



Mildura Older Irrigation Area Rural Strategy Final Report

April 2008



International Standards
Certification
QAC/R61/0611

Disclaimer:

This report has been prepared in accordance with the scope of services described in the contract or agreement between RMCG and the Client. Any findings, conclusions or recommendations only apply to the aforementioned circumstances and no greater reliance should be assumed or drawn by the Client. Furthermore, the report has been prepared solely for use by the Client and RMCG accepts no responsibility for its use by other parties.

Table of Contents

Executive Summary	i
1 Introduction	1
1.1 Background.....	1
1.2 Project Objectives	1
1.3 Project Approach.....	2
1.4 Project Steering Committee.....	2
2 Context	3
2.1 MOIA National and Regional Context	3
2.1.1 Mildura Horticultural Region	3
2.2 Development History	4
3 Planning Policy	8
3.1 Mildura Planning Scheme.....	8
3.1.1 State Planning Policy Framework (SPPF).....	8
3.1.2 Local Planning Policy Framework (LPPF).....	9
3.2 Rural Strategic Studies	11
3.2.1 Mildura City Council Rural Residential Review, 2003.....	11
3.2.2 Review of the Mildura and Irymple Residential Land Strategies, 2003	12
3.2.3 Rural Areas Strategy, 2005	12
3.2.4 Amendment C30 – Rural Area Policy	13
3.2.5 Vision for the Mildura – Irymple Interface, 2006.....	14
3.3 Implementation Issues	14
3.3.1 Dwellings in the Farming Zone.....	14
3.3.2 Subdivisions in the Farming Zone.....	16
3.3.3 Minimum Lot Size	16
3.3.4 VCAT Decisions	17
3.4 Key Findings	18
3.5 Strategic Considerations	19
4 Horticulture in MOIA	20
4.1 Mildura Rural City Agricultural Overview	20
4.2 MOIA Horticultural Industries.....	20
4.3 Agricultural Capability	21
4.4 Irrigation infrastructure	21
4.4.1 FMIT.....	21
4.4.2 Lower Murray Water	22
4.4.3 Irrigation Efficiency.....	22
4.5 Issues for Horticulture	23
4.5.1 Water Deregulation Benefits	23

4.5.2	Water Deregulation Risks	23
4.5.3	Business size and Industry Restructure	24
4.5.4	Land Prices	25
4.5.5	Rural lifestyle	26
4.6	Part Time Farming	27
4.7	Opportunities for horticulture	27
4.7.1	Farm Scale	27
4.7.2	Irrigation Modernisation and Reconfiguration	28
4.8	Key Findings	28
5	Population Growth and Urban Expansion	30
5.1	Population Growth	30
5.2	Growth opportunities	30
5.3	Tourism and recreation development	30
5.4	Key Findings	31
5.5	Strategic Considerations	31
6	Consultation	32
6.1	Overview	32
6.2	Consultation on the Issues Paper	32
6.2.1	Issues Paper	32
6.2.2	Information Bulletins	33
6.3	Stakeholder Workshops	33
6.4	Community Forums	33
6.5	Prevailing Community Position	34
6.6	Consultation on the Options Paper	35
6.6.1	Information Bulletins	35
6.6.2	Community and Stakeholder Consultation on Options	35
6.6.3	Written Submissions	35
7	Mildura Older Irrigation Areas Rural Strategy	36
7.1	Introduction	36
7.2	Key Strategic Elements	36
7.3	Vision	36
7.4	Strategic Objectives	36
7.5	Horticulture	37
7.6	Rural Living	37
8	Options for Implementation of the Vision	38
8.1	Introduction	38
8.2	Development of the Options	38
8.3	Land Use Planning Objectives	38
8.4	Land Use Planning Outcomes	38

8.5	Location of Horticultural Businesses	39
8.6	Options	39
8.7	Option 1 – Current Practice (Approve every application for a dwelling)	40
8.8	Option 2. – Consistent Application of Policy	45
8.9	Option 3 – Amend Planning Scheme (with Excisions)	50
8.9.1	Minimum Lot Size for an Excision	50
8.10	Option 4 Amend Planning Scheme (no excisions)	55
8.11	Comparison of Options	59
8.12	Options Developed During Consultation	61
8.13	Preferred Option	62
9	Delivering the Vision	64
9.1	Overview	64
9.2	Municipal Strategic Statement	64
9.3	Farming Zone	65
9.4	Managing Rural Dwellings and Excisions	65
9.4.1	Schedule to the Farming Zone	66
9.4.2	Restructure Overlay	66
9.4.3	Local Policy	67
9.5	Transitional Arrangements	67
9.6	Monitoring and Review of Implementation	68
9.7	Further Strategic Work	68
9.7.1	Rural Residential Development	68
9.7.2	Tourism Strategy	69
9.7.3	Review of Rural Strategy for Other Irrigated Areas	69
9.7.4	Mildura Urban Boundaries – Beyond 2030	70
9.7.5	Murray River Precinct Policy Framework	70
10	Complementary Implementation Measures to Facilitate Horticultural Industry Viability	89
10.1	Context	89
10.2	Horticultural Industry Restructure	90
10.3	Recommendations	90
	References	92
Appendix 1	Community and Stakeholder Workshop	93
Appendix 2	Information Bulletins	105
Appendix 3	Mapping	106

Executive Summary

Background

The Mildura Older Irrigation Area (MOIA) comprises the older pumped districts of Mildura, Merbein and Red Cliffs. These districts have a strong farming history particularly in the production of table grapes, dried grapes, wine grapes and citrus.

The current rural strategy (Maunsell 2005) provides for the land to continue to be used for horticulture. However, the land use circumstances are changing within the MOIA. Between 2006 and 2008, the combined effects of water deregulation, low commodity prices, small businesses sizes, generational change, low water allocations and high water prices has brought about significant acceleration of restructure in horticulture. The MOIA also has a significant population of residents that are not directly involved in horticulture. The amenity of the MOIA and its close proximity to Mildura makes it very attractive for those seeking a rural lifestyle. It is acknowledged that the current strategy no longer adequately responds to the suite of land use planning issues in the MOIA

Horticulture underpins the Mildura Rural City's economy directly with products for the local and export markets. It also supports a significant agricultural services industry and food processing, packaging and manufacturing sector that accepts products grown within the City and from the wider region. Much of the employment in Mildura is associated with horticultural servicing and processing of horticultural produce. Increasingly the MOIA is valued for the landscape amenity it provides, in particular for rural residential living as the "green oasis" and is a fundamental part of the character and identity of Mildura.

The community consultation conducted as part of this study clearly demonstrated that despite the current difficulties and circumstances, there is a strong commitment to see the future of the MOIA retained for horticulture.

Project Objectives

The Mildura Rural City Council (MRCC) sought to determine a strategy for the Mildura Older Irrigated Area. The key outcomes of the study are:

- A long-term (20 year) preferred land use and development vision for land within the Mildura Older Irrigated Areas;
- A strategic framework for the Mildura Older Irrigated Areas;
- An appropriate policy and zoning regime for the Mildura Older Irrigated Areas;
- An implementation program including actions and strategies identifying planning responses and including planning scheme changes, any non-statutory implementation measures and other legislative responses to ensure that future use and development of the area reflects the preferred vision.

Project Approach

The Mildura Rural City Council engaged RM Consulting Group in collaboration with Parsons Brinckerhoff to undertake the study. The study was undertaken in five stages:

- Stage 1 Review and analysis to provide a current understanding of rural land use within the MOIA and the drivers of land use change;
- Stage 2 Consultation with stakeholders, community and Council to confirm the findings of Stage 1 and identify a preferred vision for future land use within the MOIA;
- Stage 3 Identify options to achieve the preferred vision including statutory and non-statutory measures;
- Stage 4 Consult with stakeholders and the community to identify the preferred option; and
- Stage 5 Prepare appropriate documentation to implement the preferred option.

Stages 1 to 4 have been completed. This report documents the completion of Stage 5.

Project Reports

A number of reports were produced during the study:

- Mildura Older Irrigation Area Issues Paper for Consultation;
- Mildura Older Irrigation Area Draft Rural Strategy and Options Paper;
- Mildura Older Irrigation Area Review of Submissions: Report to Councillors

Rural Land Use Circumstances in the Mildura Older Irrigation Area

Planning Policy

The current planned future for the MOIA is for the land to be retained for agriculture. This position is supported by strategies, policies, zones, and schedules that encourage consolidation of properties, discourages non-agricultural uses, defines the current and future urban boundaries and accommodates rural residential development in planned areas. MRCC has now adopted a revised Rural Areas Policy to provide additional guidance on land use in the Farming Zone.

Implementation of the Rural Residential Review (2003) through Amendment C28 will provide for rural residential development until 2013. This is contingent on the assumption that land within the MOIA will remain in agricultural use. In addition, future residential and commercial use will be considered for the Mildura and Irymple Interface area, which is currently zoned for farming purposes. Amendment C38 has recently been exhibited and has identified land for commercial purposes as recommended in the Vision for the Mildura Irymple Interface Study. Council has adopted C38 and will now forward it for approval.

While Council has policy and strategies that provide a clear and strong position on land use and development within the MOIA, it has been established that these have not been applied consistently. Currently, Council approves all permits for a dwelling in the MOIA. If Council continues with this approach of approving all dwelling applications, there is potential for more than 2,000 additional dwellings across the MOIA. This will significantly compromise the future of the MOIA as a horticultural region and has potential for a number of other consequences:

- Dwelling development in the MOIA on an *ad hoc* basis will mean that planned residential areas will develop at a slower rate than anticipated and compromise Council strategic position in relation to urban growth as unplanned.

- Cost of provision of Council services will rise;
- Increased conflict between residents and farmers
- Council will not be able to plan for infrastructure roll out to meet the expectations of these residential areas due to ad hoc nature of development
- Social isolation/implications of an aging community

Under the Rural Areas Policy, the 10ha minimum subdivision size is fuelling speculative land purchases to achieve subdivision of residential allotments from the consolidated small lots. This is driving up land prices above productive value. The effect of the policy has also been to generate a significant number of applications to Council seeking consolidation of lots via boundary realignments and vinculums with the express purpose of creating a residential lot. This is driving prices of agricultural land above its productive value. Council has objected to a number of these proposals and these have been successfully upheld at VCAT.

This rural land strategy needs to clarify the position with regard to dwellings, subdivision and excisions and provide clear direction to the community and allow for consistent decision-making.

The minimum lot size for a subdivision no longer reflects an economic business size. Across agricultural industries, farm businesses are on a continuous cycle of business growth to match declining terms of trade and provide for the next generation. Therefore, the minimum lot size should not be based on an economically viable land unit but rather a lot size that can provide for incremental growth of farm businesses and is technically viable enabling landowners to use equipment and manage the land using best practice. This rural strategy will seek to break the nexus between minimum lot size and viable horticultural business size.

Strategic Considerations

The key strategic issue for the MOIA is to reaffirm or otherwise the future of the MOIA as a horticultural area. The inconsistent application of local policy runs counter to the objectives of the current planning scheme at a state and local level and is sending mixed signals to the community.

The rural strategy review provides an opportunity to confirm the future of the MOIA and implement planning controls that respond to the unique circumstances of the MOIA and its community.

Horticulture in the MOIA

Agriculture, and particularly horticulture and the associated manufacturing, packaging and processing of local produce, underpins the economy of Mildura. The MOIA makes a significant contribution to the local economy and grape production is the predominant land use, particularly wine grapes.

The agricultural capability of land within the MOIA is high, however, this presumes access to water. There is no commercial dryland use of the small allotments found in the MOIA.

Water authorities have committed to modernisation and reconfiguration of the irrigation infrastructure, which will bring efficiencies on farm. Water deregulation has brought with it growth and expansion of irrigation across the Mildura region. However, the recent circumstances of low commodity prices and high water prices have resulted in a significant amount of trade, mainly temporary trade, out of the MOIA. There has been an associated increase in the area of vacant land particularly in Merbein. Unless this vacant land is returned to productive horticulture, then there will be serious implications for

the overall productivity of the MOIA, the amenity of the area afforded by horticulture and the long-term viability of the irrigation network.

The planning scheme does not provide a mechanism for securing water in an irrigation area. Therefore this study needs to identify statutory and non-statutory measures to ensure horticulture is viable in the longer term and to ensure modernisation and reconfiguration of irrigation infrastructure to assist growers to remain competitive.

The horticultural industry in the MOIA is made up of a large number of small and medium sized businesses and fewer large-scale (>20-ha) businesses. These larger businesses manage up to 50% of the land area and generate up to 65% of the gross value of agricultural production.

The combination of low commodity prices, low water allocation and high water prices is likely to result in significant restructure within the horticultural industry. Small and medium sized businesses are under significant pressure and some will be looking to exit the industry while others will be looking to expand to gain the necessary scale to be viable in the long term.

Measures are required to assist those wishing to leave horticulture, such as the Australian Government exit packages, as well as facilitating growth and expansion of businesses wishing to stay. The outcomes of this revised strategy for the MOIA needs to complement industry restructure

Land prices are increasing above the productive value of the land due to the purchase of properties for lifestyle purposes and for their development potential. This is a significant barrier to growth and expansion of horticultural businesses and sometimes it is more cost effective for growers to develop a greenfield site outside the MOIA. Growers need access to land without unwanted infrastructure and valued at its productive potential. The proposed rural strategy needs to identify land use planning solutions that will minimise will inflation of land values above the productive value of the land.

A large proportion of farm businesses in the MOIA are part-time businesses with income drawn from the farm and off-farm. These businesses have responded to the low commodity prices and high seasonal water prices by abandoning vines, selling or leasing water or changing to low input systems. In terms of district regional development, part-time farming will constrain the growth of horticulture. Mechanisms are required to encourage fulltime, large-scale farming and protect the amenity afforded by horticulture in the MOIA.

Future opportunities for horticulture will come from increasing scale and modernisation and reconfiguration of the irrigation network. The proposed rural strategy needs to identify mechanisms to encourage large-scale farming and align with modernisation and reconfiguration of the irrigation infrastructure to ensure that growers can capitalise on the benefits of improved efficiency.

Strategic Considerations

The horticultural industry is experiencing a period of significant restructure triggered by low commodity prices, low water allocations and high seasonal water prices. The long-term sustainability of the region will depend on a range of statutory and non-statutory mechanisms to assist restructure.

To protect the horticultural industry in the MOIA and consolidate irrigation infrastructure, full time large-scale businesses should be encouraged.

Population Growth and Urban Expansion

Expansion of the urban boundaries of Mildura is constrained by the airport and river. Beyond 2030, growth is likely to be east of the current Mildura town boundaries. Retaining land in larger allotments will facilitate any planned urban development in the future.

There are opportunities to accommodate growth, including rural residential development, in the small towns and hamlets in the MOIA.

There is an opportunity to expand tourism into the MOIA building on the amenity of the area and marketing/sale of primary produce.

Strategic Considerations

Further strategic work is required to:

- Identify the urban boundaries of Mildura beyond 2030;
- Develop plans for the small towns of the MOIA including identifying opportunities for rural residential development
- Develop a Tourism Strategy that will consider accommodating appropriate tourism facilities that will complement the horticultural industries in the MOIA.

In the interim, land in these areas should be retained in the larger allotments to facilitate orderly, planned development in the future.

Consultation

Consultation has been an important part of the development of this Rural Strategy. The Project Steering Committee has met regularly throughout the project and contributed to the project methodology and to development of the Issues Paper and Draft Rural Strategy Options Paper.

The consultation with the community and stakeholders sought to inform the need for a revised approach to land use planning in the MOIA, to gain a better understanding of the issues and to provide an opportunity to contribute to a revised vision for the area.

A series of consultation activities were held in conjunction with the release of the Issues Paper and Draft Strategy and Options Paper, including community forums and stakeholder workshops. It is estimated that about 300 persons attended the community and stakeholder workshops and nearly 500 written submissions were provided to Council for consideration.

Prevailing Community Position

The consultation on the Issues Paper highlighted the significant difficulties being faced by growers within the MOIA due to the economic downturn of 2006, low water allocations and high seasonal water prices. However, there is strong support to see the MOIA retained for horticulture into the future both for the economic benefits to the City, but the amenity it provides as the “green oasis” around Mildura.

Draft Rural Strategy for the Mildura Older Irrigation Area

The development of a rural strategy for the MOIA requires consideration not only of the current issues but also of the future land use needs that will balance horticulture, economic development, existing rural residential living and growth.

Key Strategic Elements

The review of the MOIA concluded the following:

- Horticulture underpins the economy of the City growing products for national consumption and export;
- Horticulture also underpins local manufacturing, transport and processing and provides significant employment;
- Horticulture and the horticultural landscape is a significant element in the identity, image and liveability of the Mildura Rural City; and
- There is a significant level of existing rural residential development within the horticultural areas of the MOIA.

Vision

Based on the issues detailed in this Rural Strategy and the feedback from the community and stakeholders via the consultation (Chapter 6), the Rural Strategy sets out a long term vision for the future of the Mildura Older Irrigation Area that:

- Seeks to protect the land for horticulture;
- Accommodates growth in planned estates around existing towns and hamlets;
- Acknowledges the existing rural residential development; and
- Contributes to the ongoing economic prosperity and quality lifestyle of Mildura.

The Mildura Older Irrigated Area is significant for the contribution to the economy and the liveability and amenity of Mildura. Maintaining and supporting horticulture is vital for the continued economic prosperity of the municipality. Horticulture is important regionally with multipliers in processing and manufacturing and is a significant source of employment. Horticulture provides a 'green oasis' around Mildura and a green break between the smaller towns of the MOIA. Many people aspire to live in the MOIA due to its amenity and the opportunity to combine a rural lifestyle and urban employment

Strategic Objectives

The strategic objectives of the Rural Strategy are to :

- Protect and enhance the horticultural values of the area;
- Provide for the growth and expansion of existing horticultural businesses or the introduction of new horticultural activities;
- Provide for a diversity of horticultural businesses;
- Protect the viability of the irrigation network by encouraging and supporting a vibrant horticultural industry;

- Protect existing horticultural operations from urban encroachment and rural lifestyle development;
- Have regard to the 2030 growth boundary and discourage fragmentation of land for future potential residential development;
- Have regard to the existing rural residential development;
- Protect the amenity of the area afforded by horticulture;
- Provide for horticultural-based tourism.

Options for Implementation of the Visions

Options for implementation of the vision and strategic objectives were developed based on the following land use objectives and land use planning outcomes:

Land Use Planning Objectives

The vision seeks to ensure that the MOIA continues to be used for productive, viable horticulture. As discussed in Section 4.5.3 of this report, the horticultural industry comprises three different business types:

Growing businesses - large scale, full time businesses looking to grow and consolidate their operations in the MOIA.

The land use planning objectives for this group are to protect the land for horticulture and to create a planning environment that will facilitate future growth with minimal non-horticultural constraints.

Transition businesses - medium scale, full time businesses including some looking to grow and consolidate their operations in the MOIA and others seeking to exit the industry.

The land use planning objectives for this group are to protect the land for horticulture, and create a planning environment that will facilitate growth or facilitate transfer of the business into the growing businesses group with minimal non-horticultural constraints.

Small businesses - small, niche or part-time businesses including farming for lifestyle and businesses growing specialty products. Many in this group will not be looking to grow or expand the business.

The land use planning objectives for this group are to protect the land for horticulture and maintain land in land parcels in appropriate locations to facilitate future urban development.

Land Use Planning Outcomes

In seeking to achieve the land use planning objectives, the options should result in the following land use planning outcomes:

- Land is used primarily for horticulture;
- Land is valued at its agricultural value;
- Land is unencumbered by unwanted infrastructure;
- Farm reconfiguration and increased scale to capture the benefits of a modernised and reconfigured irrigation system;

- Land is retained in parcels of a size suitable for farm expansion;
- Further escalation of right to farm issues is minimised;
- Enable those wishing to exit horticulture to do so, recognising the farm business is also the home, but this should not occur at the expense of horticulture; and
- Prevent the continuation of *ad hoc* rural lifestyle development.

Options

Four options for implementation of the vision and objectives were detailed in the Draft Rural Strategy and Options Paper for consideration by the community and stakeholders. The following table summarises the key elements of each option.

Summary and comparison of Options

	New dwellings	Excisions	Subdivision via boundary realignment	Potential dwellings eligible for excisions	Potential additional new dwellings	Rural residential provided around existing towns
Option 1	All lots	Existing dwellings from lots a minimum of 10ha	Yes	135	2,000	No
Option 2	Minimum lot size of 10ha	Existing dwellings from lots a minimum of 10ha	No	135	345	No
Option 3	Residential lots (up to 1ha) created post 1999, no new dwellings over 1ha	Existing dwellings from lots a minimum of 4ha	No	1,076	120	Yes
Option 4	None	None	No	0	0	Yes

Three additional options were identified by the community and stakeholders during the consultation period and were circulated to all residents in the MOIA for consideration.

The following table summarises the key elements of these additional options.

Option A (new)	All lots including vacant lots created via excisions	Existing dwellings from lots a minimum of 4ha	Yes	1,076	2,000	No
Option B (new)	Lots up to 1ha in size,	All existing dwellings can be excised regardless of lot size.	No	2,215	200	Yes
Option X (new)	Lots up to 1ha in size, and on lots a minimum of 10ha in size	Existing dwellings from lots a minimum of 4ha	No	1076	500	No

Preferred Option

The Draft Rural Strategy and Options Paper was provided for public comment. The issues raised in the submissions did not provide new or additional justification for implementation of the options.

In order to progress to preparation of the Rural Strategy and amendment documentation, Council evaluated the options to establish the extent to which they would achieve the vision and strategic objectives of the Rural Strategy. Based on this evaluation, Option B was found to be the option that

would achieve the vision to the greatest extent and was used as the basis for preparation of the Rural Strategy and amendment documentation

Delivering the Vision

The strategy has a number of key recommendations to manage the MOIA regions and balance the objectives between horticulture and residential development. A Planning Scheme Amendment is a direct result of this strategy to ensure the Victoria Planning Provisions reflect the vision and objectives of this strategy.

The Planning Scheme Amendment documents the following changes:

- Amend the Municipal Strategic Statement (MSS) to reflect the updated vision for the MOIA and key themes that are present;
- Introduce Farming Zone Schedule 2 proposes to increase the minimum lot size for allowing dwellings to be constructed without a permit from the current minimum of 10 hectares or greater to 40 hectares to ensure that dwellings require applications and can be assessed against this MOIA Rural Strategy.
- Introduce a Restructure Overlay to the Farming Zone areas within the MOIA that will provide for one dwelling for contiguous lots in the one ownership at the time of the amendment; and
- Amend the Agricultural Land Policy to reflect the new dwelling and subdivision requirements within the MOIA in particular
 - All existing dwellings can be excised from lots greater than 1ha. The size of the lot would be a minimum of 4000sqm and maximum of 1ha (not including the area of any access driveways);
 - A Re-subdivision application would not be supported; and
 - New dwellings will not be supported other than on existing lots that are less than 1hectare.

The strategy has documented a number of transitional arrangement options to appropriately deal with applications lodged during the Planning Scheme Amendment process. The following transitional arrangements will be identified in the Request for Authorisation of the planning scheme amendment but are subject to approval by the Minister for Planning.

1. All applications lodged for new dwellings in the Farming Zone prior to the 24 April 2008 will be assessed under the local policy framework, including amendment C30 as existing at that time;
2. Council agrees to determine all applications lodged for new dwellings in the Farming Zone by the 24 April 2008, prior to gazettal of the proposed planning scheme amendment;
3. All applications for new dwellings and subdivisions in the Farming Zone received after 24 April 2008 will be assessed under the current Agricultural Land Policy;
4. Applications for dwellings on lots greater than 10 hectares, existing in one registered title at gazettal of the planning scheme amendment will be received for an additional 12 month period, after gazettal, as identified in the planning scheme amendment documentation.
5. All applications for new dwellings in the Farming Zone received after 24 April 2008 but not determined by gazettal of the planning scheme amendment will be assessed under the current Agricultural Land Policy following gazettal.
6. All applications received after adoption of the planning scheme amendment by Council will be assessed under the local policy framework, and the proposed planning scheme amendment.

7. All applications received after gazettal of the planning scheme amendment will be assessed under the new policy framework.

Further Strategic Work

This Rural Strategy has identified further strategic work that was beyond the scope of this study:

- Rural Residential Development
- Small Town Structure Plans
- Tourism Strategy
- Review of Rural Strategy for Other Irrigated Areas
- Mildura Urban Boundaries – Beyond 2030
- Murray River Precinct Policy Framework

Complementary Measures

Then Rural Strategy has acknowledged that the horticultural industry is undergoing a period of significant change and restructure triggered by low commodity prices, low water allocations and high seasonal water prices. The long-term sustainability of the region depends on a range of mechanisms to assist restructure. These mechanisms include:

- Exit packages provided by the Federal Government;
- Individual business planning by growers;
- Modernisation and reconfiguration of irrigation infrastructure; and
- Land use planning

It is essential that these interventions dovetail to maximise the future prospects of the region and recommendations with regard to farm business planning and upgrade of the irrigation network have been made.

