking to the extent that there may be said to have been planning errors these in the main are best described as a de facto reclassification of prime agricultural lands in circumstances where, at least initially, the correct classification was identified. In theory at least the definition of prime agricultural land may have been regarded as an appropriate basis for the utilisation of certain minimum subdivision controls but in the application of that definition by both the Council and the Department of Agriculture (as responsible for the land classification mapping), the constraint to those controls was effectively relaxed.

Throughout the relevant period, the assessment of applications concerning subdivision of these rural lands appears to have proceeded upon the assumptions created by the initial approach (to the Department of Agriculture) to effectively go behind the land classification maps. This situation was exacerbated by the fact that many applications for rural subdivision were lodged by, or supported by, the same applicant consultants. The subdivision decisions throughout this period were delegated to persons who in some instances were inexperienced. And finally, in the majority of cases the Council's files did not disclose any external objection to the development applications.

The combination of the early relaxation of the land use mapping, the continuity of assessment, decision-makers and applicant consultants, and the absence of any real objections or objectors resulted in the long period of possible planning errors and the number of development applications which fall for consideration under Term of Reference 3.

This approach had the effect of importing to prime agricultural land the significantly lower minimum subdivision allotment requirements that were applied to non-prime agricultural land.

These approaches appeared to have ceased from about September 2004 once the Council was questioned about its interpretation of the Cowra LEP 1990 upon complaint from the public concerning one of the more controversial development applications lodged during this period.

TERM OF REFERENCE 3

Identify and describe the nature and extent of planning consents given by the Council that may be uncertain.

As referred above, notwithstanding the apparent breadth of this Term of Reference, the Panel did not embark upon a process of assessment of all development consents given by Council, but rather only those relevant to the proposed amendment to the Cowra LEP 1990.

Based upon submissions from the Council, and based especially on the fact that the possible planning errors arose by reason of a change in the definition of prime agricultural land, as referred above, and that the construction of that definition was raised by the Department of Planning in about the end of 2004, the focus was given to decisions given with respect to Rural 1(a) lands during the period of 1998 to 2004.

During that period approximately 170 development applications relating to Rural 1(a) lands were lodged with the Council.

Approximately 100 of these developed applications related to land which fell within the classification of prime agricultural lands. The remaining 70 fell in the first instance within the non-prime agricultural lands classification.

Not all of the development applications were approved or refused, some of them being withdrawn by applicants prior to determination by the Council. This notwithstanding, only two development applications were actually refused by the Council (by resolution), and both of these decisions were made after the Department of Planning's initial correspondence with the Council in 2004 concerning the Councils interpretation of the Cowra LEP 1990 with respect to the Rural 1(a) lands.

Of the 100 or so development applications related to prime agricultural land some 35 were identified by the Council (Appendix 3), after it had undertaken a review (the nature of which the Panel is satisfied was undertaken in such a way so as to best identify planning consents which may be uncertain), as being possibly uncertain as a result of possible errors in the planning process as discussed above.

From these 35 development consents it was apparent, following further investigation, that three could not be said to be uncertain because the initial identification process had either incorrectly identified the land as prime, or failed to recognise the subdivision rights for concessional allotments appertaining to the relevant application.

The resulting development consents resulted in the creation of some 114 allotments that may be said to have been created outside the terms of the Cowra LEP 1990. The vast majority of these were allotments of a relatively small size and more suited to the subdivision standard for non prime agricultural lands. Some nine allotments were lots created around existing dwellings in respect of which an argument concerning their being encompassed in concessional allotments could be made. At least three allotments, whilst not supported by any apparent objection pursuant to the terms of State Environmental Planning Policy No. 1, were sufficiently close to the 40ha standard as to not warrant any further investigation.

The Panel undertook an assessment of these development applications with the candid assistance of, and submissions by, officers of the Council. The information sought by the Panel included relevant development applications and development assessment reports. Submissions were also made by assessing officers and delegates.

In many instances it was difficult to determine the actual basis for the decision which resulted in an apparent departure from the minimum subdivision standards in the Cowra LEP 1990. This was because the records kept, or the documents produced, did not include any assessment report or information relevant to that determination.

As may be expected as necessarily flowing from the basis upon which the decisions were made (as set out in Term of Reference 2 above), namely that there was a perceived ability to proceed to determine and grant development consents, notwithstanding the land classification, there were no instances of any formal applications pursuant to State Environmental Planning Policy 1, and only one instance in which it may be said that such an application was made in substance, if not in form.