1 Introduction

1.1 Background

The Mildura Older Irrigation Area (MOIA) comprises the older pumped districts of Mildura, Merbein and Red Cliffs. These districts have a strong farming history particularly in the production of table grapes, dried grapes, wine grapes and citrus.

The current rural land strategy (Maunsell 2005) provides for the land to continue to be used for horticulture. However, the land use circumstances are changing within the MOIA. Between 2006 and 2008 the combined effects of water deregulation, low commodity prices, small businesses size, generational change, low water allocations and high seasonal water prices triggered significant acceleration of restructure in horticulture.

The MOIA also has a significant population of residents that are not directly involved in horticulture. The amenity of the MOIA and its close proximity to Mildura makes it very attractive for those seeking a rural lifestyle. It is acknowledged that the current strategy no longer adequately responds to the suite of land use planning issues in the MOIA

Horticulture underpins the Mildura Rural City's economy directly with products for the local and export markets. It also supports a significant agricultural services industry and food processing, packaging and manufacturing sector that accepts products grown within the City and from the wider region. Much of the employment in Mildura is associated with horticultural servicing and processing of horticultural produce. Increasingly, the MOIA is valued for the landscape amenity it provides for existing rural residential living, as the "green oasis" and is a fundamental part of the character and identity of Mildura.

The community consultation conducted as part of this study clearly demonstrated that despite the current difficulties and circumstances, there is a strong commitment to see the future of the MOIA retained for horticulture.

1.2 Project Objectives

The Mildura Rural City Council (MRCC) sought to determine a strategy for the Mildura Older Irrigated Area. The key outcomes of the study are:

- A long-term (20 year) preferred land use and development vision for land within the Mildura Older Irrigated Areas;
- A strategic framework for the Mildura Older Irrigated Areas;
- An appropriate policy and zoning regime for the Mildura Older Irrigated Areas;
- An implementation program including actions and strategies identifying planning responses and including planning scheme changes, any non-statutory implementation measures and other legislative responses to ensure that future use and development of the area reflects the preferred vision.

1.3 Project Approach

The Mildura Rural City Council engaged RM Consulting Group in collaboration with Parsons Brinckerhoff to undertake the study. The study was undertaken in five stages:

- Stage 1 Review and analysis to provide a current understanding of rural land use within the MOIA and the drivers of land use change;
- Stage 2 Consultation with stakeholders, community and Council to confirm the findings of Stage 1 and identify a preferred vision for future land use within the MOIA;
- Stage 3 Identify options to achieve the preferred vision including statutory and non-statutory measures;
- Stage 4 Consult with stakeholders and the community to identify the preferred option; and
- Stage 5 Prepare appropriate documentation to implement the preferred option.

Stages 1 to 4 have been completed. This report documents the completion of Stage 5.

1.4 Project Steering Committee

A Project Steering Committee provided direction to the development of the Rural Strategy and comprised as follows:

Sharon Morrison, MRCC Councillor

Glenn Milne, MRCC Councillor

Fiona Murray, Senior Planner, Department of Planning and Community Development

Stuart Holland, Policy Manager Plant Industries, Department of Primary Industries

Garry Healy, MRCC General Manager Assets and Development

Peter Douglas, MRCC Manager Development Services

Sarah Nickas, MRCC Senior Strategic Planner

1.5 Project Reports

A number of reports were produced during the study:

- Mildura Older Irrigation Area Issues Paper for Consultation;
- Mildura Older Irrigation Area Draft Rural Strategy and Options Paper;
- Mildura Older Irrigation Area Review of Submissions: Report to Councillors

2 Context

2.1 MOIA National and Regional Context

The Mildura Older Irrigation Area is located in the north-west corner of Victoria and falls within the Murray Darling Basin. Irrigation water for the MOIA is drawn from the Murray River and is part of an extensive irrigation network servicing farming communities along both sides of the River from north-east Victoria through to South Australia.

2.1.1 Mildura Horticultural Region

The MOIA is part of the broader Mildura Horticultural Region (Map 2-1). The Mildura Horticultural Region covers the areas along the Murray River downstream of Boundary Bend to the South Australian Border, plus the area along the Darling River from Pooncarie to Wentworth and includes horticultural areas in the Shire of Wentworth and the Mildura Rural City.

The economic structure of the Mildura Region is dominated by irrigation-based industries based around products including wine grapes, citrus, nuts, table grapes, dried fruits, avocados, olives and vegetables. Horticultural products from this region typically generate a net farm gate value in excess of \$A600million per annum.

The Mildura Horticultural Region:

- Is in the centre of Australia's largest wine grape production region, with 23% of the 2005 national crush;
- Is Australia's largest wine manufacturing and packaging centre;
- Produces 95% of Australia's dried vine fruit;
- Produces 69% of Australia's table grapes;
- Produces 21% of Australia's citrus; and
- Produces more than 60 types of fruit, vegetables and nut products.

The region also supports a significant food processing industry as well as other industries supporting agriculture such as:

- Technical advice and extension officer support from government agencies, research institutions and the Commonwealth Scientific and Industrial Research Organisation;
- Packing sheds and packaging facilities;
- Fruit processing operations;
- Storage facilities (including cool stores);
- A network of air, rail and road transport providers and facilities for fresh produce;
- A substantial labour force which is experienced in agricultural/horticultural production, and an employment services network which has many years experience in managing "harvest labour" workforces; and
- A strong agricultural and business services sector which includes providers of, for example:

- Chemicals and other farm supplies
- Machinery and equipment (some of which is locally manufactured, such as
- Pruning, harvesting, irrigation and tillage equipment, wine tanks, bottling facilities
- Pumps and spraying merchandise
- Accounting, legal and marketing services
- Several industry associations and peaks bodies (e.g. in dried fruits, citrus, wine and table grapes)
- Contract farm services.

Most businesses in the manufacturing sector in the Mildura Region service the agriculture industry or are processors adding value to the industry (Sunraysia Mallee Economic Development Board 2006). Much of the processing and servicing of horticulture for the Mildura Region is based in Mildura and there is a strong economic link between towns along the Murray River, north into New South Wales and Mildura itself.

2.2 Development History

The MOIA comprises the older pumped districts of Mildura, Merbein and Red Cliffs the oldest irrigation districts in Victoria (Map 2-2) and covers an area of 16,000ha. The MOIA is focused around the city of Mildura and includes the towns of Merbein, Red Cliffs and Irymple as well as the smaller communities of Cabarita, Cardross, Nichols Point, Kings Billabong and Sunny Cliffs. The Sturt Highway and Calder Highway transect the MOIA and are the major gateways to Mildura from within Victoria, South Australia and from New South Wales.

In 1887 the Chaffey Brothers were authorised to become the owners of up to 101,000ha of land with a water right in Mildura. Ultimately, the Chaffey Brothers acquired title to 20,240ha of which 6,478ha was sold to settlers by 1892 (Sunrise 21 2000).

The older irrigation area was developed based on the design of irrigation colonies established by the Chaffey's in California. This used the concept of a block large enough to support a family or "a living area". In 1887, during the establishment of the Mildura irrigation district, a "living area" was considered to be 4ha, but by 1919 during the establishment of Red Cliffs and expansion of Merbein, it was considered to be 6.5ha. In the 1940's when Robinvale was established it was 10 ha.

Horticulture is the predominant land use in the MOIA. Dried fruit and citrus production was once the mainstay for much of the MOIA. However, there has been a recent shift to wine grapes resulting from the wine boom of the 1990's. Olives, vegetables, table grapes and nuts are also grown in the MOIA.

Other key changes since the districts were established include:

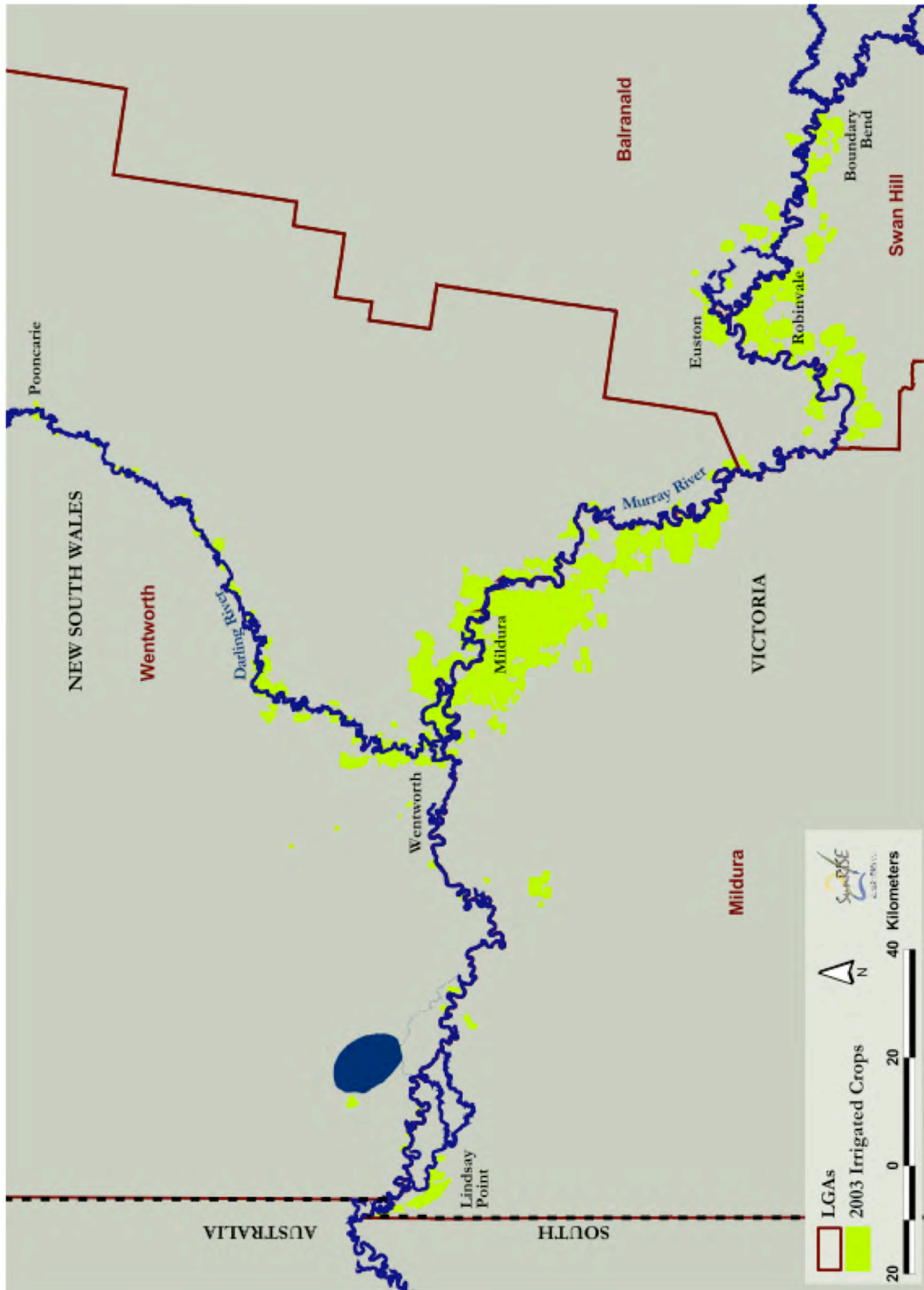
- Installation of drainage to protect crops from salinity due to high water tables in the 1930's;
- Expansion of the mid area of the FMIT in the 1960's;
- Adoption of pressurized irrigation from the 1960's resulting in much lower labour requirements and lower drainage flows compared to the old style flood and furrow. This

was accelerated by the change from rostered irrigation to water on order in the 1980's and pipelining of parts of the districts;

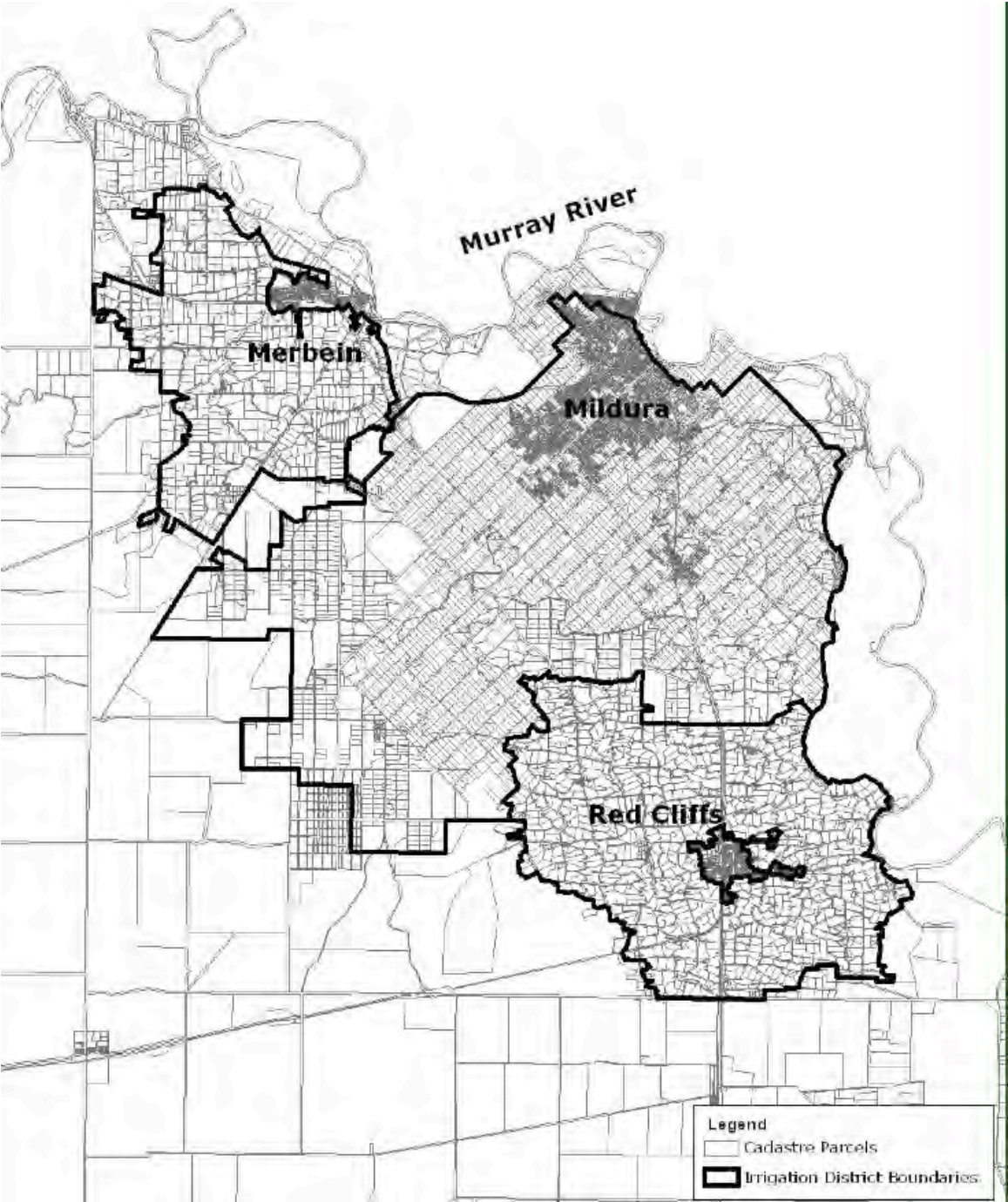
- Mechanical pruning and harvesting of grapes from the 1970's onwards including the introduction of rootstocks, summer pruning for dried fruit and mechanical harvesting;
- Expansion of table grape production using specialist varieties, cold storing and shade protection. Access to labour is a key requirement for this industry and is therefore suited to the MOIA;
- Exposure to world markets as domestic market arrangements changed as a result of trade reform;
- Refocus of processors and marketing companies on exports;
- Unbundling of water and deregulation of water trade;
- Ongoing declining terms of trade in all agricultural production; and
- Expansion in private diversion areas since the 1950's and again in the 1990's onwards due to water trade and Managed Investment Schemes

These changes have created ongoing pressures on growers requiring them to expand to remain viable and now full time growers operate on several of the original lot sizes. This is not a new change and has been occurring since the districts were established and coincides with each new wave of technology. The drought and current low commodity prices have exacerbated the issues and also put pressure on large and medium sized businesses. The response from smaller businesses has often been to take off-farm employment. Other businesses have moved from dried fruit into table grapes, which being labour intensive requires less area to be viable.

Map 2-1 Mildura Horticultural Region



Map 2-2: Mildura Older Irrigation Areas



3 Planning Policy

3.1 Mildura Planning Scheme

The key purpose of this study is to update the Mildura Planning Scheme with respect to the rural land use and development in the Mildura Older Irrigation Areas. This section of the report presents the current state and local policy position with regard to rural land use and development in the MOIA and an evaluation of Council's performance in implementing the current policy.

3.1.1 State Planning Policy Framework (SPPF)

Clause 11.03 of the SPPF, sets out the principles of land use and development planning and states that society has various needs and expectations such as land for settlement, protection of the environment, economic well-being, various social needs, proper management of resources and infrastructure. Planning aims to meet these by addressing aspects of economic, environmental and social well being affected by land use and development.

The Mildura Planning Scheme is required to implement State Planning Policy. There is a number of State planning policies that apply to rural land that are of relevance to this project. These are summarised below.

Protect productive agricultural land

Protect from the unplanned loss of productive agricultural land due to permanent changes of land use and to enable protection of productive farmland, which is of strategic significance in the local or regional context. Including the consideration of the following:

- Land capability is a fundamental factor for consideration in rural land use planning.
- Planning authorities should consult with the Department of Primary Industries and utilize available information to identify areas of productive agricultural land.
- Regional and State, as well as local, issues and characteristics should be taken into account in the assessment of agricultural quality and productivity.
- Permanent removal of productive agricultural land from the State's agricultural base must not be undertaken without consideration of its economic importance for the agricultural production and processing sectors.
- Planning should support effective agricultural production and processing infrastructure, rural industry and farm-related retailing and assist genuine farming enterprises to adjust flexibly to market changes.
- Planning and responsible authorities should encourage sustainable land use.
- Planning should provide encouragement for sustainable agriculture and support and assist the development of innovative approaches to sustainable practices.
- Subdivision of productive agricultural land should not detract from the long-term productive capacity of the land.

- In assessing rural development proposals, planning and responsible authorities must balance the potential off-site effects of rural land use proposals (such as degradation of soil or water quality and land salinisation), which might affect productive agricultural land against the benefits of the proposals.
- In considering a proposal to subdivide or develop agricultural land, the following factors must be considered:
 - The desirability and impacts of removing the land from primary production, given its agricultural productivity.
 - The impacts of the proposed subdivision or development on the continuation of primary production on adjacent land, with particular regard to land values and to the viability of infrastructure for such production.
 - The compatibility between the proposed or likely development and the existing uses of the surrounding land.
 - Assessment of the land capability.
- Where inappropriate subdivisions exist on productive agricultural land, priority should be given by planning authorities to their re-structure.
- Planning and responsible authorities should consider the potential impacts of land use and development on the spread of plant and animal pests from areas of known infestation into agricultural areas.

Intensive animal industries

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

Rural residential development

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

3.1.2 Local Planning Policy Framework (LPPF)

The Mildura LPPF recognises the significance of agriculture and horticulture to the City's economy now and into the future.

Vision

It is the *vision* of Council, as expressed through the planning scheme that agriculture and horticulture will remain the foundation of the municipal economy and shall be unhindered by urban encroachment.

Strategic Directions

Strategic directions that have been adopted to support the ongoing growth and development of agriculture in the municipality are:

- Accommodate the demand for rural residential and low-density residential development in planned estates.
- Discourage housing in locations where amenity may be negatively impacted by farming and related activities, or where the location of housing may inhibit rural activities.
- Minimise unplanned urban intrusion into horticultural areas.
- Support the development of new horticultural areas as identified in the Land Capability and Irrigation Infrastructure Assessment (1996).
- Support horticultural and agricultural diversification and value adding.
- Apply minimum subdivision lot sizes in rural areas to facilitate farm consolidation and reflect a viable unit of production.
- Discourage non-agricultural use and development on land zoned Farming.
- Discourage the excision of smaller lots in horticultural areas.
- Protect rural and agricultural infrastructure such as roads, drainage and water supply.
- Support agricultural and horticultural production and transport that are environmentally responsible and “clean and green”.
- Protect high quality land and water resources.
- Ensure that future subdivision of agricultural land is based on sustainable farming methods and sustainable environmental grounds.

The scheme also includes strategies that relate to environmental protection and enhancement, including protection of wetlands, enhancement of native vegetation and management of flooding and salinity, at the State and local level.

Agricultural Land Policy

Clause 22.06 is Council's Agricultural Land Policy. It seeks to ensure land use and subdivision of land in farming areas is consistent with the vision of maintaining these areas for agricultural use. In particular this policy expresses the parameters for housing lot excisions, those being the lot to be subdivided must be at least 10ha and no further subdivision of the parent lot will be permitted.

Land within the older irrigation area is zoned Farming and subject to a 10ha minimum subdivision size. Construction of a dwelling on a lot less than 10ha is subject to a planning permit and dwellings not directly associated with the use of the land for agriculture or horticulture is strongly discouraged.

Overlays

There are a number of overlays that apply to varying degrees within the older irrigation areas. These include:

- Land Subjection to Inundation and Floodway Overlay that identify areas subject to flooding.
- Environmental Significance Overlay 1 that provides for the protection of the Murray River Corridor.

- Environmental Significance Overlay 2, 3, 4 that provides for the protection of buffers to land uses with amenity impacts.
- Vegetation Protection Overlay that provides for the protection of some roadside remnant vegetation.
- Salinity Management Overlay that identifies the land affected by salinity in the Mildura South area.

Design and Development Overlay 6, 7, 8 and Airport Environs Overlay that protects the operating integrity of the Mildura Airport and limits development type and height.

3.2 Rural Strategic Studies

3.2.1 Mildura City Council Rural Residential Review, 2003

O'Neil Pollock and Associates

This report presents the basis for Council's strategy for rural residential development around Mildura. Council supports rural residential development as a part of the settlement strategy of the Mildura area. In this municipality rural residential development is considered to be dwellings on lots of less than 2ha (but obviously lots that are greater in size than conventional residential lots).

In Mildura, the demand for rural residential development has historically, in part, been met through the excision of lots from horticultural properties, as well as through areas zoned Low Density Residential. The study concluded that changes in rural planning policy have meant that the excision of lots from farming properties should be significantly restricted and rural residential development provided for in planned settlements.

This study concluded that it is reasonable to expect and plan for a demand of 50 rural residential lots per year.

The recommendations of this study were to:

1. Adopt a rural policy position that discourages lot excisions on properties less than 10ha in size but allows the creation of some vacant small lots in the Rural Zone (now Farming Zone) as a trade off for farm consolidation.
2. Seek to rezone in the short term approximately 82ha of land to the Low Density Residential Zone.

In addition to fulfilling the development potential of existing rural living areas at Merbein, Lake Hawthorn, Linden Close/Cowra Ave, Flora Ave, Kings Billabong, Koorlong and Red Cliffs, it was recommended that an additional 29.2ha should be rezoned at Lake Hawthorn (Mildura Feedlots) and 63.1ha at Nichols Point to provide for at least the next 10 years demand for rural residential development.

This study is based on the assumption that the rural zoned land within the older irrigation area will remain in agricultural use, and seeks to support this through the excision policy, which encourages farm consolidation. Implementation of the recommendation of this study will provide sufficient rural residential land for the current planning period. The conversion of additional land to rural residential use would be difficult to justify.

3.2.2 Review of the Mildura and Irymple Residential Land Strategies, 2003

Maunsell Australia

This study assessed the adequacy of the supply of residential zoned land for the predicted population growth of Mildura to the year 2030.

The study determined that Mildura was subject to strong demand for new housing as a result of healthy population growth. For the purposes of this project Council adopted an ambitious growth rate of 1.9% and it was concluded that up to 496 new dwellings a year would be required at that rate.

It was found that although there was sufficient land zoned for residential development around Mildura for at least 10-15 years, the development potential of most of this land was limited due to a lack of drainage infrastructure.

The study recommended that the key development fronts for residential expansion of Mildura should be to the south-west and south-east, subject to the provision of drainage infrastructure. In particular:

- Additional land (108ha) should be rezoned Residential 1, beyond Sixteenth Street and between Walnut and Riverside Ave, Mildura South as it will be able to be serviced by the Sixteenth Street drain. Other land to the east of this land cannot presently be developed, as it does not have access to drainage.
- Rezone 16ha of land in the vicinity of Sterling Drive to Residential 1 as the Ranfurly Drain can service it.
- Unlock 68ha of land within Mildura City (between San Mateo Ave and Etiwanda Ave) and 68 ha of land at Irymple (north west and north east of the existing urban area) through the development of appropriate drainage infrastructure.

The development fronts for Mildura to the year 2030 have been clearly defined, along with the urban growth boundary. Obviously, in the future additional land will need to be set aside for residential growth, but subject to the implementation of the recommendations of this study there is currently sufficient land provided for residential growth and no further rezoning will be required, thus removing development expectations from many rural areas.