As also reported with respect to Term of Reference 2 above, and on the basis of the further investigations undertaken by the Panel, the predominant basis for the granting of such consents appeared to be the de facto reclassification of land on a case-by-case basis resulting in approximately 30 development consents which may be said to bear legal uncertainty or irregularity. The Panel does not otherwise identify with more specificity those actual consents.

TERM OF REFERENCE 4

Consider and advise the Minister for Planning what actions the Government should take to address the issues arising from the first three terms of reference, particularly in relation to uncertainty of property rights and consents.

This Term requests advice concerning actions to address the first three Terms of Reference -

Concerning Term of Reference 1:

Insofar as Term of Reference 1 is concerned, for the reasons given in relation hereto the Panel recommends forthwith the making of Cowra LEP 1990 (Amendment 14) with a minimum standard for subdivision of Rural 1(a) lands in clauses 12(3) and 17A(b) of 400ha.

Concerning Term of Reference 2:

The making of Cowra LEP 1990 (Amendment 14) would have the effect, in addition, of reducing the ability to circumvent a classification of agricultural land to bring with it different minimum subdivision standards for certain lands zoned in the same way.

Concerning Term of Reference 3:

Action concerning development consents granted by the Council however brings with it far greater difficulties, legally, practically and in most cases emotionally.

Firstly, it is important to recognise that development consents are valid until declared otherwise by the Court.

Furthermore, insofar as consents were granted on the basis of a de facto reclassification of lands notwithstanding the express terms of the Cowra LEP 1990 of course it is open to be said at least prima facie that such consents are potentially invalid, or at the least uncertain.

If any action was to be taken to render invalid those consents then the basis of any such challenge must first be determined. That approach would require characterisation of the "error" as being one concerned with either a prohibition or a development standard as the relevant clauses are reflected in the Cowra LEP 1990. The Panel is of the opinion that such clauses are most probably development standards, the consequence of which is that the invalidity is perhaps arguably more difficult to establish, or possibly less patently fatal to the consent than where a prohibition is concerned.

This general approach notwithstanding, as reported above, most if not all of the relevant development consents appeared to have been devoid of any relevant objection pursuant to State Environmental Planning Policy 1. The fundamental basis therefore to the making of the decision may be said to have been lacking.

The Environmental Planning and Assessment Act 1979 (EP&A Act) provides, in section 101, for the "protection" of consents where public notice is given of their making. Such a publication operates to prevent any challenge to the granting of a development consent in proceedings brought more than three months after the publication. There are some judicial exceptions to this general rule.

In some instances the Council did give a section 101 notice for the consents.

However, complicating the issue further is the fact that during the relevant period of the granting of the identified consents the Council did not always publish development consents, and when it did, for

a certain period at least, the publication was not in accordance with section 101 of the EP&A Act. It appears that the practice of publishing development consents (and hence prima facie the prevention of challenges to them) commenced only from about 2002. The uncertainty concerning the effectiveness of the publications continued for publications made until about the end of 2004 when the public notices appear to have been made in accordance with the requirements of the EP&A Regulation.

Hence, even if action was thought appropriate to be undertaken with respect to the consents there is some question as to whether proceedings to set consents aside would be defeated by operation of section 101, even in instances where a section 101 notice was in fact given.

The three options available with respect to the consents in the event that action was considered appropriate to have them set aside are:

a. Legal proceedings to declare the relevant consents invalid; or
b. Director-General initiated revocation pursuant to section 96A; or
c. Validating legislation.

Legal Proceedings

For the reasons discussed above legal proceedings to seek to declare the relevant consents invalid are in the opinion of the Panel fraught with much difficulty.

This notwithstanding, and probably most persuasive though, is the fact that the majority of these consents have been acted upon with many of the lots created by the consents having been on-sold to parties unrelated to the application, or the process concerned with the determination of it. Some submissions received by the Panel were from persons who had purchased lots that were the subject of the uncertain consents.

This observation is relevant not only as part of the making of recommendations concerning these consents, and the decision to do something about them, but as part of this first option, namely, the legal proceedings. This is because even if proceedings were to reach the point of a finding that the consent was invalidly granted, inevitably the Court would be asked to decline to grant any relief to declare the consent as invalid on discretionary grounds. The Panel is unable to indicate what likely result would ensue, save that it would appear that such an application would be likely to be heard sympathetically by the Courts.