3.2.3 Rural Areas Strategy, 2005

Maunsell AECOM

In relation to the older irrigation areas this study determined that there is still a future for horticultural and agricultural use of this land, through both full and part time farmers, but consolidation of properties is fundamental to support this. Land in this area consists of Class 1 and 2 soils and FMIT plan to maintain irrigation infrastructure to service these farms. There are a significant proportion of stakeholders who are seeking to improve this irrigation area in terms of land management.

The strategy seeks to protect horticultural and agricultural land and activity, and minimise the amount of land retired. It recognises the benefits of the substantial amount of work Council has recently done in relation to future urban growth, which will reduce expectations

for land use change throughout this rural area. The strategy identifies the newer irrigation areas, and the significant opportunity associated with these, but maintains there is an agricultural future for the older irrigation areas also.

The Rural Areas Strategy recommends that the Farming Zone be applied to the older irrigation area to support the ongoing use of the area for agriculture and horticulture. A minimum subdivision size of 10ha should be applied, and house lot excisions should only be supported on properties of at least 10ha and where consolidation will occur. Amendment C37 was gazetted on 21 September 2006 introducing the Farming Zone to replace the Rural Zone.

3.2.4 Amendment C30 – Rural Area Policy

Following translation by the Minister for Planning in September 2006, all land formerly zoned as Rural became the new Farming Zone, and all land formerly zoned Environmental Rural became the Rural Conservation Zone.

Amendment C30 details a revised Local Planning Policy and Schedule to the planning scheme in response to the recommendations of the Rural Areas Strategy (RAS) to assist implementation of the new Farming Zone.

The Rural Area Policy was prepared to provide further guidance on subdivision, excision, boundary realignments and vinculums, channel reserves, utility lots carriageway easements and dwellings in the Farming Zone.

The Objective of the Policy is to:

- Retain rural land in agricultural production;
- Encourage the creation of larger agricultural lots;
- Encourage more productive and efficient agricultural landholdings;
- Minimise the establishment of small lots and dwellings unrelated to agricultural production unless they support the consolidation of agricultural lots;
- Facilitate the ongoing operation of productive and efficient dryland farming; and
- Discourage commercial uses that are not associated with or support agricultural activity.

A revised schedule to Farming Zone was also included in the amendment, which set a minimum subdivision size and minimum area for which no permit is required for a dwelling of 10ha in the older irrigated areas, 20ha in the new irrigated areas and 100 hectares for dryland farming areas. This revised policy was placed on exhibition in February 2007.

The revised policy has been adopted by Council and is now considered 'seriously entertained.' Council is using the policy as an interim measure to assess permits for subdivisions and dwellings until the outcome of this study have been determined.

3.2.5 Vision for the Mildura – Irymple Interface, 2006

Hansen Partnership

This project reviewed the future of the non-urban break between Mildura and Irymple. It was concluded that as this area was somewhat compromised and it was not delivering a high quality amenity environment that positively contributed to the gateway of either town, opportunities to achieve the intent of the break through mechanisms other than retaining it in rural use were considered. The report recommended that careful management of design, activity and character of other land uses could also achieve the intent of the non urban break, clearly identifying the transition between Mildura and Irymple and protecting the identity of Irymple.

In the short term this area is to remain zoned Farming and used as such, but in the longer term, as the need arises and as other urban zoned land supply is exhausted elsewhere, it is recommended that the transition area be used for commercial and residential use, with the scale and form of such development designed to respect the transition between the two towns.

The opportunity for future urban development of rural land, based on this report, is largely limited to the north of Fifteenth Street. This report recognises that land south of Fifteenth Street (beyond the immediate street frontage) will remain in farming use.

Amendment C38 to the Mildura Planning Scheme has now been exhibited and incorporates elements of the Interface Study. Council has adopted the panel recommendations and C38 will be forwarded to the Minister for approval.

3.3 Implementation Issues

As part of this review, a number of issues related to the implementation of the planning controls were raised. These issues are now discussed.

3.3.1 Dwellings in the Farming Zone

The MOIA consist of 16,000ha that is zoned Farming, and there are currently 3,551 dwellings on a range of lots size, this equates on average to a density of 1 dwelling per 4.5 hectares.

A Rural Policy Status Report was prepared in 2007 (Keaney 2007) for the MRCC, on the housing, subdivision, excision and legal agreement status of all land within the MOIA. The Status Report found that, consistent with policy provision, Council rejects all applications for excisions from a parent lot less than 10ha.

However, the Report found that there has been an inconsistent application of Council's existing rural policy. Despite policy and zone guidelines, every application for a dwelling in the Farming Zone obtained a permit. Table 3-1 quantifies the number of dwellings that have been approved in the Farming Zone since 2004.

The effect of this approach has been to increase the number of dwellings across the MOIA and to create an expectation that there is an entitlement to have a dwelling on every lot. Further it has fuelled speculative land purchases of small allotments that can be

consolidated to achieve the minimum area (10ha) for which a permit is not required for a dwelling.

Table 3-2 quantifies the number and size of lots in the MOIA and the number of lots with an existing dwelling. Based on this data, if Council continues to approve all dwellings in the farming zone, there will be potential for more than 2,000 additional dwellings across the MOIA. (Note that the Issues Paper August 2007, estimated that this approach would result in 1,400 potential new dwellings. This figure did not include the vacant lots less than 2ha and the data has been revised to include this pool of vacant lots). This level of residential development will significantly compromise the future viability of horticulture in the MOIA and will have other impacts including:

- Dwelling development in the MOIA on an *ad hoc* basis will mean that planned residential areas will develop at a slower rate than anticipated and compromises Council strategic position in relation to urban growth as unplanned;
- Cost of provision of Council services within the MOIA will rise;
- Increased conflict between residents and farmers;
- Council will not be able to plan for infrastructure roll out to meet the expectations of these residential areas due to *ad hoc* nature of development; and
- Social isolation/implications of an aging community with no public transport or community facilities to service disperse population.

This rural strategy must provide clear direction to the community on the preferred position on dwelling development in the MOIA.

Table 3-1: Dwelling permit approvals 2004 to 2006

Year	Dwelling Permit Approvals
2004	39 (16 on land less than 4ha)
2005	47 (18 on land less than 4ha)
2006	48 (20 on land less than 4ha)

Table 3-2: Lots and dwellings in the MOIA

Lot size (ha)	Number of lots	Number of lots with an existing dwelling	Number of vacant lots
<2ha	3,165*	2,185	980*
2 to 4ha	610	290	320
4 to 10ha	1947	941	1006
Greater than 10ha	240	135	105
Total	5,962	3,551	2,411

* Includes an estimated 300 channel reserves and lots that would be too small or inappropriately shaped to accommodate a dwelling

3.3.2 Subdivisions in the Farming Zone

Amendment C30 sought to clarify the position with regard to dwellings, subdivision, excisions, channel reserves and lot consolidation and introduced a minimum subdivision size and minimum area for which a permit for a dwelling is not required of 10ha. It is now understood that the economics of the horticultural businesses has changed substantially and that larger properties are required to receive the same level of return as was anticipated at the time of preparation of the Amendment. The minimum land area required to support a full time horticultural businesses is now estimated to be above 20ha (discussed in further detail in Section 4.5.3). The minimum subdivision size does not reflect the land area required to support a horticultural business.

Under the current circumstances, low commodity prices and high water prices, many smaller businesses are under significant economic pressure and landowners are seeking opportunities to fund a strategy to survive the downturn, to grow to a more profitable size or exit the industry. Council staff have advised that there has been an increase in the number of landholders seeking to subdivide land via the consolidation and boundary realignment mechanisms of Amendment C30, such as

- Consolidation of contiguous lots to achieve the minimum area (10ha) required for subdivision and then seeking to excise a residential allotment(s) from the consolidated lot;
- Consolidation of non-contiguous lots via vinculums to achieve the minimum area for required for a subdivision (10ha) and then seeking to excise a residential allotment(s) from the consolidated lot.

The effect of this will be to increase the level of residential development in the MOIA, which is contrary to the objectives of the Rural Strategy and the Rural Areas Policy. Council has objected to a number of such proposal and these were successfully upheld at VCAT (see Section 3.3.4).

This rural land strategy needs to clarify the position with regard to dwellings, subdivisions and excisions and provide clear direction to the community and allow for consistent decision-making.

3.3.3 Minimum Lot Size

While many lots in the MOIA are now too small for an independently viable business enterprise, they are being used for productive agriculture. The un-viability of a lot for agriculture is frequently raised as an argument for further subdivision or a change of use. In reviewing VCAT decisions on such matters Parsons Brinckerhoff (2007) noted the following:

In *O'Donoghue v Mornington Peninsula Shire Council* (2003) VCAT 1472 at paragraph 38, the Tribunal addressed the issue of the lack of 'financial viability of farming operations and expressed caution about assuming a lack of financial viability: *"it would not be difficult to accept that a parcel of this size (10ha) not support a viable farm in its own right. It does not follow however that because a particular parcel is not a viable unit in its own right that this means it is not productive land worth of protection."* As the Tribunal notes in *Oakworth Pty Ltd and Keska Management Pty Ltd v Casey CC* (2002) VCAT 1594:

There are some old and fallacious 'chestnuts' frequently trotted out in relation to the discussion of such issues. One of the oldest of such fallacies is to say that a piece of farming land has to be a sustainable and viable farming unit, standing on its own and alone from other land, before it can be considered as useful farming land worth of preserving from the harmful effects of the proliferation of rural houses and the fragmentation of farming land into small pieces.....

.....the sleight of hand involved is to suggest that all of the viable farm undertakings has to be in one piece. Many viable farming undertakings involved more than one piece of farmland, not necessarily contiguous one with another. If this allotment is not a viable far standing alone, it does not follow that it is not a useful and valuable piece of farming land capable of being a useful and valuable adjunct to a farming undertaking on other land.

An analysis of land ownership in the MOIA showed that the horticultural businesses are comprised of a number of allotments and that these allotments are commonly contiguous. This demonstrates a pattern common across agricultural industries of incremental growth in farm businesses to keep pace with declining terms of trade. Across agricultural industries, this growth has equated to a doubling in size of the farm business every 20 years. In 1887 in the FMIT, the original subdivision provided allotments or a living area of 4ha. One hundred and twenty years later, the business size to support a family is between 20 and 30 ha representing a doubling of the farm size every 20 years.

Therefore minimum lot size should not be based on determining an economically viable lot size. Rather, minimum lot sizes should reflect a parcel size that can facilitate incremental farm growth and is technically viable, that is, sufficiently large to enable the landowner to use such equipment as necessary to maintain and manage the land using best practice.

This rural strategy needs to break the nexus between minimum lot size and economically viable farm business size.

3.3.4 VCAT Decisions

A review of VCAT decisions can provide insights into the robustness of the planning scheme. Where a Council position is upheld at VCAT, in simple terms, it generally indicates that a particular planning control is appropriate and well justified and supports Council's objectives. Where a Council position is not supported by VCAT it may indicate that the planning control is inappropriate and/or not well justified and/or in support of Council objectives.

There have been four VCAT hearings in relation to eleven applications refused by Council since 2005 relevant to the MOIA. All related to the re-subdivision of rural land that resulted in creation of a larger lot (in some cases via consolidation) and a small lot, generally for residential purposes (in some cases with an existing dwelling). Three of the hearings were held prior to the introduction of the Farming Zone and Agricultural Land Policy.

Council refused permits for the proposals as they were contrary to the planning scheme and the change would result in a permanent change to residential use that was unrelated to agriculture and would not provide any practical benefit to the horticultural use of the land.

In two of the earlier hearings, the decision of Council was not supported, as it was perceived that the dis-benefits were outweighed by the benefit. More recently in July 2007, the decision of Council in relation to eight refused applications was supported reflecting in part a greater understanding of rural issues and the introduction of the Farming Zone. The key messages coming from the review of the VCAT hearings include:

- There needs to be a significant benefit in terms of agricultural prospects and land available for agriculture over and above the current situation;
- Consolidation is not always a significant benefit;
- The benefit needs to be balanced against the dis-benefit;
- Smaller agricultural lots still have a productive value that is not necessarily significantly enhanced through consolidation as farms can be comprised of a number of lots for example the productive capacity of 2 x4ha lots is the same as 1x8ha lot;
- There is not an entitlement to have a dwelling on every farm lot and this entitlement does not have to be compensated;
- Small vacant residential lots are clearly inappropriate, as they will lead to non-agricultural land use; and
- It was also noted that considered in isolation, each application would appear to have minimal impact but when considered together, as in the most recent hearing, the cumulative effects on the districts would be considerable.

It is likely therefore that future applications to Council for excisions and lot consolidation will need to demonstrate more clearly than in the past how they will provide a net benefit to agriculture and the district.

3.4 Key Findings

The current planned future for the MOIA is for the land to be retained for agriculture. This position is supported by strategies, policies, zones, and schedules that encourage consolidation of properties, discourages non-agricultural uses, defines the current and future urban boundaries and accommodates rural residential development in planned areas. MRCC has now adopted a revised Rural Areas Policy to provide additional guidance on land use in the Farming Zone.

Implementation of the Rural Residential Review (2003) through Amendment C28 will provide for rural residential development until 2013. This is contingent on the assumption that land within the MOIA will remain in agricultural use. In addition, future residential and commercial use will be considered for the Mildura and Irymple Interface area, which is currently zoned for farming purposes. Amendment C38 has recently been exhibited and has identified land for commercial purposes as recommended in the Vision for the Mildura Irymple Interface Study.

While Council has policy and strategies that provide a clear and strong position on land use and development within the MOIA, it has been established that these have not been applied consistently. Currently, Council approves all permits for a dwelling in the MOIA. If Council continues with this approach of approving all dwelling applications, there is potential for more than 2,000 additional dwellings across the MOIA. This will significantly compromise

the future of the MOIA as a horticultural region and has potential for a number of other consequences:

- Dwelling development in the MOIA on an *ad hoc* basis will mean that planned residential areas will develop at a slower rate than anticipated and compromises Council strategic position in relation to urban growth as unplanned;
- Cost of provision of Council services will rise;
- Increased conflict between residents and farmers;
- Council will not be able to plan for infrastructure roll out to meet the expectations of these residential areas due to ad hoc nature of development; and
- Social isolation/implications of an aging community.

Under the Rural Areas Policy, the 10ha minimum subdivision size is fuelling speculative land purchases to achieve subdivision of residential allotments from consolidated small lots. This is driving up land prices above productive value. The effect of the policy has also been to generate a significant number of applications to Council seeking consolidation of lots via boundary realignments and vinculums with the express purpose of creating a residential lot. Council has objected to a number of these proposals and these have been successfully upheld at VCAT.

The proposed rural land strategy needs to clarify the position with regard to dwellings, subdivision and excisions and provide clear direction to the community and allow for consistent decision-making.

The minimum lot size for a subdivision no longer reflects an economic business size. Across agricultural industries, farm businesses are on a continuous cycle of business growth to match declining terms of trade and provide for the next generation. Therefore, the minimum lot size should not be based on an economically viable land unit but rather a lot size that can provide for incremental growth of farm businesses and is technically viable enabling landowners to use equipment and manage the land using best practice. The rural strategy will seek to break the nexus between minimum lot size and viable horticultural business size.

3.5 Strategic Considerations

The key strategic issue for the MOIA is to reaffirm or otherwise the future of the MOIA as a horticultural area. The inconsistent application of local policy runs counter to the objectives of the current planning scheme at a state and local level and is sending mixed signals to the community.

The rural strategy review provides an opportunity to confirm the future of the MOIA and implement planning controls that respond to the unique circumstances of the MOIA and its community.

4 Horticulture in MOIA

4.1 Mildura Rural City Agricultural Overview

Agriculture in the Mildura Rural City includes both dryland and irrigated enterprises. In 2001, the total value of agricultural commodities produced in the City was \$526 million. Around 37% of this, or \$197million was produced in the Mildura (Part A) Statistical Local Area, which is comprised largely of the MOIA and Mildura City (<http://www.abs.gov.au/ausstats/abs>).

Agriculture is the dominant industry in the Mildura Rural City with around 39% of businesses falling within the agriculture, forestry and fishing sector. Agriculture is also the biggest employer with 19% of employment directly in the agriculture, forestry and fishing sector. This does not include the additional employment associated with manufacturing, food processing and the agricultural services.

4.2 MOIA Horticultural Industries

There is approximately 16,000ha of land within the MOIA available for agriculture with around 1,700 farm businesses ranging from small part time operations through to large family businesses. The combined area of the MOIA represented 54% of the total area irrigated in the Mildura municipality (Sunraysia Environmental 2005) and was estimated to produce a net farm gate value of \$197million in 2001.

The relative importance of the MOIA in the municipality is to be compared with significant growth occurring outside the pumped districts particularly at Nangiloc, Lake Cullulleraine and Lindsay Point. This growth may slow as the high costs of pumping water make more remote development less cost effective.

The most significant commodity in the MOIA in terms of area and gross value of production is grapes (Table 4-1). Other commodities are citrus, nuts fruit and vegetables. Since the late 1990's there has been significant increase in the area of wine grapes and table grapes and a decline in the area of dried grapes.

Table 4-1: Area (Sunraysia Environmental 2005) and gross value of production of agricultural commodities (estimated from horticultural income/ha) produced in Mildura Rural City

Crop		Area (ha)	Gross Value of Agricultural Production (\$)
Grapes	Total	12,765	
	Wine grapes	6,695	63
	Table grapes	2,165	45
	Dried grapes	3,905	35
Citrus		382	3
Nuts		155	1
Other fruit		145	1
Vegetables		490	6

4.3 Agricultural Capability

Sunraysia Environmental (2005) analysed and reported on the suitability of soil for horticultural crops within each of the irrigation districts. Soil suitability was classified according to the physical and chemical attributes of the soil and given one of the following four soil suitability classes:

Class 1 is suitable for avocado, citrus, almonds, stone fruit, grapes, olives and vegetables;

Class 2 is suitable for citrus, almonds, stone fruit, grapes, olives, vegetables and pasture;

Class 3 is marginal and suitable for stone fruit, grapes, olives, vegetables and pasture;

Class 4 is unsuitable and recommended for exclusion from development to most horticultural crops.

The majority of land in the MOIA is of Class 1 or 2 meaning it is highly suitable for production of a range of horticultural crop types. There are few areas of Class 3 and Class 4 land located in small patches (less than the size of an allotment) scattered throughout the districts. These areas of lower soil suitability are too small to be considered separately in land use planning.

This assessment has considered only horticultural uses. If irrigation water is not available, then the productive choices are extremely limited e.g. winter cereals, but these are impractical on small blocks as found in the MOIA. Therefore the blocks have no commercial dryland use.

4.4 Irrigation infrastructure

Lower Murray Water (LMW) provides both irrigation supply and drainage services and stock and domestic water to landholders in the Merbein and Red Cliffs irrigation districts. First Mildura Irrigation Trust (FMIT) provides irrigation supply and drainage services to the Mildura Irrigation district. These statutory water authorities manage the provision, operation and protection of water supply systems and the efficient use of water as well as maintaining the off farm infrastructure including pumps, pipelines, channels and subsurface drainage.

4.4.1 FMIT

FMIT has prepared an Environmental and Water Savings Infrastructure Master Plan (URS 2005), which provides a framework for managing replacement of assets over the next 50 years. The Plan recommends replacement of the existing supply system with a fully pipelined, high-pressure system using re-lift pumps. The planning of the replacement will be based on the average remaining lives of the sub-systems and the major assets. Replacement of the drainage system will occur as assets fail with a gravity collection/pumped discharge system and inland outfall.

The Master plan also recognises that urban encroachment will erode the area of the irrigation and FMIT have indicated that it will not replace infrastructure where there will be urban development in the next 50 years.

Upgrading of infrastructure in the pumped districts will reduce irrigation costs and increase the efficiency of delivery. The upgrades are also likely to improve the timeliness of supply of irrigation water providing opportunities for growing annual crops that require daily irrigations.

Currently this is difficult, as water sometimes needs to be ordered well in advance and is not always available in peak periods. The move to a pressurised on demand system will enable growers to shift to more efficient systems such as drip and this is expected to provide yield and water use efficiency improvements.

4.4.2 Lower Murray Water

Lower Murray Water has also undertaken an assessment of its irrigation infrastructure and developed Replacement Plans for the Merbein and Red Cliffs Irrigation districts. Over the next 10 years the plans have recommended installation of an automated Total Channel Control system in the Red Cliffs district and piping the main channel and replacement of the main pump station in the Merbein district. Further economic analysis is being undertaken to determine if there is case for pipelining these systems.

The infrastructure replacement programs of FMIT and LMW convey a high degree of certainty to the irrigation districts for the continued supply and disposal of irrigation water. In turn this gives a high level of certainty in formulating planning policy for these areas. Sunraysia Environmental (2005) notes that improvements to the irrigation supply system will increase the efficiency of irrigation, which may reduce costs to growers and improve their viability.

4.4.3 Irrigation Efficiency

Irrigation efficiency has improved enormously over the last twenty years. In the 1980's around 75% of the older irrigation districts were still being furrow irrigated, now it is less than 25%. The system of choice now appears to be drip irrigation and to a lesser extent, low level type systems. At the same time on-farm scheduling has become much more sophisticated with use of real-time soil moisture monitoring and a high level of control over irrigation depth and uniformity.

With drip irrigation and other more efficient irrigation systems, individuals can now manage much larger areas than with furrow irrigation. This points to the need for enabling flexibility for horticultural infrastructure on blocks to be amalgamated to reduce costs and gain productivity. There are no advantages to be had in a three block system managed as separate units. Rationalising irrigation and other infrastructure to one point provides economies of scale eg. one pump and controller, not three. Rationalisation and modernisation of the irrigation supply system must go hand in hand with block amalgamation.

4.5 Issues for Horticulture

4.5.1 Water Deregulation Benefits

Water trading on a temporary basis began in Victoria in 1989. Permanent water trade in the Mildura region did not commence until 1993, when a legislative framework for managing salinity impacts was provided by the Nyah to South Australian Border Plan. For the first decade, most water was traded from the Goulburn Murray system to downstream of Nyah. Between 1995-2000, much of the trade was to areas within the boundaries of MRCC, which has been a net importer of water.

Water trade into the previously dryland Mallee provided an opportunity for key industries to expand and create a supply chain. This has enabled the major horticultural processing and packaging operations to establish facilities within Sunraysia, particularly wineries. These operations have created jobs and Mildura, unlike most other rural cities, has seen population growth because of agriculture. The new jobs have created a strong demand for housing for people with either seasonal, part time work or those seeking a peri rural existence.

This growth is reflected in the increase in the estimated capital stock in irrigated agriculture in Sunraysia between 1997 and 2001 of 37 per cent to \$765 million (around \$3,000 per megalitre). In the same period, manufacturing capital stock in Sunraysia rose by 49 per cent to \$431 million (\$1,703 per megalitre) and was focused heavily in Mildura (Bureau of Transport and Regional Services 2003).

Water deregulation has brought benefits in terms of growth and expansion of irrigation in the Mildura region.

4.5.2 Water Deregulation Risks

At the Commonwealth level the National Water Initiative has the objective of increasing trade to capture what it sees as benefits from water moving to high value uses. In future, limits to trade will become less and less. The ability of an area to remain viable in a water supply sense will depend on its capacity to remain competitive.

A report from Lower Murray Water (2007) provides recent data on water trade in the Merbein and Red Cliffs Irrigation districts in the 2005-06 season and part season 2006 to February 2007. In Merbein 20% of the irrigated area from 43% of properties has seen permanent or temporary trade of water. In Red Cliffs 26% of the irrigated area from 39% of properties has seen permanent or temporary trade of water. It should be noted that most of the trade has been temporary and that the permanent trade out of the districts is low compared to non-horticultural areas.

One of the impacts of this has been a reduction in the area of permanent plantings and a significant increase in the area of vacant land. In Merbein, the area of vacant land has increased by 115% to 293 ha. In Red Cliffs the area of vacant land increased by 89% to 312ha. As noted in Section 4.3, without water the land has no agricultural options on small blocks and as a consequence the vacant land is frequently bare ground with a sparse covering of weeds.

If more and more water moves out of an irrigation district, the agricultural prospects and land use options of the land without irrigation are reduced and the value of the land for productive agriculture declines. This is posing significant challenges to land managers and municipalities and also threatens the landscape amenity desired by rural residential properties.

During the consultation growers expressed concern as to the long-term viability of the irrigation network with permanent water trade out of the district and fewer growers using the system.

It should be noted that the planning scheme does not provide a mechanism for securing water in an irrigation area. Therefore this strategy needs to identify statutory and non-statutory measures to protect horticulture in the longer term and to ensure modernisation and reconfiguration of irrigation infrastructure to assist growers to remain competitive. This will provide a strong base for retaining water within the MOIA.

4.5.3 Business size and Industry Restructure

Farms continue to grow in size as commercial farms look to achieve economies of scale to combat the declining terms of trade. This trend has been observed across all agricultural sectors and in the MOIA, has seen the average property size increase from the original subdivisions of 4 and 6.5 ha to an average today of 9 to 10ha.