One of the submissions made to the Panel suggested that if mistakes have been made in the past then they should be left alone and the future should ensure that the mistakes are not repeated. The Panel agrees with this submission.

To the extent that lots have been created and sold, the Panel does not recommend any action take place. It appears (obviously) that the prejudice to the individual lot owner would far outweigh any benefit to be derived.

Notwithstanding this general position, it is recommended that efforts be undertaken to urge the Council to republish section 101 notices with respect to all of the relevant consents so that whatever protection may be afforded to the consents by operation of the EP&A Act it is not defeated either because of a failure to have made a section 101 publication, or because it is defective in form.

With respect to one of the identified consents it is apparent that the Department of Planning and the Council have already commenced action to seek to have the landowner, in a cooperative way, surrender the consent. The Panel recommends that such efforts continue.

Director-General Initiated Surrender

Insofar as the second option above is concerned (EP&A Act surrender), the Panel makes no recommendation either in favour or against that option, it being more related to the matter of policy.

This notwithstanding, the Panel would wish to observe that such a course is predicated upon having regard to a draft State Policy of a Regional Plan. There is no such document in the present case. A surrender may also be initiated by the Council, but again having regard to a draft local environmental plan.

Although there is a draft in the present case (that is Cowra LEP 1990 (Amendment 14)) it is dealing with a minimum subdivision standard. It may be difficult to argue that that is sufficient to engage section 96A of the EP&A Act, when the surrender is directed more to curing perceived "defects" with respect to the prior standard.

Additionally there is a right of appeal to the Land and Environment Court under section 96A(6) of the EP&A Act which may affirm, vary or cancel the instrument of revocation. So the process is further uncertain.

All that notwithstanding, if a consent is actually surrendered compensation for expenditure incurred pursuant to the consent is payable under section 96A(7) of the EP&A Act.

For all of these reasons the Panel does not recommend that any action be taken pursuant to this course.

Validating Legislation

The third option available is the enacting of legislation to validate the consent about which uncertainty has been raised.

Beyond the move towards certainty achievable by implementing the recommendations set out as part of option (a) above, this course would remove any residual uncertainty.

The Panel considers that such a course is entirely a matter of Government policy and makes no further comment in relation to it.

TERM OF REFERENCE 5

Advise on the appropriateness of current actions being taken by Cowra Shire Council (including its preparation of its land use strategy) in supporting the orderly and sustainable development of the Cowra area.

In summary, recent actions taken by Cowra Shire Council to support the ongoing, orderly and sustainable development of the Cowra area have been:

- Restructuring of the Environmental Services Department of Council (see below);
- Suspending all staff delegated authority (October 2004) in relation to subdivisions of land zoned Rural 1(a) under Cowra LEP 1990;
- Undertaking a review of development control plans, standards, policies and forms related to development assessment processes, including preparing a Code of Planning Practice;
- Resolving to prepare (20 December 2004) draft Cowra LEP 1990 (Amendment 14) to control inappropriate rural residential development in the Rural 1(a) zone in the interim period while the Cowra Land Use Strategy and LEP are being prepared;
- Taking into considerations draft Cowra LEP 1990 (Amendment 14) in determining development applications lodged after 4 March 2005;
- Resolving to undertake (24 October 2005) the Cowra Land Use Strategy and preparation of a new comprehensive local environmental plan; and
- Appointing consultants (November 2005) to prepare the Cowra Land Use Strategy and new comprehensive LEP.

Council has also commenced the Cowra Shire Section 94 Contributions Review, Cowra Shire Heritage Study and Cowra/Gooloogong Floodplain Risk Management Study. It has also resolved to prepare an overarching Futures 30 Strategic Growth Plan for the Shire.

Council's submission to this term of reference expands on the above summary:

> *The Environmental Services Department has been re-structured to maintain a full time team of three Environmental Health and Building Surveyors, one Town Planner and a Trainee Town Planner. This professional team is supported by the Director – Environmental Services, Environmental Services Coordinator and the Development Control Clerk. Most positions have been newly created in the restructure process to provide greater focus on service delivery and accountability of key responsibilities.*
>
> *The Department currently also accounts for the contract employment of consultancy firm(s) to assist with the preparation of the Cowra Shire Land use Strategy, a part-time Heritage Adviser to complete the Cowra Shire Heritage Inventory and delivery of heritage advice/service to Council and a specialist planning consultant to prepare a review of section 94 contributions.*
>
> *The Environmental Services 05/06 budget underpins a return to core business of development and building control, pollution control, environmental management, regulation, compliance and advice. Over the next twelve months it is intended to review and further improve the majority of Council policies and processes relating to the main functions of Environmental Services. The overall focus of the department will be to deliver on accurate, quality advice and service through on-going review of its policies and processes and client service levels.*

New Development Application forms and a DA Guide have been developed to ensure that development applications submitted with Council are properly completed and include all of the information required by the Environmental Planning and Assessment Act 1979 to properly process the applications.

To improve on the quality of development applications submitted to Council and advice being given to developers, Environmental Services have initiated a "Preliminary DA Lodgement Process", whereby proponents can access Council's senior team of multi-disciplinary assessment staff to provide preliminary comments on new development proposals, the information that needs to be considered in the preparation of applications and a general outline of the likely DA process relevant to the proposal. This process is achieving better quality applications and a smoother, quicker DA process.

Environmental Services have completed a comprehensive review of all of its procedures relating to the processing of development applications. A DA Procedures Manual has been developed and documents Council's systematic approach to process reform and maintaining consistency in the assessment and determination of development applications.

On a weekly basis all new development applications are referred to an Initial Check Meeting (ICM) where the applications are reviewed by the Team Leader – Development Services, Team Leader – Technical Services Design, Town Planner and Development Services Clerk. The ICM aims to highlight the main issues relevant to the assessment of each new application as well as map-out the general processing strategy for the application. The ICM is also used as a forum to check status of development applications in progress and discuss any new problems or issues associated with the processing of a development application.

Similar procedures have been or are in the process of being prepared for the processing of Planning Certificates, Construction Certificates, Drainage Diagrams, Notices and Orders.

The Council has also prepared a Code of DA Practice which has been placed on public exhibition for comment. As previously indicated, Council would welcome the Independent Review Panel to comment on the draft Code of DA Practice prior to its final aDepartment of Planningtion.

Funding has been provided for the preparation of the Futures 30 Strategic Growth Plan for Cowra Shire that will plan the future of Cowra 30 years into the future. Planning a Futures 30 Search Conference is currently underway, to be held in late March 2006 to engage with the local community and develop a strategic plan for the Shire (30 year vision).

Futures 30 will be underpinned by the Cowra Shire Land use Strategy that will be developed throughout 2006. The Land use Strategy has State government support and will focus on working with the community to develop sound planning policy direction under a new local environmental plan to apply to Cowra Shire.

Council is also conducting a comprehensive review of section 94 Contributions Plans and will introduce a new system of contributions planning in line with the completion of the Cowra Shire Land use Strategy and resultant new local environmental plan.

All Development Controls Plans that apply in the Cowra Shire are also being reviewed on a priority basis. The DCP review will largely be driven by the findings and outcomes of the land use strategy. However, Environmental Services is currently focusing on the

development of the following "generic based plans" that are not necessarily dependent on the outcomes of the land use strategy:

- *Erosion and Sediment Control DCP.*
- *Contaminated Land Development Control Plan.*
- *Complying Development Control Plan.*
- *Exempt Development Control Plan.*
- *DA Notification and Advertising Development Control Plan.*

Heritage management matters will be integrated into the Cowra Shire Heritage Study, with a qualified heritage advisor providing a limited service to the Council and the community on a part-time basis.

Subject to time constraints and resources in this years budget, Environmental Services is planning to undertake an audit of rural dwelling-houses to determine any illegal and/or non-complying dwellings and structures on rural land.

The Council has obtained and will continue to obtain legal advice to assist it in its administration of planning in its area.

The next two years will be a very challenging and exciting period for land use planning in Cowra Shire and Council is confident that it is moving forward and in the right direction to bring about the orderly and sustainable development of the Cowra Shire.

The above actions taken by Council have the general support of the Department of Planning and Department Of Primary Industries. They are generally supported by the community, other than provisions in draft Cowra LEP 1990 (Amendment 14) which restrict subdivision with dwelling approval in the Rural 1(a) zone.