It is considered that farm businesses need to generate an income of at least \$300,000 to enable a farm with average cost control to provide sufficient profit to support a family and provide sufficient funds for redevelopment and growth for establishing the next generation. The minimum area required therefore for a family horticultural business (without other income) is estimated to be above 20ha, although it may be lower for table grapes. This estimate was confirmed through the community consultation.

An analysis of the size of horticultural businesses in the MOIA was undertaken using rates data from Council (Table 4-2). This indicates that a large proportion of businesses in the MOIA are not of sufficient size to be considered an independently commercial enterprise and many will have some form of off-farm income.

A significant proportion of farm businesses (47%) in the MOIA are less than 5ha in size and many of these will be using the land only for residential purposes. There are also a large number of businesses between 5 and 9ha in size and would include part time businesses combining 'weekend' farming with off-farm income. The amenity of the MOIA and the access to urban employment makes this an attractive proposition. The consultation indicated that with the drop in commodity prices and high water prices, many growers in this group are selling water or looking at lower input options such as lucerne or horse agistment.

Businesses between 10 and 20ha in size are considered medium sized businesses and would include a large number of full time commercial enterprises. Under the current circumstances of low commodity prices, low water allocation and high water prices, these businesses will be under significant financial pressure. Growers that participated in the consultation confirmed this and indicated that many are reconsidering their future in the

industry. Some were considering leaving horticulture while others saw the current circumstances as an opportunity to grow the businesses by purchasing land from those exiting the industry to increase farm scale.

Large businesses, those greater than 20ha in size are small in number, just 6% of total businesses, but manage about 25% of the land area and produce 33% of the gross value of agricultural production. Further analysis of these businesses using data from Sunrise 21 indicates that these figures underestimate the significance of this group. Analysing property size by business name and common surname showed that the proportion of the irrigated area owned by businesses greater than 20 ha may be as high as 50%. This reflects the common practice of extended families owning separate businesses but farming them as one unit. While these businesses have been impacted by the recent circumstances, they have had the benefit of larger scale and access to capital to survive the downturn. The consultation revealed that growers in this group are looking to grow the business into the future to remain viable and to provide for future generations to be part of the farm business.

The combination of low commodity prices, low water allocation and high water prices is likely to result in significant restructure within the horticultural industry. Measures are required to assist those wishing to leave horticulture, such as the Australian Government exit packages, as well as facilitating growth and expansion of businesses wishing to stay. The outcomes of this revised strategy for the MOIA needs to complement industry restructure.

Table 4-2: Breakdown of farm businesses by business size (MRCC and Sunrise 21)

Business Size	Number of businesses	Proportion of total businesses	Proportion of irrigated area	Proportion of Gross value of agricultural production
<5ha	820	47%	14%	9%
5 – 9ha	710	40%	44%	42%
10 – 20ha	120	7%	16%	16%
>20ha	110	6%	26%	33%
>20ha amalgamated by family surname	Not comparable as amalgamated	Not comparable as amalgamated	45-50%	65%

4.5.4 Land Prices

Land values can be driver of and barrier to land use change. Anecdotally, and supported in the consultation, the value of land within the MOIA in some circumstances was found to be too low to allow enough funds for an exit strategy (such as purchasing a house in town) for those wishing to leave farming. However, it was also noted that the purchase of lifestyle properties and hobby farms has driven land values above productive value and restricting farm growth and expansion.

Discussions with local real estate agents confirmed that prices paid for hobby farms, especially those with a dwelling, are generally above the agricultural value of the land. It was also found that the sale of a property under 10ha would probably not yield sufficient

funds to purchase a house in town, especially if the property is in poor condition and has no water right.

For a businesses to grow by investing profit (as opposed to capital growth), high land values will pose a significant risk as only highly profitable businesses will be able to generate sufficient return on capital to service borrowings. Growers participating in the consultation confirmed that land values were often higher than the productive value and reflected the value of the land as a lifestyle property. It was also noted that this was a significant barrier to growers expanding their businesses.

With the constraints of small block sizes and unwanted infrastructure (including roads and housing), it is currently sometimes seen as more cost effective for growers to purchase and develop a 'greenfield' site in a private diversion area compared to expanding an existing property in the MOIA. Growers in the MOIA must remain competitive with growers in the private schemes to be viable into the future.

This rural strategy needs to identify land use planning solutions that minimise inflation of land values above the productive value of the land.

4.5.5 Rural lifestyle

Most rural land within the MOIA, that is, land outside the township boundaries, is zoned Farming (there are small Low Density Residential Zoned estates at Koorlong, Kings Billabong and Nichols Point). However, there are a significant number of small properties, less than 2ha, used essentially for residential purposes (Table 4-3). Of the 3,165 lots less than 2ha in size, 2,185 have a dwelling.

Most of these small blocks (approximately 2,300) are located in the Mildura district and are often clustered along roads immediately adjacent to horticultural blocks. Many of the dwellings on small blocks would not be associated with agriculture. The Mildura district, particularly the area between Mildura and Irymple, around Nichols Point and Kings Billabong, has effectively become rural living estate located in an agricultural area. These areas may require a different planning consideration to areas with minor residential development.

The large population of non-farming residents has had a number of impacts which, were highlighted through the consultation:

- An increase in the number of complaints received by Council staff from residential properties due to farming activities such as noise from coolstore compressors, smell from agricultural sprays and disturbance at night during the harvest.
- Where the water right has been sold, non-agricultural residents have complained of the 'unsightly land' and the reduced aesthetic and attractiveness of the area.
- Farming residents have made complaints regarding unrestrained dogs and unlicensed vehicles (minibikes) on roads.
- The MOIA was not developed to cope with demands of a non-farming population. There are social and safety issues including pedestrian and vehicle safety, lack of public transport and lack of community facilities and adequate infrastructure to service such a dispersed population area.

Table 4-3: Lots and dwellings in the MOIA

Lot size (ha)	Number of lots	Number of lots with an existing dwelling	Vacant Lots
<2ha	3,165	2,185	980
2 to 4ha	610	290	320
4 to 10ha	1,947	941	1,006
Greater than 10ha	240	135	105
Total	5,962	3,551	2,141

4.6 Part Time Farming

As discussed in Section 4.5.3, the majority of farm businesses in the MOIA are less than 20ha and most of these will be reliant on off-farm income. The emergence of part-time farming is not unique to the MOIA. Many farm businesses, particularly those close to Melbourne and major regional centres draw income from the farm and off-farm. This has been driven by a combination of land values above productive value limiting opportunities for farm growth and expansion and a choice to farm for lifestyle purposes.

The MOIA is a relatively small area with blocks within easy commuting distance from jobs in town. The area has attractive amenity, space and a lifestyle and a small block is relatively affordable with the advantage of an income from horticulture that can offset some of the costs, at least when prices are good. In the current circumstances of low commodity prices, high seasonal water prices and low water allocations there has been a trend towards low input, low output land use such as lucerne or agistment or abandoning or pulling vines and selling water (permanently or temporarily) particularly amongst the small businesses.

In terms of district regional development, part-time farming will constrain the growth of horticulture. Mechanisms are required to encourage fulltime, large-scale farming and protect the amenity of the MOIA afforded by horticulture.

4.7 Opportunities for horticulture

4.7.1 Farm Scale

As discussed in Section 3.3.3, farm businesses need to grow the business over time to keep pace with the declining terms of trade and to achieve other needs such as bringing the next generation into the business. Many businesses achieve this by increasing farm scale.

The advantages of large-scale farming have been recognised in the size of the developments occurring in the neighbouring private diversion areas such as Nangiloc Colignan. A key concern is that achieving economies of scale within the MOIA will incur additional costs due to too many houses or other infrastructure limiting for example the row length and block areas needed for current and future technology. For the MOIA to achieve the necessary scale for commercial horticulture it must have flexibility to expand at low cost. This means more efficient farm practices such as long row lengths and less fragmentation from housing, roads and other infrastructure.

This rural strategy needs to identify mechanisms to encourage large-scale farming.

4.7.2 Irrigation Modernisation and Reconfiguration

The private horticultural areas have been successful in attracting water by providing an “on demand”, all year round supply, where individual farms have control over their level of service. This along with land suitability is why water is leaving traditional districts for the newer private schemes. To remain competitive the MOIA will need a similar service to the private schemes. This future service must work towards providing the MOIA with:

- On demand irrigation (to ensure crop demand is fully met at maximum water use efficiency)
- One supply point (at a high point to enable automation, and adoption of pressurised modern systems if required)
- Large economies of production, so that costs per ha are lower
- Affordable water charges for large scale producers and relative to value of production
- Certainty to enable investment on farm
- Competitive advantage with the best of any other region
- Possibly, all year round supply
- Accurate measurement.

The recommendations of this rural strategy need to be aligned with modernisation and reconfiguration of the irrigation infrastructure to ensure that growers can capitalise on the benefits of improved efficiency.

4.8 Key Findings

Agriculture, and particularly horticulture and the associated manufacturing, packaging and processing of local produce, underpins the economy of Mildura. The MOIA makes a significant contribution to the local economy and grape production is the predominant land use, particularly wine grapes.

The agricultural capability of land within the MOIA is high, however, this presumes access to water. There is no commercial dryland use of the small allotments found in the MOIA.

Water authorities have committed to modernisation and reconfiguration of the irrigation infrastructure, which will bring efficiencies on farm. Water deregulation has brought with it growth and expansion of irrigation across the Mildura region. However, the recent circumstances of low commodity prices and high water prices have resulted in a significant amount of trade, mainly temporary trade, out of the MOIA. There has been an associated increase in the area of vacant land particularly in Merbein. Unless this vacant land is returned to productive horticulture, then there will be serious implications for the overall productivity of the MOIA, the amenity of the area and the long-term viability of the irrigation network.

The planning scheme does not provide a mechanism for securing water in an irrigation area. Therefore this study needs to identify statutory and non-statutory measures to ensure horticulture is viable in the longer term and to ensure modernisation and reconfiguration of irrigation infrastructure to assist growers to remain competitive.

The horticultural industry in the MOIA is made up of a large number of small and medium sized businesses and fewer large-scale (>20ha) businesses. These large businesses manage up to 50% of the land area and generate up to 65% of the gross value of agricultural production.

The combination of low commodity prices, low water allocation and high water prices is likely to result in significant restructure within the horticultural industry. Small and medium sized businesses are under significant pressure and some will be looking to exit the industry while others will be looking to expand to gain the necessary scale to be viable in the long term.

Measures are required to assist those wishing to leave horticulture, such as the Australian Government exit packages, as well as facilitating growth and expansion of businesses wishing to stay. The outcomes of this revised strategy for the MOIA needs to complement industry restructure

Land prices are increasing above the productive value of the land due to the purchase of properties for lifestyle purposes and for their development potential. This is a significant barrier to growth and expansion of horticultural businesses and sometimes it is more cost effective for growers to develop a greenfield site outside the MOIA. Growers need access to land without unwanted infrastructure and valued at its productive potential. The proposed rural strategy needs to identify land use planning solutions that will minimise inflation of land values above the productive value of the land.

A large proportion of farm businesses in the MOIA are part-time businesses with income drawn from the farm and off-farm. These businesses have responded to the low commodity prices and high water prices by abandoning vines, selling water or changing to low input systems. In terms of district regional development, part-time farming will constrain the growth of horticulture. Mechanisms are required to encourage fulltime, large-scale farming and protect the amenity of the MOIA afforded by horticulture.

Future opportunities for horticulture will come from increasing scale and modernisation and reconfiguration of the irrigation network. The proposed rural strategy needs to identify mechanisms to encourage large-scale farming and align with modernisation and reconfiguration of the irrigation infrastructure to ensure that growers can capitalise on the benefits of improved efficiency.

Strategic Considerations

The horticultural industry is experiencing a period of significant restructure triggered by low commodity prices, low water allocations and high water prices. The long-term sustainability of the region will depend on a range of statutory and non-statutory mechanisms to assist restructure.

To protect the horticultural industry in the MOIA and consolidate irrigation infrastructure, full time large-scale businesses should be encouraged.

5 Population Growth and Urban Expansion

5.1 Population Growth

Mildura, unlike many regional municipalities has experienced a positive population growth. The growth rate increased from 1.3% in 2001 to 2.0% in 2006. Mildura's population in 2006 was 51,937 and is predicted to grow to between 65,800 and 86,000 by 2030 (Mildura Residential Land Study 2003). It is estimated that 450 new houses need to be built per annum to meet this growth.

5.2 Growth opportunities

Future residential growth opportunities have been identified in the Mildura, Irymple and Red Cliffs Structure Plans. Growth of Mildura is constrained by the airport to the south-west and the river to the north. The Vision for the Mildura – Irymple Interface Study identified that opportunity for future urban development of rural land around Irymple is largely limited to the north of Fifteenth Street.

Growth of Mildura beyond 2030 is yet to be investigated, however, the work completed to date suggests that due to physical constraints of the airport and river, longer term growth will be to the east of the current Mildura town boundaries.

The opportunities for growth in the MOIA include the towns of Irymple, Merbein and Red Cliffs, the township zone of Cardross with some low-density residential development at Cabarita, Lake Hawthorn, Koorlong, Nichol's Point and Kings Billabong.

5.3 Tourism and recreation development

There are a number of existing tourism facilities in the MOIA including potteries, gem shops and nurseries. There has also been some interest in opportunities to 'value-add' to farm produce through development of a gourmet food trail including roadside stalls with farm produce, boutique wineries and destinations along the Chaffey Trail. The community and stakeholder discussion did not indicate a high level of demand for additional tourism facilities. There was a small level of interest in roadside stalls selling primary produce.

Under the Farming Zone, a bed and breakfast (not more than 6 persons) is the only tourism activity that does not require a permit. Tourism activities that are permitted but subject to a permit include:

- Group accommodation – must be used in conjunction with agriculture, outdoor recreation facility, rural industry or winery and must be no more than six dwellings;
- Host farm;
- Leisure and recreation (other than informal outdoor recreation and motor racing track);
- Primary produce sales;
- Residential hotel or restaurant – must be used in conjunction with agriculture, outdoor recreation facility, rural industry or winery;

At this stage the desired tourism facilities identified in the consultation, can be accommodated by the Farming Zone. Further work is required to identify tourism opportunities and appropriate locations for these that may complement horticulture but cannot be accommodated in the Farming Zone

5.4 Key Findings

Expansion of the urban boundaries of Mildura is constrained by the airport and river. Beyond 2030, growth is likely to be east of the current Mildura town boundaries. Retaining land in larger allotments will facilitate any planned urban development in the future.

There are opportunities to accommodate growth, including rural residential development, in the small towns and hamlets in the MOIA.

There is an opportunity to expand tourism into the MOIA building on the amenity of the area and marketing/sale of primary produce.

5.5 Strategic Considerations

Further strategic work is required to:

- Identify the urban boundaries of Mildura beyond 2030;
- Develop plans for the small towns of the MOIA including identifying opportunities for rural residential development
- Develop a Tourism Strategy that will consider accommodating appropriate tourism facilities that will complement the horticultural industries in the MOIA.

In the interim, land in these areas should be retained in the larger allotments to facilitate orderly, planned development in the future.

6 Consultation

6.1 Overview

Consultation has been an important part of the development of this Rural Strategy. The Project Steering Committee has met regularly throughout the project and contributed to the project methodology and to the Issues Paper and the Draft Rural Strategy Options Paper.

The consultation with the community and stakeholders sought to inform the need for a revised approach to land use planning in the MOIA, to gain a better understanding of the issues and to provide an opportunity to contribute to a revised vision and implementation measures for the area.

Consultation was undertaken at two key steps in the study:

8. Consultation to validate the findings of the Issues Paper and to set a new vision for the MOIA
9. Consultation to obtain feedback on the Draft Rural Strategy and Options Paper for delivering the new vision of the MOIA

The consultation in both cases involved a combination of community and stakeholder forums, information bulletins and opportunity for written submissions to be submitted for consideration by Council.

6.2 Consultation on the Issues Paper

6.2.1 Issues Paper

An Issues Paper was prepared providing an analysis of:

- Current rural land use in the MOIA;
- Horticulture;
- Current planning policy framework;
- Drivers of land use change; and
- No change scenario.

The Issues Paper was displayed for public comment for a period of one month and was available on the Council's website with hard copies and CD's available at the Council Offices.

A series of consultation activities were held in August 2007 including community forums, stakeholder workshops and a workshop with Council staff. It is estimated that about 100 persons attended the consultation workshops. Over 40 written submissions were received. The notes taken at the workshop represent the range of views expressed by stakeholders and the community and these are presented in Appendix 1.

6.2.2 Information Bulletins

Two Information Bulletins were prepared and sent to all residents in the MOIA (approximately 2,400) in the early stages of the study. The Bulletins are reproduced in Appendix 2.

Information Bulletin No.1 Provided an introduction to the study and alerted the community to the opportunity to participate in the study.

Information Bulletin No.2 Summarised the key findings of the Issues Paper and notified the community of the dates and locations of the community forums. This bulletin also included a feedback form.

6.3 Stakeholder Workshops

Workshops on the Issues Paper were held with three stakeholder groups:

- Horticultural Task Force
 - Murray Valley Winegrowers
 - Australian Wine and Brandy Corporation
 - Australian Dried Fruit Association
 - Australian Citrus Growers
 - Murray Valley Citrus Board
 - Australian Table Grapes Association
 - Sunraysia Table Grape Growers Association
 - Mildura Rural Counselling Service
 - Sunraysia Mallee Economic Development Board
 - Sunraysia Area Consultative Committee
 - Lower Murray Water
 - First Mildura Irrigation Trust
- Agencies – including representatives from Parks Victoria, Department of Sustainability and Environment, VicRoads, Powercor
- Developers Forum – including representatives from the building, surveying and planing industries

6.4 Community Forums

All landowners in the MOIA were invited in writing to attend community forums. The community forums provided an opportunity for interested community members to gain further information about the project, to speak to consultants and Council staff. A number of questions were posed to the participants seeking their views about the future of the MOIA.

6.5 Prevailing Community Position

The consultation on the Issues Paper highlighted the significant difficulties being faced by growers within the MOIA due to the economic downturn of 2006, low water allocations and high seasonal water prices. The responses to the questions posed at the community forums are summarised below.

What is the long-term future of horticulture?

- Survival mode
- Optimism there is a future
- Unbundling and availability of water is a significant issue
- Commodity prices are a significant issue
- Ageing population of farmers – skills shortage
- Remaining competitive in a global market
- 24 hour large scale mechanised operations

How can horticulture be supported within the context outlined above?

- No more dwellings
- Locate dwellings in planned settlements
- Land values that reflect agricultural value - not lifestyle value
- Horticultural precincts with high level of protection from housing, subdivision
- Facilitate bargaining groups to achieve better returns
- Prevent right to farm issues
- Protect water rights and trade out of the district

How many people should be able to live in the MOIA?

- No more than the current population if horticulture is to survive
- The more the merrier

Where should people live in the MOIA?

- Focus growth in existing hamlets and townships
- Provide opportunity to support and grow existing towns and hamlets

What is your preferred vision of the MOIA in twenty years time?

- Horticulture - economic and amenity
- Growth in planned estates within existing towns and hamlets
- Revised future for compromised areas

6.6 Consultation on the Options Paper

A Draft Rural Strategy Options Paper was prepared detailing four options for implementing the new vision for the MOIA. The Options Paper was displayed for public comment for a period of six weeks from December 2007 to January 2008 and was available on Council's website with hard copies and CD's available at the Council offices. Over 450 written submissions were received on the Draft Rural Strategy Options Paper and were summarized and evaluated against the Draft Rural Strategy and State Planning Policy Framework in a report to Councillors: *Mildura Older Irrigation Area: Review of Submissions*.

The seven implementation options are outlined in further detail in Section 8.

6.6.1 Information Bulletins

Two Information Bulletins were prepared in the later stages of the study and mailed to all residents on the MOIA.

Information Bulletin No.3 Summarised the findings of this Options Paper and notified the community of the date and locations of the community forums.

Information Bulletin No.4 Summarised the findings of the Options Paper and detailed the three additional options generated through the consultation forums.

6.6.2 Community and Stakeholder Consultation on Options

In December 2008, three community forums and three stakeholder (as listed in 6.2.2 above) workshops were held to assist with understanding the findings of the Draft Rural Strategy and the Options for implementation. The forums were also an opportunity for additional ideas and options for implementation to be discussed. It estimated that over 200 people attended these forums and workshops.

Three additional implementation options were generated through these forums.

6.6.3 Written Submissions

Over 450 written submissions were received on the Draft Rural Strategy Options Paper including submissions from the community, agencies and horticultural industry bodies. The submissions were summarized and evaluated against the Draft Strategy and State Planning Policy Framework in a report to Councillors: *Mildura Older Irrigation Area: Review of Submissions*.

These submissions were considered as part of the process of identifying an option for preparation of the Final Strategy and amendment documentation.

7 Mildura Older Irrigation Areas Rural Strategy

7.1 Introduction

The development of a land use strategy for the MOIA requires consideration not only of the current issues and planning context as discussed in the preceding sections of this report, but also of the future land use needs that will balance horticulture, economic development and growth. This section of the report sets out a broad vision for rural land use planning and strategic directions that combined can meet that vision.

7.2 Key Strategic Elements

The review of the MOIA has concluded the following:

- Horticulture underpins the economy of the City growing products for national consumption and export;
- Horticulture also underpins local manufacturing, transport and processing and provides significant employment;
- Horticulture and the horticultural landscape is a significant element in the identity, image and liveability of the Mildura Rural City; and
- There is a significant level of existing rural residential development within the horticultural areas of the MOIA.

7.3 Vision

Based on the issues detailed in this report and the and the feedback from the community and stakeholders via the consultation (Chapter 6), the Rural Strategy sets out a long term vision for the future of the Mildura Older Irrigation Area that:

- Seeks to protect the land for horticulture;
- Accommodates growth in planned estates around existing towns and hamlets;
- Acknowledges the existing rural residential development; and
- Contributes to the ongoing economic prosperity and quality lifestyle of Mildura.

The Mildura Older Irrigated Area is significant for its contribution to the economy and the liveability and amenity of Mildura. Maintaining and supporting horticulture is vital for the continued economic prosperity of the municipality. Horticulture is important regionally with multipliers in processing and manufacturing and is a significant source of employment. Horticulture provides a 'green oasis' around Mildura and a green break between the smaller towns of the MOIA. Many people aspire to live in the MOIA due to its amenity and the opportunity to combine a rural lifestyle and urban employment.

7.4 Strategic Objectives

The strategic objectives of the Draft Rural Land Strategy are:

- Protect and enhance the horticultural values of the area;

- Provide for the growth and expansion of existing horticultural businesses or the introduction of new horticultural activities;
- Provide for a diversity of horticultural businesses;
- Protect the viability of the irrigation network by encouraging and supporting a vibrant horticultural industry;
- Protect existing horticultural operations from urban encroachment and rural lifestyle development;
- Have regard to the 2030 growth boundary and discourage fragmentation of land for future potential residential development;
- Have regard to the existing rural residential development;
- Protect the amenity of the area afforded by horticulture;
- Provide for horticultural-based tourism.

7.5 Horticulture

There is a continuing future for horticulture in the MOIA and the industry is likely to comprise a number business types including:

Growing businesses - large scale, full time businesses looking to grow and consolidate their operations in the MOIA.

Transition businesses - medium scale, full time businesses including some looking to grow and consolidate their operations in the MOIA and others seeking to exit the industry.

Small businesses - small, niche or part-time businesses including farming for lifestyle and businesses growing specialty products. Many in this group will not be looking to grow or expand the business.

The land types in the MOIA are suited to a range of horticultural products but are dependent on access to irrigation water. The future of the irrigation network, particularly modernisation and upgrade will be dependent on the presence of a core group of large scale horticultural businesses. The planning system should protect opportunities for horticultural business growth by:

- Maintaining land in parcels with productive and management potential;
- Minimising land lost to building development;
- Separating existing houses from productive land; and
- Minimising inflation of land values above the productive value of the land

7.6 Rural Living

A legacy of the subdivision and settlement pattern of the MOIA is a significant level of *ad hoc* rural living. Rural living in this form is contrary to the vision of the MOIA and the planning system should seek to minimise further development of this type and provide for rural living in planned estates around rural hamlets and towns. It is recognised though that some land in the MOIA, although zoned for agriculture, is and will be used for rural living.

8 Options for Implementation of the Vision

8.1 Introduction

Council endorsed its vision for the future of the MOIA and the project brief proposed that a range of options for delivering the vision be developed and tested with the community for feedback on a preferred approach. This section of the report details the options and provides an evaluation of each option against the objectives and outcomes being sought.

8.2 Development of the Options

The options were developed using the vision and strategic objectives to provide overarching direction. Land use planning objectives and land use planning outcomes were detailed to ensure that the options reflected the unique circumstances of the MOIA and specific details of the outcomes to be achieved through implementation. The land use planning objectives and land use planning outcomes are now noted.

8.3 Land Use Planning Objectives

The vision seeks to ensure that the MOIA continues to be used for productive, viable horticulture. As discussed in Section 4.5.3 of this report, the horticultural industry comprises three different business types:

Growing businesses - large scale, full time businesses looking to grow and consolidate their operations in the MOIA.

The land use planning objectives for this group are to protect the land for horticulture and to create a planning environment that will facilitate future growth with minimal non-horticultural constraints.

Transition businesses - medium scale, full time businesses including some looking to grow and consolidate their operations in the MOIA and others seeking to exit the industry.

The land use planning objectives for this group are to protect the land for horticulture, and create a planning environment that will facilitate growth or facilitate transfer of the business into the growing businesses group with minimal non-horticultural constraints.

Small businesses - small, niche or part-time businesses including farming for lifestyle and businesses growing specialty products. Many in this group will not be looking to grow or expand the business.

The land use planning objectives for this group are to protect the land for horticulture and maintain land in land parcels in appropriate locations to facilitate future urban development.

8.4 Land Use Planning Outcomes

In seeking to achieve the land use planning objectives, the options should result in the following land use planning outcomes:

- Land is used primarily for horticulture;

- Land is valued at its agricultural value;
- Land is unencumbered by unwanted infrastructure;
- Farm reconfiguration and increased scale to capture the benefits of a modernised and reconfigured irrigation system;
- Land is retained in parcels of a size suitable for farm expansion;
- Further escalation of right to farm issues is minimised;
- Enable those wishing to exit horticulture to do so, recognising the farm business is also the home, but this should not occur at the expense of horticulture; and
- Prevent the continuation of *ad hoc* rural lifestyle development.

8.5 Location of Horticultural Businesses

As a first step to investigating options for achieving the vision it was important to get a more detailed understanding of the pattern of land use across the MOIA. A GIS analysis of Sunrise 21 farm business data was undertaken to determine if like-sized businesses were clustered or dispersed across the area. The output from this analysis is provided in Appendix 3.

These maps clearly demonstrate that there is no particular pattern in the location of like-sized properties. From a land use planning perspective this means that the options will most likely not be delivered on a geographic basis.

8.6 Options

Four options for implementation of the vision and strategic objectives, were detailed for consideration by the community, in the Draft Rural Strategy and Options Paper. The options have been evaluated to provide an indication of the extent to which they will achieve the vision, strategy objectives and outcomes.

8.7 Option 1 – Current Practice (Approve every application for a dwelling)

Under Option 1, the planning scheme would remain unchanged and the Rural Areas Policy (Amendment C30) would replace the existing Agricultural Land Policy. This option reflects the current practice whereby applications for dwellings and subdivision are assessed against the Rural Areas Policy (Section 3.2.4 and 3.3.1),

Implementation of Option 1 would mean that :

- Land would be zoned Farming;
- Land would be subject to a 10ha minimum subdivision size;
- The minimum area for which no permit is required for a dwelling is 10ha;
- A house may be excised if each lot created has a maximum area of 1ha and involves a parent lot of 10ha;
- Construction of a dwelling on a small lot created via a boundary realignment would be subject to the created lot resulting in more productive and efficient agricultural landholdings;
- Subdivision of land created for residential purposes via a boundary realignment of redundant channel reserves or utility lots, is created from an existing channel reserve or utility lot which is of a size and configuration capable of supporting a dwelling.

Outcome and Evaluation of Option 1

Under Option 1, the following would apply with respect to dwellings and subdivision:

- All allotments could be eligible for a dwelling.
- Small lots could be consolidated to create a lot greater than 10ha from which a residential lot can be subdivided.

Under Option 1 there is potential for more than 2,000 additional dwellings across the MOIA and additional residential allotments;

The likely consequences of this option include:

- Significant residential development and rural lifestyle development;
- Significant increase in the residential population of the MOIA;
- Speculative purchase of small lots to be consolidated to achieve the 10ha minimum for excision of a residential allotment leading to increased land values;
- Farming will become increasingly difficult and many growers may choose to leave the MOIA and establish businesses elsewhere;
- The horticultural industry will be comprised mainly of part-time/hobby farms;
- With more part-time/hobby farms, permanent water trade out of the MOIA is likely to increase especially when water prices are high and allocations low, threatening the long term viability of the irrigation network and the horticultural future of the MOIA;
- There will be a decrease in horticultural production and an increase in the area of dry blocks or low input systems such as horse agistment;

- There will be a decline in the amenity of the area;
- Land values will reflect the residential value not productive value of the land, making it difficult for growers to expand. In the longer term as amenity declines and the attractiveness of the area for rural lifestyle declines the land values are likely to drop
- Net farm gate value will decline as businesses exit horticulture or move to green field sites outside MOIA. This will have consequences for the local economy and employment.
- There is no exit strategy for those on lots less than 10ha wishing to exit horticulture, and wanting to stay in the family home;
- Increased costs to Council and ratepayers for infrastructure roll out and provision of community services to a significantly higher residential population in the MOIA
- Reduced tourism potential with declining amenity.

Option 1. Evaluation Against Strategic Objectives

Strategic objectives	Evaluation of option against objective	Extent to which option will achieve objective
Protect and enhance the horticultural values of the area	Horticultural values will not be protected or enhanced but will be significantly compromised by further dwelling development	✗
Provide for the growth and expansion of existing horticultural businesses or the introduction of new horticultural activities	Growth and expansion of businesses will be prevented by significant residential and rural lifestyle development. New horticultural industries are likely to go elsewhere where there are fewer constraints.	✗
Provide for a diversity of horticultural businesses	Part time businesses will dominate the horticultural industry in the MOIA. Low input enterprises such as lucerne and horse paddocks will be more common. Larger businesses are likely to move elsewhere as residential development increases.	✓
Protect the viability of the irrigation network by encouraging and supporting a vibrant horticultural industry	The viability of the irrigation network will be significantly compromised as horticultural output will decline significantly	✗
Protect the existing horticultural operations from further <i>ad hoc</i> rural lifestyle development	<i>Ad hoc</i> rural lifestyle development will not be contained	✗
Have regard to the 2030 growth boundary and discourage fragmentation of land for future residential development	The significant level of housing development will compromise building development within the 2030 boundary and not discourage fragmentation in areas of future residential development	✗
Provide rural lifestyle opportunities around existing towns and hamlets	Rural lifestyle opportunities will be unplanned and spread across the MOIA	✗
Have regard to the existing rural residential development	Rural lifestyle development will become the dominant land use but the loss of amenity may compromise the long term attractiveness of the area for rural residential use	✓
Protect the amenity of the areas	The amenity of the area will be severely compromised by the level of dwelling development and decline in horticulture	✗
Provide for horticultural based tourism	Tourism facilities that complement horticulture can be accommodated though the attractiveness of the area for tourism will decline	✓✓

✓✓✓ Option will achieve the objective to a large extent

✓✓ Option will achieve the objective to a moderate extent

✓ Option will achieve the objective to little extent

✗ Option will be detrimental to achieving the objective

Option 1. Evaluation Against the Land Use Planning Objectives

Land use planning objectives	Evaluation of option against objective	Extent to which option will achieve objective
Growing businesses		
Protect land for horticulture	Land is not protected for horticulture	x
Facilitate business growth	Business growth constrained by higher costs of purchasing land with a house and excision only available on lots >10ha	x
Minimise non-horticultural constraints	Further housing development is not significantly constrained	x
Transition businesses		
Protect the land for horticulture	Land is not protected for horticulture	x
Facilitate business growth	Business growth constrained by higher costs of purchasing land with a house and excisions only available on lots >10ha	x
Facilitate transfer of the business to the growing business group	Transfer of the business will not be facilitated due to the higher costs of purchasing land with a dwelling and excisions only available on lots >10ha	x
Minimise non-horticultural constraints	Further housing development is not constrained	x
Small businesses		
Protect the land for horticulture	Land is not protected for horticulture	x
Maintain land in appropriate locations in parcels to facilitate future residential growth	A large number of small residential lots can be created limiting future planned residential development	x

✓✓✓ Option will achieve the objective to a large extent

✓✓ Option will achieve the objective to a moderate extent

✓ Option will achieve the objective to little extent

x Option will be detrimental to achieving the objective

Option 1. Evaluation Against Land Use Planning Outcomes

Land use planning outcome	Evaluation of option against outcome	Extent to which option will achieve outcome
Land is used primarily for horticulture	Some land will continue to be used primarily for horticulture. The industry will comprise mainly hobby farms with a significant amount of land used for rural lifestyle and residential purposes	✓
Land is valued at its agricultural value	Land values will reflect rural lifestyle value or development potential.	✗
Land is unencumbered by unwanted infrastructure	Nearly all allotments could have a dwelling representing a significant degree of residential rural lifestyle development	✗
Farm reconfiguration and increased scale to capture the benefits of a modernised and reconfigured irrigation system	Farm reconfiguration and increased scale will be significantly constrained by dwelling development and higher land values	✗
Land is retained in parcels of a size suitable for farm expansion	Many additional small parcels will be created through excisions	✗
Further escalation of right to farm issues are minimised	Increased dwelling development will increase the residential population and right to farm issues	✗
Enable those wishing to exit horticulture to do so, recognising the farm business is also the home, but this should not occur at the expense of horticulture	Excision of a dwelling is only available to those on lots larger than 10ha	✓
Prevent the continuation of <i>ad hoc</i> rural lifestyle development	<i>Ad hoc</i> rural residential development will not be prevented	✗
Provide rural lifestyle opportunities around existing hamlets and townships	No opportunity to provide for rural lifestyle around existing towns	✗

✓✓✓ Option will achieve the objective to a large extent

✓✓ Option will achieve the objective to a moderate extent

✓ Option will achieve the objective to little extent

✗ Option will be detrimental to achieving the objective

8.8 Option 2. – Consistent Application of Policy

Under Option 2 the planning scheme would remain unchanged and the Agricultural Land Policy currently in the scheme would be used by Council to provide guidance on decision-making.

This means that:

- Land would continue to be zoned Farming;
- Land is subject to a 10ha minimum subdivision size;
- Construction of a dwelling on a lot less than 10 ha is subject to a planning permit and dwellings not directly associated with the use of the land for agriculture or horticulture is strongly discouraged;
- A house may be excised if the lot to be subdivided is at least 10 ha and no further subdivision of the parent lot is permitted.

Outcome and Evaluation of Option 2

Under option 2 the following would apply with respect to dwellings and subdivision:

- Dwelling development on vacant lots less than 10ha would be strongly discouraged and the land would therefore have little 'residential development' value;
- There would be no excision of an existing dwelling on lots less than 10ha. These properties would be attractive as a hobby farms and may be priced above productive value. This arrangement does not assist those on lots <10ha wishing to exit horticulture.
- A dwelling can be excised from a lot that is greater than 10ha and there is no further subdivision of the parent lot. This would facilitate purchase of land for farm expansion and disposal of an unwanted dwelling and potentially offset the higher cost of the land purchase. It will also create up to 135 small (up to 1ha) residential blocks in the MOIA.
- A permit for a dwelling is not required on vacant lots greater than 10ha. These vacant lots would be very attractive to those looking to capitalise on the rural lifestyle market as a dwelling can be built and then excised from the parent lot. This may tend to inflate the value of the land. There are 345 such lots in the MOIA.
- Larger lots can only be subdivided if the new lots are 10ha in size. There are few of these in the MOIA.

Under Option 2, there is potential for an additional 345 dwellings (on lots >10ha) including up to 135 rural residential lots could be created through an excision of an existing dwelling.

Other consequences of implementing Option 2:

- There will be some increase in dwelling development, though significantly less than Option 1.
- There will be an increase in hobby/rural lifestyle farms, particularly on lots less than 10ha that have an existing dwelling;
- Business growth will be constrained by high land prices for hobby farms and excisions only available on lots >10ha;

- There is no strategy for those on lots less than 10ha, wishing to exit horticulture and wanting to stay in the family home;
- With more part-time/hobby farms, permanent water trade out of the MOIA is likely to increase especially when water prices are high, threatening the long term viability of the irrigation network and the horticultural future of the MOIA;
- Land values of lots <10ha with a dwelling and vacant lots >10ha will reflect the residential or development value not productive value, making it difficult for growers to expand;
- Farming will become increasingly difficult and some growers may choose to leave the MOIA and establish businesses elsewhere;
- There will be a decrease in horticultural production and an increase in the area of dry blocks or low input systems such as horse agistment;
- The amenity of the area is likely to decline as water is traded out of the district and replaced by dryland properties;
- In the longer term as amenity declines and the attractiveness of the area for rural lifestyle declines the land values are likely to drop;
- Net farm gate value will decline as businesses exit horticulture or move to green field sites outside MOIA and the industry is comprised mainly of part time businesses. This will have consequences for the local economy and employment;
- Increased costs to Council and ratepayers for infrastructure roll out and provision of community services to a significantly higher residential/lifestyle population in the MOIA;
- Reduced tourism potential with declining amenity.

Option 2. Evaluation Against Strategic Objectives

Strategic objectives	Evaluation of option against objective	Extent to which option will achieve objective
Protect and enhance the horticultural values of the area	Horticulture will be protected but there will be 345 additional dwellings on larger lots, some additional rural residential development from excised lots and more part-time/hobby farms	✓
Provide for the growth and expansion of existing horticultural businesses or the introduction of new horticultural activities	Growth and expansion can occur but constrained by residential growth, particularly on larger blocks and higher cost of smaller developed blocks. New businesses are likely to establish in areas with fewer constraints	✓
Provide for a diversity of horticultural businesses	Diversity of horticultural business can be accommodated though part-time/hobby farms are likely to dominate the industry over time with fewer large scale businesses	✓
Protect the viability of the irrigation network by encouraging and supporting a vibrant horticultural industry	As part time businesses come to dominate the industry, horticultural output will decline and investment in irrigation infrastructure upgrade is less attractive	✓
Protect the existing horticultural operations from further <i>ad hoc</i> rural lifestyle development	<i>Ad hoc</i> rural lifestyle development will not be prevented	✗
Have regard to the 2030 growth boundary and discourage fragmentation of land for future residential development	Fragmentation of land by excisions will occur on blocks 10ha or larger	✓
Provide rural lifestyle opportunities around existing towns and hamlets	No provision for rural lifestyle around existing towns	✗
Have regard to the existing rural residential development	Existing rural residential development will not be impacted	✓✓✓
Protect the amenity of the area	Amenity will be compromised by further dwelling development and further erosion of amenity may occur with part-time, low input businesses such as horse agistment	✓
Provide for horticultural based tourism	Tourism facilities that complement horticulture can be accommodated	✓✓✓

✓✓✓ Option will achieve the objective to a large extent

✓✓ Option will achieve the objective to a moderate extent

✓ Option will achieve the objective to little extent

✗ Option will be detrimental to achieving the objective

Option 2. Evaluation Against Land Use Planning Objectives

Land use planning objectives	Evaluation of options against objective	Extent to which option will achieve objective
Growing businesses		
Protect land for horticulture	Land is protected for horticulture – industry will mainly comprise hobby farms	✓
Facilitate business growth	Business growth facilitated through purchase of vacant lots <10ha but constrained on all other lots	✓
Minimise non-horticultural constraints	Further dwelling development is significantly constrained	✓ ✓
Transition businesses		
Protect the land for horticulture	Land is protected for horticulture – industry will comprise mainly hobby farms	✓
Facilitate business growth	Business growth facilitated through purchase of vacant lots <10ha but constrained on all other lots	✓ ✓
Facilitate transfer of the business to the growing business group	Transfer of the business will not be facilitated due to the higher costs of purchasing land with a dwelling and excisions only available on lots >10ha	✓
Minimise non-horticultural constraints	Further housing development is significantly constrained	✓ ✓
Small businesses		
Protect the land for horticulture	Land is protected for horticulture but mainly as hobby farms or niche high value businesses	✓ ✓
Maintain land in appropriate locations in parcels to facilitate future residential growth	No additional dwellings on allotments less than 10ha though some smaller residential lots created through excisions	✓ ✓ ✓

✓✓✓ Option will achieve the objective to a large extent

✓✓ Option will achieve the objective to a moderate extent

✓ Option will achieve the objective to little extent

✗ Option will be detrimental to achieving the objective

Option 2. Evaluation Against Land Use Planning Outcomes

Land use planning outcome	Evaluation of option against outcome	Extent to which option will achieve outcome
Land is used primarily for horticulture	Most land will continue to be used primarily for horticulture but the industry will comprise mainly hobby farms	✓
Land is valued at its agricultural value	Land values will generally reflect rural lifestyle value or development potential. Vacant land less than 10ha will be valued at its agricultural value.	✓
Land is unencumbered by unwanted infrastructure	There will be a modest increase in the number of new dwellings. Opportunity to disencumber land via an excision is limited to lots >10ha.	✓
Farm reconfiguration and increased scale to capture the benefits of a modernised and reconfigured irrigation system	Farm reconfiguration and increased scale will be constrained by dwelling development and higher land values	✓
Land is retained in parcels of a size suitable for farm expansion	Existing larger land parcels will be retained, with some additional small parcels created through excisions	✓✓
Further escalation of right to farm issues is minimised	Increased dwelling development will increase the residential population and right to farm issues	✓
Enable those wishing to exit horticulture to do so, recognising the farm business is also the home, but this should not occur at the expense of horticulture	Excision of a dwelling is only available to those on lots larger than 10ha	✓✓
Prevent the continuation of <i>ad hoc</i> rural lifestyle development	<i>Ad hoc</i> rural residential development will not be prevented	✗
Provide rural lifestyle opportunities around existing hamlets and townships	No opportunity to provide for rural lifestyle around existing towns	✗

✓✓✓ Option will achieve the objective to a large extent

✓✓ Option will achieve the objective to a moderate extent

✓ Option will achieve the objective to little extent

✗ Option will be detrimental to achieving the objective

8.9 Option 3 – Amend Planning Scheme (with Excisions)

The current planning scheme as it relates to the MOIA will be amended to reflect the following:

- Land will be zoned Farming
- There will be no further subdivision of any land within the MOIA;
- No new dwelling permits will be issued for land in the MOIA, except on lots 4,000sqm to 1ha in size created since 1999 on the basis that these subdivisions were approved for residential purposes;
- Subject to conditions, existing dwellings can be excised from an allotment, but only from an allotment that is 4ha or greater in size (see Section 8.9.1 for discussion on minimum lot size for an excision).
- A Housing Strategy for the Mildura Rural City will be developed which will include identification of locations and types of rural living choices to be provided in the MOIA.
- A Tourism Strategy will be developed that will identify the types and location of tourism facilities that will complement horticulture but cannot be accommodated under the current Farming Zone.

8.9.1 Minimum Lot Size for an Excision

It is proposed that an existing dwelling can be excised from a lot that is 4ha or greater in size. The minimum lot size is based on:

- The original subdivision of the districts;
- Lots smaller than the original subdivision size would have been created through a later subdivision and hence have already realised the opportunity for a subdivision;
- Excising a dwelling from a parent lot that is at least 4ha will result in a vacant allotment that is of a size that can facilitate farm growth. As discussed in Section 3.3.3, increasing farm scale is achieved by incremental growth equivalent to a doubling of farm size every 20 years. A 20ha business today is likely to have grown to at least 40ha by 2027 and achieved this by purchasing small parcels every few years;

Outcome and Evaluation of Option 3

Under Option 3 the following would apply to subdivisions and dwellings:

- The only additional dwellings that can be constructed in the MOIA will be on residential lots created since 1999, estimated at 122 lots;
- There is no opportunity to subdivide land of any size;
- Excisions will apply only to existing dwellings and on lots greater than 4ha in size and subject to conditions. A dwelling cannot be constructed on the parent lot.

Under Option 3 there is potential for an additional 122 dwellings in the MOIA and up to 1,000 rural residential allotments created via excision of an existing dwelling (note that there around 1,700 farm businesses across the MOIA and many of these dwellings are currently used by families farming in the MOIA. The actual number of excisions therefore, is likely to be considerably lower than this figure).

Other consequences of implementing Option 3:

- There will be a small increase in the number of dwellings (122) with no further dwelling development;
- Growth of farm businesses will be encouraged by the opportunity to excise existing dwellings, which will help to offset the higher cost of purchasing land with a dwelling and enable the parent lot to be incorporated into the farm layout.
- The opportunity to excise an existing dwelling will create further rural residential lots in the MOIA, but no additional dwellings on current levels;
- Market value of vacant land will reflect its agricultural value. Small farms will still be attractive hobby farms and may have a value above productive value;
- Excision of an existing dwelling is available to a greater number of landowners than Options 1 or 2.
- Net farm gate value may increase as farm businesses are able to expand and grow;
- Viable, large-scale farm businesses will retain irrigation water within the districts;
- Right to farm issues will be minimised;
- The amenity of the MOIA will be maintained;
- Infrastructure roll out and community services will be 'capped'.
- Tourism opportunities to complement horticultural businesses can be accommodated and the amenity of the area will be attractive for tourism

Option 3. Evaluation Against Strategic Objectives

Strategic objectives	Evaluation of option against objective	Extent to which option will achieve objective
Protect and enhance the horticultural values of the area	Horticulture will be protected and enhanced with restrictions on dwellings and subdivision but there will be increased rural residential use from excised dwellings.	✓✓
Provide for the growth and expansion of existing horticultural businesses or the introduction of new horticultural activities	Growth and expansion of businesses will occur as residential development is capped and opportunity to excise dwellings will enable vacant land to be valued at horticultural value.	✓✓✓
Provide for a diversity of horticultural businesses	Will provide for large scale businesses, part-time business and small niche horticultural businesses	✓✓✓
Protect the viability of the irrigation network by encouraging and supporting a vibrant horticultural industry	Enabling the growing businesses to secure their future in the MOIA will provide a stable environment in which to invest in irrigation infrastructure and facilitate retention of water in the districts	✓✓✓
Protect the existing horticultural operations from further <i>ad hoc</i> rural lifestyle development	Rural lifestyle development will be capped at current levels and could be reduced via excisions	✓✓
Have regard to the 2030 growth boundary and discourage fragmentation of land for future residential development	Integrity of the 2030 boundary will be maintained and fragmentation of land for residential purposes will be prevented	✓✓✓
Provide rural lifestyle opportunities around existing towns and hamlets	This strategy will not identify land for rural residential development. The strategy will recommend development of a Housing Strategy to assess the appropriate locations and types of rural residential development suited to the MOIA.	✓✓
Have regard to the existing rural residential development	Existing rural residents in the MOIA will not be impacted by this Option	✓✓✓
Protect the amenity of the area	Amenity of the area will be maintained	✓✓✓
Provide for horticultural based tourism	Tourism facilities that complement horticulture can be accommodated and the amenity will make the area an attractive location for tourism facilities	✓✓✓

✓✓✓ Option will achieve the objective to a large extent

✓✓ Option will achieve the objective to a moderate extent

✓ Option will achieve the objective to little extent

✗ Option will be detrimental to achieving the objective

Option 3. Evaluation Against the Land Use Planning Objectives

Land use planning objectives	Evaluation of option against objective	Extent to which option will achieve objective
Growing businesses		
Protect land for horticulture	Land is protected for horticulture though there will be some increase in residential use via excisions. Small properties with a dwelling will still be attractive hobby farms or rural lifestyle properties.	✓✓
Facilitate business growth	Business growth facilitated by cap on dwelling development and opportunity to excise dwellings from the land	✓✓✓
Minimise non-horticultural constraints	Further housing development is limited and capped	✓✓✓
Transition businesses		
Protect the land for horticulture	Land is protected for horticulture though some further residential use will occur through excisions. Small properties with a dwelling will still be attractive hobby farms or rural lifestyle properties.	✓✓
Facilitate business growth	Business growth facilitated by cap on dwelling development and opportunity to excise dwellings from the land	✓✓✓
Facilitate transfer of the business to the growing business group	Transfer of the business will be facilitated with the opportunity to excise a dwelling	✓✓✓
Minimise non-horticultural constraints	Further housing development is limited and capped	✓✓✓
Small businesses		
Protect the land for horticulture	Land is protected for horticulture	✓✓✓
Maintain land in appropriate locations in parcels to facilitate future residential growth	Most land will remain in larger parcels though a number of small residential allotments will be created via excisions.	✓✓✓

✓✓✓ Option will achieve the objective to a large extent

✓✓ Option will achieve the objective to a moderate extent

✓ Option will achieve the objective to little extent

× Option will be detrimental to achieving the objective

Option 3. Evaluation Against Land Use Planning Outcomes

Land use planning outcome	Evaluation of option against outcomes	Extent to which option will achieve outcome
Land is used primarily for horticulture	Most land will be used for horticulture though some further rural residential use	✓✓
Land is valued at its agricultural value	Land values will generally reflect agricultural value, especially following an excision. Smaller blocks with a dwelling will still be attractive for hobby farming and may have a value above horticultural value.	✓✓
Land is unencumbered by unwanted infrastructure	Level of infrastructure development is limited and capped and excisions from lots >4ha will increase the opportunity to dis-encumber land.	✓✓✓
Farm reconfiguration and increased scale to capture the benefits of a modernised and reconfigured irrigation system	Farm reconfiguration and increased scale will be facilitated with the cap on dwellings and excision of existing dwellings.	✓✓✓
Land is retained in parcels of a size suitable for farm expansion	Land will be retained in current pattern of subdivision except for additional small allotments created by excision of a dwelling	✓✓
Further escalation of right to farm issues are minimised	The number of rural residents will increase marginally. As horticulture becomes more mechanised in the future there may be an increase in complaints.	✓✓
Enable those wishing to exit horticulture to do so, recognising the farm business is also the home, but this should not occur at the expense of horticulture	Excision of a dwelling is available to those on lots larger than 4ha providing an opportunity to exit to a greater number	✓✓✓
Prevent the continuation of <i>ad hoc</i> rural lifestyle development	Some further rural residential use will occur as a result of excisions of existing dwellings and then will be capped.	✓✓
Provide rural lifestyle opportunities around existing hamlets and townships	A Housing Strategy will be developed to identify appropriate locations and types of rural residential choices in the MOIA	✓✓✓

✓✓✓ Option will achieve the objective to a large extent

✓✓ Option will achieve the objective to a moderate extent

✓ Option will achieve the objective to little extent

✗ Option will be detrimental to achieving the objective

8.10 Option 4 Amend Planning Scheme (no excisions)

The planning scheme will be amended to reflect the following:

- No subdivision of land within the MOIA;
- No new dwellings to be built within the MOIA;
- No dwellings can be excised from any lot.
- A Housing Strategy for the Mildura Rural City will be developed which will include identification of locations and types of rural living choices to be provided in the MOIA.
- A Tourism Strategy will be developed that will identify the types and location of tourism facilities that will complement horticulture but cannot be accommodated under the current Farming Zone.