Panel's Comments

The Panel considers the actions being taken by Council as noted above are comprehensive. When professionally implemented they would assist in arresting inappropriate rural residential development in the Rural 1(a) zone in the interim period while the Cowra Land Use Strategy and new LEP are being prepared. Moreover, the land use strategy provides a transparent and consultative framework to reconcile competing land use demands and to facilitate the orderly and sustainable development of the Cowra Shire. Thorough preparation of a land use strategy supports good planning practice and informs sound land use decisions. In this regard it should include a comprehensive assessment of the minimum lot size for the Cowra Shire for dryland agriculture, a major bone of contention in the local community.

The Panel emphasises the need for ongoing professional implementation of Council's actions. Having reviewed some of the more recent assessments of development application for subdivisions (2005), the Panel is satisfied a high level of professionalism is now being applied to the assessments. The Panel acknowledges the reservations raised by a number of parties in this regard as to the merit assessments undertaken by Council officers and subsequently adopted by Council. However, the Panel does not view its terms of reference as relating to the weighting of the various environmental planning aspects of each individual development application unless a significant level of unreasonableness is evident. The Panel has not been persuaded that such unreasonableness has influenced Council's recent decisions in development applications which parties have referred to the Panel.

The Panel also reviewed Council's technical brief for development of the Cowra Land Use Strategy and LEP as well as Council's submission to the Panel. The technical brief is thorough and requires community consultation which the Panel strongly supports. The Panel encourages the community to

fully participate in the consultation initiatives being provided by Council in relation to strategic planning issues. Both the Director-Environmental Services and representatives of the appointed consultant are well qualified and experienced professionals with sound environmental planning backgrounds. The Panel is satisfied with the standard of the personnel managing the Cowra Land Use Strategy and new LEP.

The Panel has concluded that the current actions being taken by Cowra Shire Council to ensure the orderly and sustainable development of the Cowra area are appropriate subject to periodic independent review. To ensure that a high level of professionalism is maintained by Council in implementing its above listed actions the Panel recommends that Council commission an independent review of its rural subdivision assessments and decisions, including those made under delegated authority, by an appropriately qualified person. The Panel recommends that an initial independent review occur within two years of the new LEP being gazetted and then once in each term of office.

TERM OF REFERENCE 6

Recommend any other appropriate actions that would promote improved land use planning for the Cowra local government area.

The Panel has reviewed the submissions made by a number of councillors, Council staff and representatives of the appointed planning consultant as well as reviewing community submissions to the Panel and hearing from local residents. As a consequence, the Panel believes it has a reasonable understanding of the significant and relevant issues for land use planning in the Cowra Shire. Many of the issues have been canvassed in the preceding five terms of reference. The Panel has reviewed all the evidence submitted and has identified other appropriate actions that would promote improved land use planning for the Cowra local government, in addition to those recommended in the preceding five terms of reference area, including:

- Enforcing building, environmental and service standards as well as conditions of consent for rural residential type development including review of the provision for "temporary" accommodation.
- Assessing the agricultural and social viability of providing some limited areas for intensive agriculture (with dwelling entitlement) on lots less than 40ha in specified areas in the new LEP.
- Providing a wider range of lot sizes in rural residential areas.
- Generally locating rural residential areas in the vicinity of established towns and villages on poorer quality agricultural land.
- Reviewing contribution charges for rural residential areas to ensure Council can adequately provide the relevant services.
- Mapping of important areas of vegetation and riverine ecology.
- Identifying areas which are more suited for specific enterprises and consider minimum lot sizes accordingly.
- Considering the need for more than one dryland agriculture minimum lot size depending on the general land types which range from river flat lands to those at higher altitudes.
- Ensuring clear wording in conditions of consent.
- Developing a guideline for what constitutes intensive agriculture, and controls for such development for insertion in the LEP.
- Taking into account the existing distribution of small lots in and around the towns and villages in the Shire in assessing the potential for rezoning land.
- Considering alternative land use zoning for lands with little or no potential for sustainable agriculture.
- Providing clear and timely guidance when requested by the owner as to whether a building entitlement is attached to an existing lot and referring the owner to documents which set out what conditions apply or are likely to apply.
- Establishing an independent review Panel to assess 'worthwhile' development which falls outside of the LEP requirements but to which SEPP 1 could apply.
- Developing a short education program relating to planning procedures and policies for Councillors, in conjunction with the Department of Planning.