Outcome and Evaluation of Option 4

Under Option 4, there is no potential for new dwellings, subdivision or excision of an existing dwelling.

Other consequences of Options 4:

- No opportunities for those wishing to exit the industry;
- Supply of rural residential living opportunities 'capped';
- Market value of land will reflect its agricultural value though small properties will still be attractive hobby farms and may have values above productive value;
- Net farm gate value may increase as farm businesses are able to expand and grow;
- Viable large-scale farm businesses will retain irrigation water within the districts;
- The viability of the irrigation infrastructure can be secured as farm business have opportunity to remain viable;
- The amenity of the area will be maintained;
- Infrastructure roll out and community services 'capped';
- Right to farm issues minimised;
- Net farm gate value may increase as businesses are able to expand;
- Tourism opportunities to complement horticultural businesses can be accommodated and the amenity of the area will be attractive for tourism;

Option 4. Evaluation Against Strategic Objectives

Strategic objectives	Evaluation of options against objective	Extent to which option will achieve objective
Protect and enhance the horticultural values of the area	Horticulture will be protected and enhance with no further residential development	✓✓✓
Provide for the growth and expansion of existing horticultural businesses or the introduction of new horticultural activities	Growth and expansion of businesses will occur particularly purchase of vacant land	✓✓✓
Provide for a diversity of horticultural businesses	Will provide for large scale businesses but also small niche horticultural businesses	✓✓✓
Protect the viability of the irrigation network by encouraging and supporting a vibrant horticultural industry	Enabling the growing businesses to secure their future in the MOIA will provide a stable environment in which to invest in irrigation infrastructure and facilitate retention of water in the districts	✓✓✓
Protect the existing horticultural operations from further <i>ad hoc</i> rural lifestyle development	Further <i>ad hoc</i> rural residential development will be capped.	✓✓✓
Have regard to the 2030 growth boundary and discourage fragmentation of land for future residential development	Fragmentation of land for residential purposes will be prevented	✓✓✓
Provide rural lifestyle opportunities around existing towns and hamlets	This strategy will not identify land for rural residential development. A Housing Strategy will assess the appropriate locations and types of rural residential development suited to the MOIA.	✓✓
Have regard to the existing rural residential development	Existing rural residents in the MOIA will not be impacted by this Option	✓✓✓
Protect the amenity of the area	Amenity of the area will be maintained	✓✓✓
Provide for horticultural based tourism	Tourism facilities that complement horticulture can be accommodated and the amenity will make the area an attractive location for tourism facilities	✓✓✓

✓✓✓ Option will achieve the objective to a large extent

✓✓ Option will achieve the objective to a moderate extent

✓ Option will achieve the objective to little extent

✗ Option will be detrimental to achieving the objective

Option 4. Evaluation Against the Land Use Planning Objectives

Land use planning objectives	Evaluation of options against objective	Extent to which option will achieve objective
Growing businesses		
Protect land for horticulture	Land is protected for horticulture	✓✓✓
Facilitate business growth	Business growth facilitated by a cap on dwelling development.	✓✓✓
Minimise non-horticultural constraints	Further housing development is limited and capped	✓✓✓
Transition businesses		
Protect the land for horticulture	Land is protected for horticulture	✓✓✓
Facilitate business growth	Business growth facilitated by cap on dwelling development	✓✓✓
Facilitate transfer of the business to the growing business group	Transfer of the business will be facilitated but may occur slowly in the absence of the opportunity to excise a dwelling.	✓✓
Minimise non-horticultural constraints	Further housing development is limited and capped	✓✓✓
Small businesses		
Protect the land for horticulture	Land is protected for horticulture	✓✓✓
Maintain land in appropriate locations in parcels to facilitate future residential growth	Land parcel size will not change from current situation	✓✓✓

- ✓✓✓ Option will achieve the objective to a large extent
- ✓✓ Option will achieve the objective to a moderate extent
- ✓ Option will achieve the objective to little extent
- × Option will be detrimental to achieving the objective

Option 4. Evaluation Against Land Use Planning Outcomes

Land use planning outcome	Evaluation of option against objectives	Extent to which option will achieve outcome
Land is used primarily for horticulture	Most land will be used for horticulture in a mix of small, medium and large businesses.	✓✓✓
Land is valued at its agricultural value	Land values, particularly vacant land, will generally reflect agricultural value. Smaller blocks with a dwelling will still be attractive for hobby farming and may have a value above horticultural value.	✓✓✓
Land is unencumbered by unwanted infrastructure	Level of infrastructure development is limited and capped	✓✓✓
Farm reconfiguration and increased scale to capture the benefits of a modernised and reconfigured irrigation system	Farm reconfiguration and increased scale will be facilitated	✓✓✓
Land is retained in parcels of a size suitable for farm expansion	Land will be retained in current pattern of subdivision	✓✓
Further escalation of right to farm issues are minimised	The number of rural residents will not increase. As horticulture becomes more mechanised in the future there may be an increase in complaints.	✓✓
Enable those wishing to exit horticulture to do so, recognising the farm business is also the home, but this should not occur at the expense of horticulture	This option does not facilitate an exit strategy	✗
Prevent the continuation of <i>ad hoc</i> rural lifestyle development	No further rural residential use will occur	✓✓
Provide rural lifestyle opportunities around existing hamlets and townships	A Housing Strategy will be developed to identify appropriate locations and types of rural residential choices in the MOIA	✓✓✓

✓✓✓ Option will achieve the objective to a large extent

✓✓ Option will achieve the objective to a moderate extent

✓ Option will achieve the objective to little extent

✗ Option will be detrimental to achieving the objective

8.11 Comparison of Options

The following tables compare the evaluation of each option

Strategic Objectives	Extent to which option achieves objective			
	Option 1	Option 2	Option 3	Option 4
Protect and enhance the horticultural values of the area	✗	✓	✓✓	✓✓✓
Provide for the growth and expansion of existing horticultural businesses or the introduction of new horticultural activities	✗	✓	✓✓✓	✓✓✓
Provide for a diversity of horticultural businesses	✓	✓	✓✓✓	✓✓✓
Protect the viability of the irrigation network by encouraging and supporting a vibrant horticultural industry	✗	✓	✓✓✓	✓✓✓
Protect the existing horticultural operations from further <i>ad hoc</i> rural lifestyle development	✗	✗	✓✓	✓✓✓
Have regard to the 2030 growth boundary and discourage fragmentation of land for future residential development	✗	✓	✓✓✓	✓✓✓
Provide rural lifestyle opportunities around existing towns and hamlets	✗	✗	✓✓	✓✓
Have regard to the existing rural residential development	✓	✓✓✓	✓✓✓	✓✓✓
Protect the amenity of the areas	✗	✓	✓✓✓	✓✓✓
Provide for horticultural based tourism	✓✓	✓✓✓	✓✓✓	✓✓✓

✓✓✓ Option will achieve the objective to a large extent

✓✓ Option will achieve the objective to a moderate extent

✓ Option will achieve the objective to little extent

✗ Option will be detrimental to achieving the objective

Land use planning objectives	Extent to which option achieves objective			
	Option 1	Option 2	Option 3	Option 4
Growing businesses				
Protect land for horticulture	✗	✓	✓✓	✓✓✓
Facilitate business growth	✗	✓	✓✓✓	✓✓✓
Minimise non-horticultural constraints	✗	✓✓	✓✓✓	✓✓✓
Transition businesses				
Protect the land for horticulture	✗	✓	✓✓	✓✓✓
Facilitate business growth	✗	✓✓	✓✓✓	✓✓✓
Facilitate transfer of the business to the growing business group	✗	✓	✓✓✓	✓✓
Minimise non-horticultural constraints	✗	✓✓	✓✓✓	✓✓✓
Small businesses				
Protect the land for horticulture	✗	✓✓	✓✓✓	✓✓✓
Maintain land in appropriate locations in parcels to facilitate future residential growth	✗	✓✓✓	✓✓✓	✓✓✓

- ✓✓✓ Option will achieve the objective to a large extent
- ✓✓ Option will achieve the objective to a moderate extent
- ✓ Option will achieve the objective to little extent
- ✗ Option will be detrimental to achieving the objective

Land use planning outcomes	Extent to which option achieves outcome			
	Option 1	Option 2	Option 3	Option 4
Land is used primarily for horticulture	✓	✓	✓✓	✓✓✓
Land is valued at its agricultural value	✗	✓	✓✓	✓✓✓
Land is unencumbered by unwanted infrastructure	✗	✓	✓✓✓	✓✓✓
Farm reconfiguration and increased scale to capture the benefits of a modernised and reconfigured irrigation system	✗	✓	✓✓✓	✓✓✓
Land is retained in parcels of a size suitable for farm expansion	✗	✓✓	✓✓	✓✓
Further escalation of right to farm issues are minimised	✗	✓	✓✓	✓✓
Enable those wishing to exit horticulture to do so, recognising the farm business is also the home, but this should not occur at the expense of horticulture	✓	✓✓	✓✓✓	✗
Prevent the continuation of <i>ad hoc</i> rural lifestyle development	✗	✗	✓✓	✓✓
Provide rural lifestyle opportunities around existing hamlets and townships	✗	✗	✓✓✓	✓✓✓

✓✓✓ Option will achieve the objective to a large extent

✓✓ Option will achieve the objective to a moderate extent

✓ Option will achieve the objective to little extent

✗ Option will be detrimental to achieving the objective

8.12 Options Developed During Consultation

As discussed in Section 6.6, three additional options were raised for consideration during the consultation on the Draft Rural Strategy and Options Paper.

Option A

Option A is a variation on Option 1. Under this option dwelling permits on all lots would be approved and existing dwellings could be excised from lots that are a minimum of 4ha with the facility to establish a new dwelling on the remaining vacant lot. This option would also include the capacity to subdivide land to create a residential lot via boundary realignment with no restriction on the size of the subdivided lot.

Under this option there is potential for up to 3,000 additional dwellings in the MOIA.

Option B

Option B is a variation of Option 3. Under Option B, a dwelling permit will be approved on all lots less than 1ha and all existing dwellings can be excised regardless of the lot size. Under this option there is potential for up to 200 additional dwellings across the MOIA.

Option X

Option X is a variation on Option 2. Under Option X, new dwellings may be established on lots up to 1ha in size and on lots that are a minimum of 10ha in size. Existing dwellings may be excised from a lot that is a minimum of 4ha in size but no new dwelling could be established on the vacant remnant lot. Under this option there is potential for up to 500 additional dwellings in the MOIA.

Table 8-1 provide a summary and comparison of all the options

Table 8-1 Summary and comparison of Options

	New dwellings	Excisions	Subdivision via boundary realignment	Potential dwellings eligible for excisions	Potential additional new dwellings	Rural residential provided around existing towns
Option 1	All lots	Existing dwellings from lots a minimum of 10ha	Yes	135	2,000	No
Option 2	Minimum lot size of 10ha	Existing dwellings from lots a minimum of 10ha	No	135	345	No
Option 3	Residential lots (up to 1ha) created post 1999, no new dwellings over 1ha	Existing dwellings from lots a minimum of 4ha	No	1,076	120	Yes
Option 4	None	None	No	0	0	Yes
Option A (new)	All lots including vacant lots created via excisions	Existing dwellings from lots a minimum of 4ha	Yes	1,076	2,00	No
Option B (new)	Lots up to 1ha in size,	All existing dwellings can be excised regardless of lot size.	No	2,215	200	Yes
Option X (new)	Lots up to 1ha in size, and on lots a minimum of 10ha in size	Existing dwellings from lots a minimum of 4ha	No	1076	500	No

8.13 Preferred Option

As discussed in Section 6.6, the Draft Rural Strategy and Options Paper was provided for public comment. While a significant number of submissions was received by Council, the issues raised in the submissions did not provide new or additional justification for implementation of the options.

The Project Steering Committee reviewed the submissions on the Draft Rural Strategy and Options Paper and provided the following recommendation to Council:

“Option 3, 4 and B will achieve the vision and objectives as set out in the Draft Rural Strategy for the MOIA, and are consistent with the SPPF. The Project Steering Committee would support Council endorsement of these options, taking into consideration the submissions received on the options and noting majority support for other options.”

In order to progress to preparation of the Rural Strategy and amendment documentation, Council independently evaluated the options to establish the extent to which they would achieve the vision and strategic objectives of the Rural Strategy and in particular the effect of the options on providing for excisions and limiting new dwellings. The outcome of this evaluation is outlined in the diagram below with the shaded area indicating the extent to which the option achieves the outcome with regard to providing for excisions and limiting new dwellings.

This evaluation indicated that Option B was the option that would achieve the vision to the greatest extent and was used as the basis for preparation of the Rural Strategy and amendment documentation.

Option	1	2	3	4	A	B	X
Provide for excisions							
Limits on new dwellings							

Subsequent to the direction from Council to develop the Rural Strategy based on Option B, a joint letter was received from the Minister for Agriculture and Minister for Planning, stating that the State Government “supported the recommendation of the steering committee that Council endorse an option that implements State policy and the visions and objectives of the draft strategy. Options 3,4 or B are consistent with State Policy and implement the vision and objectives of the draft strategy.” The letter goes on to note that, “if Council wishes to pursue an option other than one recommended, then authorisation of the preparation of the planning scheme will be unlikely given the strategic work prepared to date.”

9 Delivering the Vision

9.1 Overview

This section of the report outlines the implementation measures to deliver the vision and strategic directions for the MOIA and utilising the key elements of Option B. The focus will be on how the Mildura Planning Scheme should be amended to implement the Rural Strategy.

It should be noted that land use planning addresses only one aspect of the issues facing the MOIA. Other actions of Council and other agencies in relation to assistance to growers wishing to exit horticulture or to farm in the MOIA into the future will be crucial aspects and largely beyond the scope of a Rural Strategy. Recommendations for measures to complement the Rural Strategy are outlined in Section 10.

This Rural Strategy does not depart significantly from the present land use a policy position. The current land use policy position for the rural areas recognises the importance of horticulture to the regional economy. However, the existing provisions have not provided the necessary direction and clarity with regard to dwellings or recognised the unique subdivision and settlement pattern of the MOIA.

The planning measures proposed in this Rural Strategy will seek to:

- Elevate the importance of the MOIA reflecting the significance of its contribution to the local and regional economy and to the amenity and liveability of Mildura;
- Secure the long term future of the MOIA as a horticultural district; and
- Ensure clear, consistent and transparent decision-making.

9.2 Municipal Strategic Statement

The MSS in the planning scheme will need to be updated to reflect the values and the change in priorities in the Mildura Older Irrigation Areas identified through this Rural Strategy. Changes to the MSS should include, but not limited to the following:

Clause 21.01-3 Economic Development, by introducing a third broad agricultural area and with key characteristics of each area:

- New Irrigated Areas – wine grapes, citrus and vegetable production.
- Older Irrigated Areas – dried vine fruit, table grapes, wine grapes and citrus.
- Dryland Farming Areas – mixed cereal, sheep, some grain and pasture legumes, wool and beef production.

Clause 21.03-1 The Vision for Mildura Rural City:

- Our vision for **AGRICULTURE** and **HORTICULTURE** in our municipality is for continued economic growth of this nationally and internationally significant industry.

The addition of Key Themes relating to **AGRICULTURE** and **HORTICULTURE** vision which include:

- Positive working relationships with key organisations and groups to encourage best practice land management for agricultural and horticultural industry
- Encourage best practice “clean and green” production for the horticultural and agricultural industry.
- Clear understanding of the role and function of different agricultural and horticultural areas.
- Appreciation of the complexity of the issues and challenges facing all stakeholders involved in the horticultural and agricultural industry.
- Seeking to protect the land for horticulture within the Mildura Older Irrigation Areas.
- Contribute to the ongoing economic prosperity and quality of lifestyle of the MOIA.
- Acknowledges the existing rural residential development within the MOIA; and
- Provide for the growth and expansion of existing horticultural businesses or the introduction of new horticultural activities.

The *Mildura Older Irrigation Area – Rural Strategy Final Report (April 2008)* and *Rural Areas Strategy – Maunsell, 2005* reports will be included in the MSS as Reference Documents at Clause 21.06.

9.3 Farming Zone

The Farming Zone is currently applied to land within the MOIA and should continue to apply to this area so as to provide ongoing opportunities for agricultural use and development. The basis of the application of the Farming Zone is the priority of preserving agricultural land for current and future agricultural use.

The stated purposes of the Farming Zone as set out in the Victoria Planning Provisions are:

- To implement the State Planning Policy Framework and the Local Planning Policy Framework including the Municipal Strategic Statement and local planning policies;
- To provide for the use of land for agriculture;
- To encourage retention of productive agricultural land;
- To ensure that non-agricultural uses, particularly dwellings, do not adversely affect the use of land for agriculture;
- To encourage the use and development of land based on comprehensive and sustainable land management practices and infrastructure provision;
- To protect and enhance natural resources and the biodiversity of the area.

The overall purposes most closely match the current and preferred future use and development of the MOIA.

9.4 Managing Rural Dwellings and Excisions

This Rural Strategy has highlighted the importance of constraining further dwelling development if horticulture is to continue within the MOIA. The current policy position has not provided adequate guidance to manage proliferation of dwellings and *ad hoc* rural

residential development in the past and therefore a multi-pronged approach is recommended using a Schedule to the Farming Zone, Restructure Overlay and Local Policy to ensure clear and transparent decision-making.

This Rural Strategy has also noted that the large number of existing dwellings poses a significant barrier to restructure of the horticultural industry, particularly expansion of farm businesses. Therefore, a flexible approach to excisions is recommended to facilitate separation of houses from horticultural land and encourage farm expansion and growth.

9.4.1 Schedule to the Farming Zone

As noted in Section 4.5.3, horticultural businesses in the MOIA, in line with other agricultural industries, have expanded since settlement and will be required to increase farm scale in to the future to keep pace with the declining terms of trade. This strategy found that the minimum size required for a family horticultural business (without other income) is estimated to be above 20ha. The strategy also noted (Section 4.7.1) the need to facilitate increased farm scale to underpin reconfiguration of irrigation infrastructure.

It is a recommendation of this strategy that (see Section 3.3.3) that the nexus between minimum lot size and economically viable farm business size be broken. It is also a recommendation of this strategy (see Section 3.3.1) that this strategy provide clear direction on the preferred position on dwelling development and the land use planning objectives and outcomes clearly indicate the need to constrain the level of new dwelling development

The minimum lot size is therefore based on the need to provide for farm expansion and the need to constrain housing.

A Farming Zone Schedule 2 will be introduced into the Mildura Planning Scheme as a component of this amendment. The Schedule applies to the Mildura Older Irrigation Areas and proposes to increase the minimum lot size for allowing dwellings to be constructed without a permit from the current minimum of 10 hectares or greater to 40 hectares to ensure that new dwellings trigger a planning permit and can be assessed against this MOIA Rural Strategy.

9.4.2 Restructure Overlay

The MOIA is unique in Victoria with a subdivision pattern of between 4 and 6.5ha, which reflected a 'living area' in the late 1880's. It is clear that this subdivision pattern has contributed to many of the issues in the MOIA, particularly the number of houses, and no longer reflects a 'living area' of today.

The State Planning Policy objective to Protect Productive Agricultural Land states that *"Where inappropriate subdivisions exist on productive agricultural land, priority should be given by planning authorities to their re-structure."*

It is argued that the subdivision pattern of the MOIA is now inappropriate for the purposes of horticulture and it is therefore recommended that a re-structure overlay be applied to land within the MOIA. Furthermore, the Restructure Overlay will provide additional control to the MOIA to enforce additional objectives to ensure the decision-making reflects the municipality's position in regards to new dwellings and subdivision applications.

The introduction of the Restructure Overlay will apply to the Mildura Older Irrigation Areas of Merbein, Mildura and Red Cliffs. Restructure plans will apply to this area to indicate the area in which the overlay applies. This overlay will ensure that contiguous lots in the one ownership at the time of this amendment can only have one dwelling. The restructure plans will become incorporated documents as part of this amendment. This will also allow existing dwellings to be excised from lots greater than 1 hectare and construction a dwelling to be considered on existing lots up to a size of 1 hectare.

9.4.3 Local Policy

In respect to Local Policies there is only a need to include local planning policies if the issue cannot be adequately addressed in the MSS. As noted in the Rural Strategy, history shows that there has not been sufficient clarity with regard to dwelling and subdivision in the MOIA and that this has occurred to the detriment of horticulture. It is the intention of the local policy to provide clear statements on the circumstances under which new dwellings and excisions would be supported and that re-subdivision will not be supported. The amendment will update Clause 22.06 – Agricultural Land Policy to include the following objectives:

- All existing dwellings can be excised from lots greater than 1ha. The size of the lot would be a minimum of 4000sqm and maximum of 1ha (not including the area of any access driveways);
- A Re-subdivision application would not be supported; and
- New dwellings will not be supported other than on existing lots that are less than 1 hectare.

9.5 Transitional Arrangements

Transitional arrangements for assessment of permit applications are required for the period between adoption of the Rural Strategy and gazettal of the planning scheme amendment. The following transitional arrangements will be identified in the Request for Authorisation of the planning scheme amendment but are subject to approval by the Minister for Planning.

1. All applications lodged for new dwellings in the Farming Zone prior to the 24 April 2008 will be assessed under the local policy framework, including amendment C30 as existing at that time;
2. Council agrees to determine all applications lodged for new dwellings in the Farming Zone by the 24 April 2008, prior to gazettal of the proposed planning scheme amendment;
3. All applications for new dwellings and subdivisions in the Farming Zone received after 24 April 2008 will be assessed under the current Agricultural Land Policy;
4. Applications for dwellings on lots greater than 10 hectares, existing in one registered title at gazettal of the planning scheme amendment will be received for an additional 12 month period, after gazettal, as identified in the planning scheme amendment documentation.
5. All applications for new dwellings in the Farming Zone received after 24 April 2008 but not determined by gazettal of the planning scheme amendment will be assessed under the current Agricultural Land Policy following gazettal.

6. All applications received after adoption of the planning scheme amendment by Council will be assessed under the local policy framework, and the proposed planning scheme amendment.
7. All applications received after gazettal of the planning scheme amendment will be assessed under the new policy framework.

9.6 Monitoring and Review of Implementation

It is recommended that a program be established to monitor implementation of the Rural Strategy of the MOIA prior to a three-year review in 2011. Monitoring should include, but not be limited to:

- Counter enquiries for permit applications including how many enquiries proceed to applications. This will test community understanding of the planning scheme changes but also how well the controls have translated the intent of the strategy into practice in managing subdivision and dwellings;
- Permits granted for subdivision, including excisions and dwellings and the particular circumstances (parent lot size, excised block size) and also rates of consolidation of lots;
- Sales of vacant land, particularly vacant land created following house excision;
- Analysis of farm businesses to determine changes in business numbers in the growth, transition and niche sectors. This could include discussions with landholders to understand land use and development drivers/barriers to business management; and
- Analysis of water sales in to and out of the districts to determine if the area of vacant land is increasing/decreasing and which farm business sector is purchasing/selling water

9.7 Further Strategic Work

9.7.1 Rural Residential Development

The revised vision for the MOIA seeks to accommodate growth in planned estates around existing towns and hamlets. The Rural Residential Development Guidelines General Practice Note outlines the strategic framework and guidelines for planning rural residential development. Ministerial Direction No. 6 requires a planning authority to demonstrate that the 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.

A first step in Council achieving the objective for providing rural living in the MOIA will be to undertake a Housing and Settlement Strategy addressing the long term future housing needs for Mildura.

Small Town Structure Plans

In conjunction with the Housing and Settlement Strategy will be preparation of structure plans for small towns in the MOIA. A Structure Plan illustrates the proposed structure and layout of a future development area. The preparation of a Structure Plan is one of the first steps in progressing proposals for the development of new urban areas. In addition to illustrating details such as road configuration and the location of retail and community facilities such as shops, schools and public open space, a Structure Plan can also show details such as housing density, land use classifications and buffer zones.

A Structure Plan can be prepared for a variety of planning purposes, but generally it is done to indicate the way in which an area is proposed for development as well as providing a broad framework to guide Council when it considers subdivision and development proposals.

9.7.2 Tourism Strategy

The revised MOIA Rural Strategy has as one of its strategic objectives to provide for horticultural-based tourism. Mildura Tourism Inc has developed a vision for tourism in the region:

By 2010 Mildura will be recognised by international and domestic visitors as providing exceptional experiences in food & wine, environmental, cultural and indigenous tourism experiences.

Tourism will be recognised by the community as a significant driver of the economic, social and environmental health of the region and will have gained a reputation for regional tourism sustainability, innovation and excellence.

The Plan notes that “whilst Mildura has one of the strongest local produce areas in Australia and with a world class restaurant and significant wineries, there is no celebration of the Mildura food bowl fresh produce Eg Tasmania has the Potato festival”

A Tourism Strategy for the MOIA should be developed that considers appropriate tourism facilities that will complement horticulture and fit with the broader direction for tourism in Mildura

9.7.3 Review of Rural Strategy for Other Irrigated Areas

The review of the Rural Strategy as it relates to the MOIA has highlighted similar issues in irrigation areas outside the MOIA. This relates particularly to the schedule to the Farming Zone currently states that the minimum lot size for which a permit is required for subdivision or a dwelling is 10ha for all gazetted irrigation districts. Amendment C30 Rural Areas Policy states that an excision of an existing dwelling involves a parent lot of 20ha in the new irrigated areas. There is a risk that the problems noted in the MOIA will spread to other irrigation districts as the minimum lot size is too low.

The review of the Rural Strategy noted that horticultural business need to be greater than 20ha to support a family without off farm income and a minimum lot size of 10ha presents a risk of land fragmentation and an increase in the number of dwellings not associated with horticulture.

Therefore it is recommended that a review of the Rural Strategy as it relates to irrigated areas outside the MOIA be undertaken with a particular focus on an assessment of subdivision and dwelling development.

9.7.4 Mildura Urban Boundaries – Beyond 2030

The development fronts for Mildura to the year 2030 have been clearly defined, along with the urban growth boundary. The urban growth boundary beyond 2030 is constrained by the physical constraints imposed by the Murray River and Mildura Airport and will potentially impact on land currently used for horticulture. Careful consideration should be given to accommodating long term growth of Mildura and in particular identifying horticultural areas that may be impacted by this growth. It will be important that any such areas are retained in a subdivision and settlement pattern suited to urban development.

9.7.5 Murray River Precinct Policy Framework

This study and the companion Rural Planning Project Case Study for Irrigated Areas have highlighted the importance of the Murray River Precinct (Map 9-1) for its social economic and environmental values.

The Murray River Precinct includes part of the case study area and a significant proportion of the country's dairy and horticultural product as well as production processing and packaging. It also boasts significant environmental assets including the Murray River and associated river red gum ecosystems, RAMSAR, JAMBA and CAMBA listed wetlands.

In recent years the precinct has experienced significant population growth in major centres, Mildura, Swan Hill, Wodonga, Shepparton and Echuca on the back of growth in the regional economies. The area is also on the cusp of further expansion and growth with the investment in modernisation and upgrade of the irrigation infrastructure bringing opportunities for gains in on-farm efficiency and development of new irrigation areas.

Some areas of the precinct are grappling with the structural adjustment and land use change resulting from the fall out of water deregulation, low water allocations and drop in some commodity prices. In some municipalities this is contributing to population decline and loss of services in small farming communities.

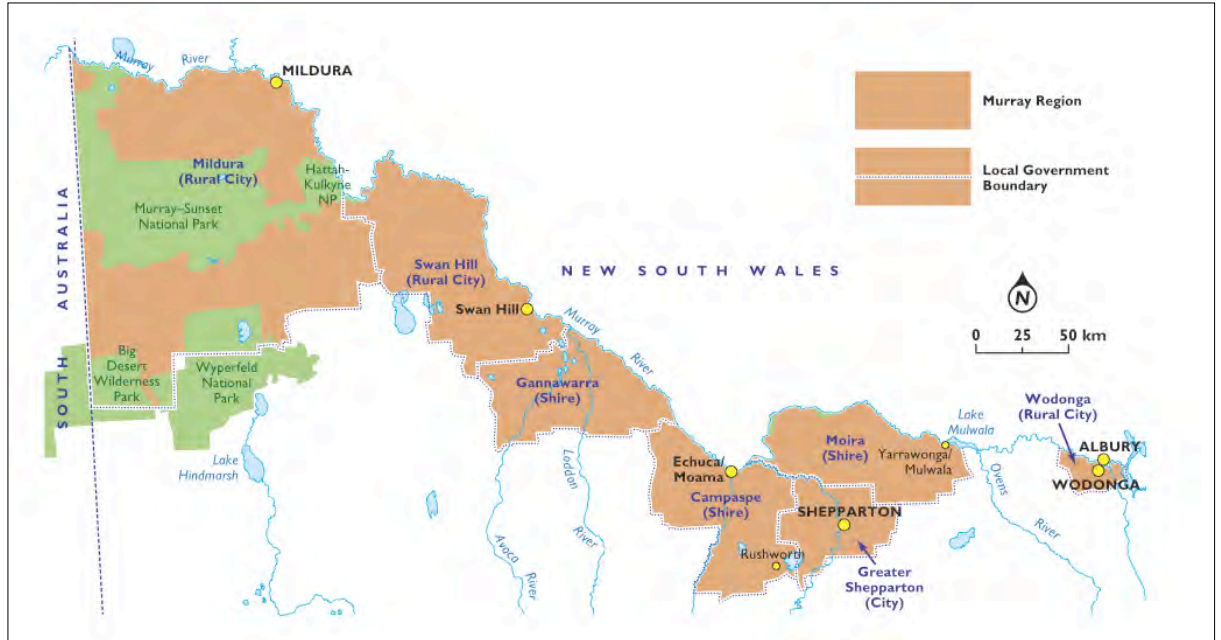
The precinct is also an important tourist destination and the tourism industry is becoming a significant part of the regional economy.

There are a number of major initiatives underway including the Foodbowl Modernisation Project, the River Red Gum Forests Investigation and initiatives under Living Murray.

The precinct lacks a policy framework based on a shared vision that will seek to protect key economic, environmental and social assets. The Irrigated Land Case Study Report and this Rural Strategy has recommended therefore that a policy framework be developed for the Murray River precinct that would bring together international, national, state and local level

objectives to enable long term effective and integrated implementation and guide use and development. Such a framework could provide clear direction to local government to manage use development.

Map 9-1 Murray River Precinct (Tourism Victoria 2004)



10 Complementary Implementation Measures to Facilitate Horticultural Industry Viability

10.1 Context

Horticulture, like many industries faces international and regional competition and it needs to keep adjusting to remain competitive. This is not a new situation, declining terms of trade has been occurring since the Mildura Older irrigation Area was established. The ABARE 2007 Study “Sustainable Enterprises for Horticultural properties” overseen by the Mildura Horticultural Task Force reinforced this by identifying:

- The main horticultural crops of wine grapes, citrus, and dried grapes will continue to face global competition and as such will face ongoing declining terms of trade, with price fluctuations dictated by global supply and demand.
- There are opportunities for Australia to continue to create markets in supplying high value, high quality product in these industries.

The ABARE survey highlights that achieving economies of scale has been a successful strategy. It is important to note that the underlying fundamentals of the business must be sound to achieve economies of scale; otherwise expansion will only magnify losses not profits. The survey also identified that many businesses are making low or negative profits, and will either have to continue to rely on off farm income or change.

The MOIA has a history of adapting to survive. There are examples in industry of the uptake of new technology relating to better trellising, better irrigation and use of high yielding and disease resistant rootstocks. Businesses have also expanded production with increasing degrees of mechanisation. These developments should continue to deliver productivity improvements and cost savings and investment in research and development is crucial for this to continue.

Following the low commodity prices in 2006/7 and high water prices/low water allocations many businesses with low or negative profits are likely to choose not to produce a crop. The inevitable consequence of this is a reduction in supply of horticultural goods as the long non-bearing period and the high capital investment, which characterises permanent plantings, result in a long time lag between market price signals and changes in supply. The flow on effects will include reduced employment in food processing and other value adding industries.

Other measures to assist horticultural viability therefore must include:

- Expansion of profitable businesses to ensure overhead costs are reduced and cost of production per tonne is reduced;
- Exit packages for those who decide to leave the industry;
- Options to share resources to achieve economies of scale. E.g.: land leasing and other strategies. This approach has been demonstrated by another Mildura Horticultural Task Force Project “Industry collaboration – Options to achieve economies of scale for horticulturists (Street Ryan Project)”
- Looking at diversification. Growers who decide that they want to move away from the traditional dried fruit, wine and citrus markets can consider the options identified in the

Scholefield Robinson report “Scoping, Value Adding and Regional Diversification”, if they are more appropriate for their business and individual goals. The Scholefield Robinson report identifies that at a regional level:

- Generally there is little scope to reduce cost of production in wine grapes
- There are investment barriers in dried grapes limiting technology uptake
- Regionally labour, water and power are high cost
- Reducing overhead costs are a priority
- Value adding opportunities exist in biotechnology, organics, protected crops, Kosher, Halal, Ethical foods, pre-prepared/packaged, juicing and drying.
- There is a need to move away from the traditional supply chain to a more collaborative integrated value chain.
- A range of new crops have been identified that can be used to diversify the region's horticultural base. This will need to be adopted bearing in mind the steps identified in the report, especially market development steps.

10.2 Horticultural Industry Restructure

The horticultural industry is undergoing a period of significant change and restructure triggered by low commodity prices, low water allocations and high seasonal water prices. The long-term sustainability of the region depends on a range of mechanisms to assist restructure. These mechanisms include:

- Exit packages provided by the Federal Government;
- Individual business planning by growers;
- Modernisation and reconfiguration of irrigation infrastructure; and
- Land use planning

It is essential that these interventions dovetail to maximise the future prospects of the region.

10.3 Recommendations

Farm business planning

It is recommended Council work with the Horticultural Task Force to develop and implement a new business planning program target individual growers that considers:

- *Exiting horticulture* - Providing referrals for those wishing to exit the industry (e.g. to Centrelink, Rural Counselling, and link with the \$150,000 financial assistance package);
- *Collaboration/diversification of existing enterprises* using the resources created by Mildura Horticultural taskforce eg. machinery rings, marketing, alternative crops etc. Including the coordination of initiatives to form groups for machinery rings, marketing, alternative crops and other joint enterprises;
- *Expansion of existing enterprises* - Growers will be provided with a business assessment and a business plan on the viability of new enterprises or collaboration and, if appropriate, an exit strategy.

Note: There is a wide range of drought initiatives currently underway or in train that will be considering many of the same issues. Therefore it is recommended that this program be delayed until after the drought initiatives stop, when it can be demonstrated that the current support programs cannot keep up with demand and/or when the 2008/2009 seasonal water allocations are announced and potential impacts on the districts are understood.

Government funding of exit and redevelopment assistance also needs to be considered. The Mildura Horticultural Task Force has specified that government assistance for exiting or setting up new group initiatives would be required for the implementation of any new business planning initiative. (This was prior to the Australian Government enhanced exit packages announced in September 2007).

Pressurised irrigation / Modernisation project

FMIT and LMW had developed plans for upgrade of the irrigation infrastructure in the MOIA. FMIT has prepared an Environmental and Water Savings Infrastructure Master Plan (URS 2005), which provides a framework for managing replacement of assets over the next 50 years. The Plan recommends replacement of the existing supply system with a fully pipelined, high-pressure system using re-lift pumps. The planning of the replacement will be based on the average remaining lives of the sub-systems and the major assets. Replacement of the drainage system will occur as assets fail with a gravity collection/pumped discharge system and inland outfall.

The Master plan also recognises that urban encroachment will erode the area of the irrigation and FMIT have indicated that it will not replace infrastructure where there will be urban development in the next 50 years.

Upgrading of infrastructure in the pumped districts will reduce irrigation costs and increase the efficiency of delivery. The upgrades are also likely to improve the timeliness of supply of irrigation water providing opportunities for growing annual crops that require daily irrigations.

Currently this is difficult, as water sometimes needs to be ordered well in advance and is not always available in peak periods. The move to a pressurised on demand system will enable growers to shift to more efficient systems such as drip and this is expected to provide yield and water use efficiency improvements.

Lower Murray Water has also undertaken an assessment of its irrigation infrastructure and developed Replacement Plans for the Merbein and Red Cliffs Irrigation districts. Over the next 10 years the plans have recommended installation of an automated Total Channel Control system in the Red Cliffs district and piping the main channel and replacement of the main pump station in the Merbein district. Further economic analysis is being undertaken to determine if there is case for pipelining these systems.

The plans for upgrade of the irrigation infrastructure would enable adoption of highly water efficient systems at a district wide scale. There is also an opportunity as part of these works to look at rationalisation of the number of outlets for amalgamated properties. Future service demand should also consider incorporating neighbouring area into the districts where this is cost effective.

References

- Australian Bureau of Agricultural and Resource Economics (2007) Mildura-Wentworth: A case study of horticultural farm performance
(www.abareconomics.com/publications_html/crops/crops_07/Mildura_wentworth.pdf)
- Bureau of Transport and Regional Services (2003) Investment Trends in the Lower Murray Darling Basin. Working Paper No. 58
- Department of Sustainability and Environment (2007) A guide to property values 2006
- Keaney Planning (2007) Rural Policy Memorandum
- Maunsell Australia (2005) Rural Areas Strategy Volume 1 Final Report
- Mildura Rural City Council (2006) Mildura Region Economic Profile
- OPA (2003) Rural Residential Study Review
- RM Consulting Group (2006) Economic sustainability study of the Mildura Horticultural Region
- Scholefield Robinson (2007) Opportunities for value-adding and regional diversification.
(www.mrcc.vic.gov.au/Files/RegionalDiversification.pdf)
- Street Ryan (2007) Opportunities for gaining economies of scale through collaboration
(<http://www.mrcc.vic.gov.au/Files/Collaboration.pdf>)
- Sunraysia Environmental (2005) Rural Areas Strategy Vol. 2 Agricultural land Capability Assessment
- URS (2005) Environmental and water savings infrastructure master plan – The Master Plan
(www.fmit.com.au/)

Appendix 1 Community and Stakeholder Workshop

The following comments are unedited comments from the community and stakeholder forums held to discuss the Issues Paper and revised visions for the MOIA.

Red Cliffs Community Meeting 27/8/07

- The planning issues are minor relative to the major horticultural issues of low price
- Water is the issue, we don't need a new system necessarily that would increase our cost burden
- Smaller properties are reliant on off farm income
- The property size doesn't necessarily mean that it is more profitable
- Small properties can be viable with off farm income
- Larger properties may not be viable because they don't have off farm income
- Want to be able to subdivide the house off, so can retire on the property
- We need to increase the value of our horticultural products
- We have the advantage of using backpackers to keep labour costs low
- We need new crops with higher value that we can intensify on our small areas
- Currently the farmers being forced to sell water as the banks put the pressure on
- The water is being bought by managed investment schemes
- They are having a big negative impact by sucking the water away from traditional growers
- It takes a long time to get approval through council. We need to have a faster approval process to get some straight answers
- We need more clarity from council. The cost of uncertainty is very high.
- Selling water out of the district is a big problem. Salinity zones may limit it returning
- Selling water out also reduces the rate revenue for council.
- Most selling water are small ones, but also some bigger properties may start selling now as the drought increases
- Small properties moving up to larger properties have been worse off due to the low prices. It magnifies the losses. We need a solution quickly.
- Those that survive may be the only ones with off farm income
- Need to be able to excise house so I can retire
- If I can't excise the house, I will stay in it, and just sell the water off and leave the block to go backwards.
- Should be able to excise my dwelling off so I can retire and sell the block
- Need a 4ha minimum subdivision, not the 10ha minimum, so that I can add more house to be able to retire
- Need to protect agricultural land. Concerned that we are building too many houses.
- We need to get rid of the local policy and use the state policy. The state policy will solve our problems

- I'm worried about more dead blocks where vines are left to die and not irrigated.
- Being refused a permit to build a storage shed which I need to remain viable
- If we don't do anything, there will be dead vines, people will sell the water off and we will just be left with hobby properties
- No one wants to buy property at the moment
- We need incentives for people to get out.

Agency Meeting 28/8/07

- Key issue is to prevent further dwellings in the farming zone. They are causing high infrastructure costs
- If there are going to be more houses, we need to plan for this in our infrastructure, we've only allowed for 10-20acre (7ha) blocks
- The CFA are concerned about access to houses and water supplies
- DSE are concerned about impacts on Crown Land, are there adequate set backs from houses to Crown Land boundaries
- Are salinity impacts for houses being considered?
- If there are more people in the farming zone and more people near forest land there will be impacts on the flood plain, impacts on the forest that need to be managed. We need to protect those areas
- Biodiversity is under threat from extra subdivision.

The do nothing scenario

- We need to make sure that these dwellings go in the right spot and will not impact on the irrigation supply and the viability of farming
- Concern that LMW will be up for a non economical supply
- If there is an ad hoc cost to connect, then three phased power and augmentation could add to the tariff costs that cannot be recovered in the electricity
- These additional houses could put electricity costs higher
- CFA – no major issues because there will be more volunteers in the farming zone
- With DSE concerned about salinity impacts of residential houses in the farming zone, particularly abutting Crown Land and fringe areas of public land
- If salinity causes damage to houses, the council could be liable
- The drainage system could be impacted upon by houses
- DSE are also concerned about vacant blocks covered in weeds and rabbits and the fragmentation of native veg corridors
- Need to look after the roadside species
- We need to make sure rubbish dumping does not occur with more population in the farming zone
- The high conservation areas will need more protection
- There is also a large area of lost production occurring because of these extra houses

- There will be increasing pressure on the water supply system and also increasing pressure for new schools outside of planned zones
- Water restrictions will be harder to police on houses outside of the town supply
- It will create social issues between people that live in the farming zone and those out
- There will be conflict of land use between horticulture and all these extra houses
- Need to have a consistent policy for planning and approval of houses so that they occur in planned zones
- Need to consider a benchmark date for when housings was allowed and when its not
- Need to be able to stop the speculative purchasing of blocks for housing
- Nicholls Point and to the south east of Mildura will become residential zone
- Need to think about the Benetook 15th and 16th Street Industry and Truck Bypass along 17th Street

Developers Forum

- Remember that this is a unique area.
- There is already high rural residential in the farming zone
- The key issue is excision of houses
- We need to be able to subdivide
- We need to restructure horticulture
- We need clear planning rules and planning controls
- Subdivision should not be denied but we need to be aware where this impacts on agriculture
- We are concerned about water trade out of the district
- Subdivision would enable people to stay on their properties and sell the remaining block for horticulture
- We need to have more township development in local areas clustered, rather than right through the area
- We need to be careful that the change planning rules don't undermine property values
- Farming zone is already one big rural residential area, allowing more houses wont impact on the horticulture
- We ought to treat the areas closer to Mildura and closer to existing settlements differently to the rest of the farming zone, which will require larger scale developments
- Growers need to be able to excise their house to enable expansion so that their neighbours can take over the remaining block
- The Mildura Older Irrigation Area is already in practice a rural activity zone, not a farming zone
- Merbein and Red Cliffs should be protected from any more houses
- The value of the land already assumes the permit of the house or permit of a dwelling
- If we lose that, people will be in trouble with the banks
- If we lose horticulture, what are we going to replace it with?

- We need to target some areas for large development and target some areas for rural activity or housing
- We need the water authorities to match the supply system for different zones
- We need an adjustment package to enable people to exit and expand
- We need to reduce the cost of amalgamating blocks for expansion
- We need to get the houses out so that the land value reflects its agricultural value
- If it isn't agriculture it will become a dust pile and unattractive for farming and living
- We need to increase the number of houses and this is the only path to go
- We need to have half acre instead of one acre lots for housing
- We need to develop small scale alternative use, industrial manufacturing, tourism, to provide other uses in the zone
- We need to develop leasing land as an option so that people can stay in their property and lease the land to larger neighbours
- We need the zoning to reflect existing use and then protect existing use
- We need to take a longer term bigger picture view and work back from there
- The existing allowing of all these dwellings is a short term view to a short term problem
- We mustn't allow this to happen and reduce our long term prospects for horticulture
- There is a lack of rural residential property and there is a huge demand for it, and so has to happen but we need to keep the green environment to make it attractive or keep it attractive
- Allow the housing to go near existing schools and stores, Koorlong Cardross, Nicholls Point, Red Cliffs East
- The growth in Mildura should be spread out among the small towns
- The townships need expanding
- Must protect horticulture and therefore need to allow excisions to enable the farm size to build up
- The rural local policy needs to be removed and so we use the state guideline
- The water authorities need to be involved and the government needs to support the change with an assistance package
- Need to excise now to stop water being lost from the district – not in 12 months time, it will be too late
- We need to recognise its already rural residential – we cant go back
- If dwellings are totally unregulated it will create enormous difficulties
- We need to define the principal objective for long term land use for horticulture
- We need to protect the image of the Oasis in the Desert which is under threat from loss of water and the only way to do this is to keep horticulture
- We will lose attractiveness of the area and opportunities to market if horticulture is lost
- Without horticulture, the whole district will die

Mildura Horticultural Taskforce 29/8/07

- Need to accept the reality that people want to sell to retire
- We need to tailor the planning scheme to suit the areas needs
- Being larger isn't necessarily better
- Beware of creating stranded irrigation assets
- We need to upgrade the infrastructure to provide a pressurised supply so we are competitive with other areas
- We should be able to subdivide
- We need to remove all restrictions to create freedom of choice
- Don't set a size, provide flexibility and let the market decide
- Coomealla has a pressurised system and still has a large area that has been dewatered
- We need 365 days on demand system
- DPI need to understand where horticulture is going and the services needed
- We will see 10 years of horticultural restructuring in the next few months
- We need the planning issues sorted out
- We need to provide flexibility
- The unbundling of water is having a huge effect
- Selling of water is scary creating a disaster
- We need one on one information sessions with growers to help them through the drought
- We are concerned about the family farm
- We are concerned with urban development excluding horticulture
- Capital needs to be injected into horticulture – selling a one acre block could help
- We need a better irrigation supply system
- We need to look past the current emergency situation and take a big picture view
- We need to arrest the decline in horticulture
- We need to target areas for viable horticulture and large scale
- We need to target other areas to be residential area so that the servicing costs for houses are not too great and we reduce the level of conflict between houses and horticulture
- Very concerned about subdivision and one acre allotments and extra dwellings compromising the ability for horticulture to operate
- The area per farm needs to double
- Hobby farms aren't the basis of an industry
- Landholders don't want to be landlords in horticultural areas for 3-5 houses
- We need to subdivide off the existing houses but have no more in the horticultural area
- The 10 acre Chaffey system is a basis of hobby farming

- We need to make it easier for people to expand without having to become landlords
- Growers more than 55 years old are looking to retire and can't subdivide and retire in their house
- They are selling water off and stopping horticulture in the area
- Make it easier for them to retire and make it easy for others to expand
- Excision is being acted as a lifeline for people
- We need some other solutions that we won't regret in the future
- There are some opportunities in the rural setting for subdivision but not in the horticultural areas
- Getting this right is an opportunity to work with industry to get a better economic growth in the region
- Long term adjustment needs to happen. We need something different to the planning scheme for this – we need an assistance package
- What's needed is some planning, statutory controls, and also some non-statutory assistance
- We shouldn't set a given property size
- Off-farm income will help keep people viable
- In the current environment we need flexibility to expand and change
- We need to be able to look at diverse crops for other income
- Commodity prices are a bigger issue
- Accountants are reluctant to lease properties because of the concern of run down of the property values
- The vision we have are residential hamlets where houses are allowed
- On the edge of these we could allow one acre allotments and then target large amalgamated properties as the dominant horticultural land use away from those with very few houses
- An alternative view is that we should allow the market to decide and not restrict our freedom of choice
- The planning scheme cannot provide all the answers
- Horticulture must be maximised
- If we don't allow horticulture to be maximised the area will dry off
- Protect and enhance horticulture
- We would like to see an easier amalgamation process of properties
- We need protocols to control people who live in the area to not be able to create conflict with growers
- We need to talk to the real estate agents and have a caveat or protocols of expectations of people who live outside of towns
- After the water crisis the survivors will need to expand
- We will also need to have a better irrigation supply system
- We want to make sure there is not too much regulation

- We need to make sure amalgamating properties is easier and we need to recognise existing land use
- We need new options and new farming systems and urban and rural must co-exist
- Co-habitation of rural living and horticulture is part of our history
- We need a code of practice to ensure people understand what the risks are when living in the rural areas and what to expect
- We need tools to minimise conflict between houses and horticulture such as minimum distances, buffers, vegetation strips, trees etc. to ensure the level of conflict is minimised and that needs to be built into the system
- We have a vision of a viable irrigation area
- We need clear and determined planning rules and clear rules so there is no ambiguity
- We need to look at connecting irrigation supply systems
- Better planning, better rules and a measured response to the situation rather than reacting to the current down turn – need a long term view

Community Afternoon Meeting – Mildura 29/8/07

- Need other measures outside of the planning scheme to help growers
- There is a large area near the airport that has been dried off and retired creating stranded assets in the supply system
- We need to push for assistance for medium sized blocks, not just the large blocks
- The infrastructure is old, and too old to replace
- Commodity prices too low
- The FMIT as a district has become all lifestyle blocks particularly around Nicholls Point
- People have complained about spraying and the right-to-farm is under threat
- We cant burn off, we cant spray because of houses
- We need to look at what's there
- There are building blocks still available and not sold in Merbein so subdividing blocks haven't been able to be sold
- Houses need to be close to existing infrastructure and services
- Close to existing hamlets
- Expansion needs to be planned
- Need to do what's best for the town and the overall infrastructure costs
- We need to link Red Cliffs, Merbein, the FMIT as a supply system
- Fruit blocks have not been reinvested in for 3-5 years due to low commodity price
- We need a dual water supply system, both filtered and unfiltered in areas where the low density development is taking over horticulture
- We need to be aware of litigation and the right-to-farm
- Scare guns to scare off pest birds is a real noise issue causing conflict

- Feel that in Mildura to Irymple, that area is struggling to remain viable
- There is not much horticulture left in that area
- We need to reduce the costs so that people can expand
- We need to make sure horticulture does have a future to maintain the amenity of the area

Community Evening Meeting – Mildura 29/8/07

- We need a clear indication from the community what it wants
- It's a lack of water and low grape prices
- Would like to subdivide into small 5 acre blocks and sell those off so that I can retire
- Cant retire as I am
- I don't believe the district is done for – it has a future
- Horticulture needs to expand but it is difficult to expand when there are so many houses and residential areas
- We need to be able to expand
- There is a future for dried fruit in the long term – we have been through crisis before
- The only way we have been able to survive is by being large
- Being large doesn't always take into account the return on the area but it does help you to hang in there and helps reduce the conflict of neighbours
- Wouldn't like to see a minimum size requirement because crops can change and diversification needs to happen on the small areas
- Concern for small growers who want to subdivide their houses to be able to retire
- Government policy on unbundling water has created big problems
- I'm surrounded by abandoned horticulture and I want to farm and continue as I have a viable business
- We need some restructuring
- We need to become commercially viable
- We need more younger farmers to be encouraged
- We need an upgraded irrigation supply system to decrease the risk and make us competitive with other areas
- We need to hang on and things will turn ok again.
- If there are too many dry paddocks, the irrigation system wont be upgraded
- Too many house lots and hobby farms wont support the irrigation system we need
- We need to fast track amalgamation of properties and we don't want any houses in the horticultural area
- In Europe they keep all the houses outside the horticultural area
- Commercial growers don't want to be landlords
- If we stop putting houses out there, things will be better

- We need to help people amalgamate to get bigger and we want to ensure that the hassles with neighbours are minimised
- We need to protect the right-to-farm
- We need commercial irrigation properties and do anything we can to help them
- Lets not close it off to agriculture by adding more houses
- What can I do with my land? I've already subdivided.
- Australia will just import more fruit instead of pay more for our dried fruit
- Water is being sold out – I didn't want to leave the block
- Need to be able to push the size up of average horticultural properties or get out
- We need very large acreages to be viable and that's difficult to achieve in the area
- I'm between Mildura township and the river. I'm trapped by the town – nowhere to expand. I need the flexibility to subdivide in this area as it is no longer viable for horticulture
- With what's happening with water, the costs are unsustainable
- My idea would be to subdivide the house and sell the other 20acres for development
- Don't mess it up for future generations
- We need commercially driven scale
- We need some means to move houses out of the horticultural zone
- We need to be serious so that we don't encourage extra houses in the horticulture
- Extra houses came in, in a previous crisis in the 1980's when the vine pull happened and lots of vines were bulldozed. That era, extra houses came in as well.
- The current irrigation system is not that bad
- Upgrades could be too costly for us
- We need to have a decrease in costs, not an increase
- We need to recognise horticulture has developed and has made improvements and will continue to
- We need to recognise the current economic downturn and that shouldn't drive a short term response when long term planning is needed
- Small properties are a concern
- We need to look at the existing pattern and decide where the horticulture should be
- 4 x 5ha lots is better than 0.4 ha lot and the rest just getting left to dry
- FMIT should be able to supply rural water – it could be a golden opportunity for rural residential
- I've got nine neighbours – too many! Please no more
- We need the critical mass to be commercial
- To be commercial we need a QA system, employee inductions, safety manuals, pest chemical handling.
- Everything is against being small
- Therefore we must get bigger.

- We need a loading area
- Timing is critical in horticulture
- The only way we can do this is with machinery and working 24 hours a day
- Scale is a big advantage for horticulture that's why we're losing it in the districts
- Helping horticulture expand in the districts is the key to its future
- I need to be able to excise my house off and sell the block so that I can retire.
- Other growers need to be able to do this to get capital to invest in their properties to keep it going
- We need to be able to help people retire with dignity
- We could allow excision for existing houses but stop any new houses in the horticultural zones
- Recognise that permanent plantings need to be protected by the planning schemes – this is critical
- I've got 20 houses around my boundaries – that's too many
- If the irrigation supply system and drainage system doesn't exist, neither will horticulture
- Houses make land too expensive to purchase for horticulture
- Don't allow houses to fragment and complicate the farm build up
- Pressurised services required at the farm gate
- In the past, small blocks were bought with a house as a business
- The cost of the house was never isolated and therefore the business has become grossly over capitalised and has little chance of being viable
- Cost of entry into intensive horticulture is too high
- Farm build up or expansion would be simpler with no houses on horticultural title
- Small lots could be put together and that would help fund a pressurised on demand system
- Having pumps, transformers, lots of different outlets is too expensive and also too noisy for neighbours. Need fewer larger production areas/units.

Community Meeting – 30/8/07

- The farm allotments are too small
- I've been to court fifteen times due to right-to-farm and neighbours complaining against my property
- I can't spray at night because that causes problems with the neighbours
- We need to think about the good of the area, not the good of individuals
- Most parcels of land are too small and over capitalise because of the houses on them
- In the 1980's the vine pull increased the pressure for subdivision
- We are now facing another crisis in water – the result again, more houses. This is a disaster
- Council has to stop this
- Further subdivision needs to be prevented or at least have covenants to stop further land being carved up

- Flow on effect through the economy will be major or have enormous impacts on water authorities
- Horse blocks and houses aren't the future of the area
- Too much realigning of boundaries to create a house title is going on
- There is too liberal application for approval of dwellings
- Its not viable to supply water for farms if they are surrounded by houses
- We need about 50 acres to be viable
- Concerned about septic tank leakage from houses into tile drains, the impact on the environment, the impact for water authority staff
- Concerned about spray run off into rain water tanks
- More houses drives investments out of the area and into the greenfields sites
- We still have the drainage and we still have an irrigation system that could perform well provided we don't have too many houses
- Nicholl's Point has already gone too far
- Small properties can become viable if they change their cropping system or if they amalgamate
- The demand to amalgamate titles that are not contiguous or some distance apart has no appeal
- We need to eliminate the ability to excise house blocks off land
- Society is getting more litigious and therefore we cannot afford any more houses
- We need to keep houses to selected areas where they can be controlled and serviced at a reasonable cost
- We need to think of ways of tidying up the block sizes
- We need to make sure that abandoned blocks from small part time properties don't become disease harbours for other areas. It will increase the costs for those viable properties next to it.
- We need a strong vision for the council
- No one has the confidence to invest in the smaller blocks at the moment
- It has to be profitable in order to expand
- Orderly marketing has been taken away – that's the main problem. Our prices are too low
- We need to be able to merge titles and allow amalgamation
- The problem is, when we make improvements, the rates double and get more expensive and act as a disincentive for investment
- Cleared abandoned land should be rated higher than that land used for horticulture
- We need a pressurised on demand linked supply system
- The water loss is too great in the open channels
- The groundwater level has dropped enormously in Curlwaa and Pomona after it was pipelined
- We need to be able to achieve exit with dignity for people who want to retire i.e. have an assistance or exit package
- We need incentives to enable people to expand such as get rid of stamp duty for those expanding

- We need to make sure the same benefits for investing in the older irrigation areas are the same as the managed investment schemes in the private diversion greenfields sites
- We need to be able to attract those dollars into the older irrigation areas to renew them
- We need to look at the capital gains tax if sell property so its waived to enable people to exit with their superannuation
- We need to make sure that people that live in the rural area don't continue to demand guttering, street lights, town water etc. and high cost
- We need to market as clean green
- We need to remove houses out of the horticultural zones
- We need to expand housing in the small hamlets and city area where its lower cost
- We need a package to shift the houses out so people can leave with dignity
- You can move weatherboards quite easily. Brick houses you can't, perhaps they need to be excised but don't allow a house on the remaining land, put a Section 173 on it.
- Water shortage is the big issue
- We need to get the water back on the land so can continue in horticulture
- We need to expect half the number of growers and bigger properties and double the area
- We need water security for new development
- We need a 30 year vision, pressurised supply and a reasonable price
- We need some external funding to help with family adjustment

Appendix 2 Information Bulletins

Mildura Older Irrigation Areas – Rural Strategy Review

Information Bulletin No. 1

20th July 2007

The Mildura Rural City Council, with assistance from the Department of Primary Industry and the Department of Sustainability and Environment, has commissioned a Review of the Older Irrigation areas.

Review Purpose

The purpose of the review of the Mildura Older Irrigation Areas Rural Strategy is to:

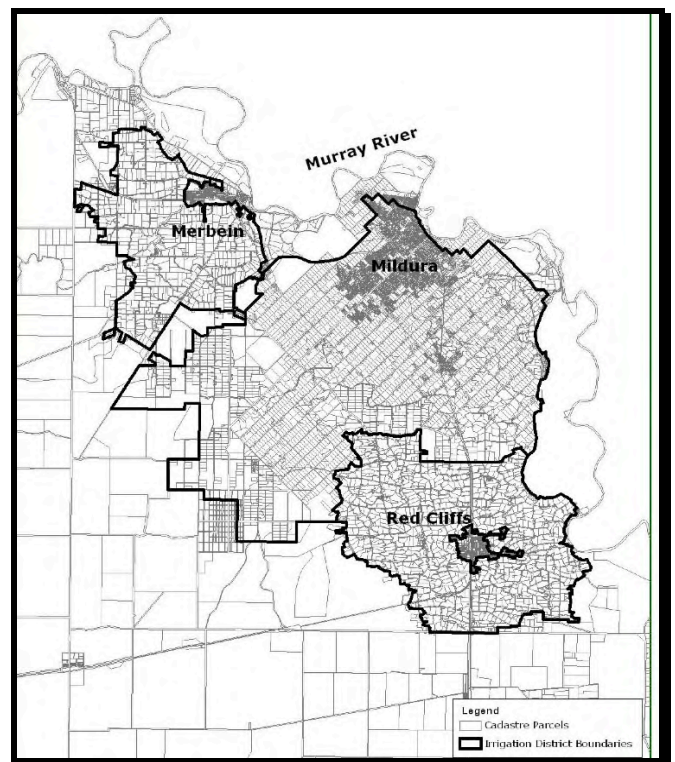
- Undertake a detailed review of the current land use and the drivers of land use change within the MOIA
- In partnership with the community and stakeholders, Council will identify a long-term (20 year) vision for land use and development in the MOIA;
- Identify statutory and non-statutory measures to achieve the vision.

The Review will address a number of key land and development issues within the MOIA, including:

- The strategic importance of the MOIA with respect to productive use, water use, amenity, urban growth;
- The impact of, and appropriate level of residential use;
- The impact of, and appropriate locations for tourism activities and accommodation development;
- The impact of, and appropriate locations for rural lifestyle living;

Mildura Older Irrigation Area

The Mildura Older Irrigation Areas Review includes all land zoned Farming in the Older Irrigated Areas of Mildura, Merbein and Red Cliffs as shown in the map below.



Review Outcomes

The outcome of the review will be a clear statement of the 20-year vision for the MOIA and a number of strategic actions to achieve that vision. This may include statutory measures i.e. amendments to the planning scheme as well as non-statutory measures.

Issues for Consideration

In considering the future land use of the MOIA there are several complex questions with regard to the appropriate future function of the area.

Farm Viability

The original development of the MOIA established block sizes which in the main range between 4ha and 10ha. While in the past this was sufficient to support a family and provide for a business profit, this may no longer be the case. What is the future for these small farms?

Rural Lifestyle

The area is in close proximity to Mildura City and has significant amenity with the vines and orchards and has become very attractive for people pursuing a rural lifestyle. This can lead to 'right to farm' issues as landholders have different expectations with regard to appropriate land management practices. Should rural living be provided in the MOIA and if so where and how much?

Water Deregulation and Reconfiguration

The unbundling of water entitlements has facilitated water trading. For landholders no longer wanting to farm, e.g. life-stylers and retirees, permanently selling the water license can provide a considerable injection of funds. However, once traded out of the district, it is difficult for the water to be traded back in. This will create issues for the continued viability of the areas as horticultural districts and for the Shire economy. It may also permanently change the landscape from a lush, productive landscape to significantly drier one.

Project Team

The Mildura Rural City has engaged RM Consulting Group to undertake the Review. RMCG have specialist skills in agriculture, the environment and working with communities to develop strategic plans. Parsons Brinckerhoff is working with RMCG to provide specialist land use planning skills.

Consultation

The Mildura Rural City is committed to ensuring that the community and stakeholders are well informed and are central to the decisions arising from this review.

To facilitate this, the Project Team have proposed the following consultation program:

- Information Bulletins to be circulated to all property owners in the MOIA throughout the review;
- Stakeholder workshops will be held with representatives of key industries and agencies;
- Community Forums (day and evening) to view information about the project and provide input into the future of the MOIA and feedback on the review findings.

The consultation program will be detailed in a subsequent information bulletin.

Review Timeframe

The Review commenced in June 2007.

Consultation is scheduled for August/September with an Options Paper placed on Public Exhibition in October 2007.

This major review aims to produce significant strategies for the future of the older irrigated areas in Mildura. Your interest in this process and feedback is essential.

To be kept informed of the development of the MOIA Review and to participate in the consultation program, we encourage you to register your interest with the Mildura Rural City by contacting:

Development Services

Mildura Rural City Council, 108-116 Madden Avenue, Mildura
Phone: 5018 8410
Fax: 5021 1899
Email: ds@mildura.vic.gov.au



Mildura Older Irrigation Areas – Rural Strategy Review Information Bulletin No. 2

17th August 2007

The first stage of MOIA Rural Area Strategy Review is now complete. Stage 1 focused on documenting the current rural land use circumstances across the MOIA and assessing the future circumstances if there is no change to Council policy. This was based on a desktop review of a number of Council and agency reports and will be validated during the consultation.

The purpose of this information bulletin is to provide:

- A brief summary of the key findings of Stage 1;
- Details of the Community Consultation program.

Stage 1 Preliminary Findings

Current Rural Land Use in the MOIA

Horticulture is the predominant land use across the MOIA. Horticulture and the associated processing, manufacturing and servicing industries are the most economically significant industries in the municipality and are a major source of skilled and unskilled employment. It is estimated that horticultural production from the wider Mildura region generates over \$600 million in net farm gate value and from the MOIA \$150million in net farm gate value.

There are 3,551 dwellings across the MOIA, approximately 1 for every 5ha. Of these, two thirds are on lots less than 2ha representing a significant level of rural residential development not associated with horticultural production.

Horticulture

The MOIA represents approximately one half of the total irrigated area in the Mildura Rural City Council Area. The major crop types are wine, dried grapes and table grapes with small areas of citrus, nuts, fruit and vegetables. The soil types within the MOIA are highly suitable for horticultural production.

The First Mildura Irrigation Trust and Lower Murray Water provide irrigation and drainage service to the MOIA and have committed to significant infrastructure upgrade over the next 10 years. This will bring on-farm and system efficiencies. Further efficiencies are required to enable growers in the MOIA to be competitive with growers in private schemes.

Wineries and dried fruit purchasers prefer grape consignments from growers to be 3 to 5 times larger than the current average. In the future, growers will therefore need a number of larger blocks to spread risk.

Twenty six percent of the MOIA area is managed by just 110 growers with properties greater than 20ha. It is estimated that these growers produce 30% of the gross value of agricultural production from the MOIA. A challenge is to assist middle size growers (5 to 20 ha) to grow and achieve the necessary scale.

Planning Policy

The current planned future for the MOIA is for the land to be retained for agriculture. This position is supported by zones, schedules, policies and strategies that encourage consolidation, discourage nonSome growers will be looking to expand by agricultural uses, define the current and future urbanpurchasing additional blocks. For these growers boundaries and accommodate rural residentialthere are additional costs of increasing scale due development in planned estates.

A review of Council decisions has established that there has been inconsistent application of planning policy. If Council continues with a liberal approach to dwelling applications there will potentially be 1,400 additional dwellings across the MOIA. This will have significant economic consequences for a range of services and infrastructure provided and maintained by Council . It will also significantly compromise the future of the MOIA as a horticultural region.

Farm Viability and Farm Size

Most horticultural properties in the MOIA are too small to provide a full-time wage and many families will rely to varying degrees on off-farm income. The recent slump in commodity prices would have impacted significantly on the incomes of small and medium farm properties. These growers may be re-evaluating their future in horticulture.

For those on small old style dried fruit blocks, exiting horticulture is constrained by land prices lower than the cost of purchasing a house in town. Other options include selling water or moving to low input production such as lucerne and agistment.

Part time farming is a constraint to the future competitiveness of horticulture in the MOIA because it constrains the growth of middle and large horticultural properties

Opportunities

Horticulture does have a future in the MOIA but it needs scale, skills, viable production units and an efficient, modern irrigation system. The planning scheme has a role to play by providing a land use and development framework to prevent opportunities being permanently lost by managing subdivisions and housing.

What is the Future of MOIA?

What is the long-term future of horticulture in the MOIA?

How can horticulture be supported within the context outlined above?

How many people should be able to live in the rural areas of the MOIA?

Where should people live in the MOIA?

Council would like the views of the community on these critical questions and has organised a range of community information sessions (detailed below) as well as workshops with key agencies and the horticultural industry.

The outcomes of the consultation program will be provided to Council and used as a basis for developing a long term vision for land use and development in the MOIA

Have Your Say

An Issues Paper documenting the full details of Stage 1 is now available for community discussion. Copies are available for inspection at the Mildura Rural City Offices 108-116 Madden Ave, Mildura and the Mildura and Irymple Library or can be downloaded from the Council website: www.mildura.vic.gov.au/planning.

A series of Community Information Sessions will be held in the week commencing 27th August. The Community Information Sessions will enable interested community members to drop in at their convenience, view information that has been collected about the project, speak to the consultants about their ideas and record in writing their contribution to the project.

27 August	Red Cliffs	Red Cliffs RSL , Jamieson Avenue	6pm to 8pm
29 August	Mildura	Benetook Room, Alfred Deakin Centre, Deakin Avenue	2pm to 4pm
29 August	Mildura	Benetook Room, Alfred Deakin Centre, Deakin Avenue	6pm to 8pm
30 August	Mildura	Benetook Room, Alfred Deakin Centre, Deakin Avenue	2pm to 4pm
30August	Mildura	Benetook Room, Alfred Deakin Centre, Deakin Avenue	6pm to 8pm

Feedback Sheet

If you are unable to attend any of the Community Information Sessions and would like to contribute to the project you can use this feedback form to record issues and ideas.

Tell us what you think. Attach additional sheets if required.

Feedback sheets may be sent

Sarah Nickas, Mildura Rural City Council
PO Box 105, Mildura 3502

Or fax to 5021 1899.

Or email to ds@mildura.vic.gov.au

Or in persom to 108-116 Madden Avenue Mildura

Please return the feedback sheet by Friday the 31st August, 2007.

If you would like to discuss this over the phone please call 5018 8410.

Questions

What is the long-term future of horticulture in the MOIA?

How can horticulture be supported within the context outlined in the information bulletin?

How many people should be able to live in the rural areas of the MOIA?

Where should people live in the MOIA?

What is your preferred vision of the MOIA in thirty years time?

Are you (please circle);

A full time horticultural grower Yes ☐ No ☐

A part time horticultural grower Yes ☐ No ☐

Other (please specify)_____

Mildura Older Irrigation Areas – Rural Strategy Review

Information Bulletin No. 3

15th November 2007

The second stage of MOIA Rural Area Strategy Review is now complete. Stage 1 focused on documenting the current rural land use circumstances across the MOIA. Stage 2 involved consultation with a range of stakeholders and the community to confirm the findings of the Issues Paper and to discuss the future of the MOIA.

The purpose of this information bulletin is to provide:

- A brief summary of the consultation findings;
- Council's vision and objective for the MOIA;
- A summary of the options for implementing the vision and objectives; and
- Details of the consultation program on the Options Paper.

Stage 2 Consultation Findings

Workshops were held with the Horticultural Task Force, Agencies and Referral Authorities and developers, builders and surveyors. Community workshops were also conducted and attended by approximately 100 people. Over 40 written submissions were received providing comment and feedback on the Issues Paper.

Prevailing Community Position

The consultation highlighted the significant difficulties being faced by growers within the MOIA due to the economic downturn, low water allocations and high water prices and water unbundling.

However, there was optimism for horticulture beyond the current circumstances. To provide for horticulture in the future it was identified that:

- Residential development should be minimised to prevent escalation of right-to-farm-issues

and inflation of land values above productive value;

- The irrigation infrastructure network must be protected to ensure viability;
- Exit strategies are required to enable those wishing to leave the industry to retire with dignity;
- If residential opportunities are to be provided then they should be in planned estates around existing hamlets and townships.

Details of the comments recorded at the workshops are documented in the Options Paper.

Revised Vision for the MOIA

Based on the feedback from the stakeholder and community workshops Council has adopted a long term vision for the MOIA that:

- Seeks to protect the land for horticulture;
- Accommodates growth in planned estates around existing towns and hamlets;
- Acknowledge the existing rural residential development and its requirements; and
- Contributes to the ongoing economic prosperity and quality lifestyle of Mildura.

The key strategic objectives of the Draft MOIA Rural Strategy are:

- Protect and enhance the horticultural values of the area;
- Provide for the growth and expansion of existing horticultural businesses or the introduction of new horticultural activities;

- Protect the future viability of the irrigation network by encouraging and supporting a vibrant horticultural industry;
- Protect existing horticultural operations from urban encroachment and further rural lifestyle development;
- Have regard to the 2030 growth boundary and discourage fragmentation of land for future residential development;
- Provide rural lifestyle opportunities around exiting towns and hamlets.

Industry Restructure

The long-term sustainability of horticulture in the MOIA will depend on a range of mechanisms to assist industry restructure. These include:

- Exit packages provided by Federal Government;
- Individual business planning by growers;
- Modernisation and reconfiguration of irrigation infrastructure; and
- Land use planning.

It is essential that these mechanisms dovetail to maximise the future prospects of the region and it should be recognised that land use planning is only one element of a broader package.

Implementation Options

Four Options have been developed for implanting the 30 year vision of the MOIA. Council is seeking community feedback to identify a preferred option.

Option 1.

The planning scheme will remain unchanged and Council will continue to approve all dwellings in the Farming Zone. Under this option there will be potential for more than 2,000 additional dwellings across the MOIA.

Option 2

The planning scheme will remain unchanged and Council will consistently apply the policy with regard to dwellings and subdivisions. Under this options there is potential for an additional 345 dwellings across the MOIA on existing lots over 10ha.

Option 3

The planning scheme will be amended to reflect the following:

- No subdivision of any land within the MOIA;
- No new dwellings to be built within the MOIA (except on lots 4,000sqm to 1ha in size created since 1999);
- Existing dwellings can be excised from an allotment, but only from an allotment that is 4ha or greater in size.

Under this option there is potential for an additional 122 dwellings across the MOIA.

Option 4.

The planning scheme will be amended to reflect the following:

- No subdivision of land in the MOIA;
- No new dwellings to be built within the MOIA;
- No dwellings can be excised

Under this option there is no potential for new dwellings or subdivisions.

Have Your Say

An Options Paper documenting the Draft Strategy and Consultation Findings will be available for community discussion from 29th November 2007. Copies will be available for inspection at the Mildura Rural City Offices 108-116 Madden Ave, Mildura and the Mildura and Irymple Library or can be downloaded from the Council website: www.mildura.vic.gov.au/planning.

A series of Community Information Sessions will be held on the 3rd and 4th of December to provide the opportunity to discuss the Options Paper in further detail and provide feedback to Council on the preferred option.

3 December	Mildura	Benetook Room, Alfred Deakin Centre, Deakin Avenue	6.30pm to 8.30pm
4 December	Mildura	Benetook Room, Alfred Deakin Centre, Deakin Avenue	1.30pm to 3.30pm

The Options Paper will be available for public comment until 18th January 2008. Written submissions can be sent to Peter Douglas, Manager Development, Mildura Rural City Council, PO Box 105, Mildura 3502 or faxed to 5021 1899 or emailed to ds@mildura.vic.gov.au or in person to 108-116 Madden Ave Mildura.

Please contact Sarah Nickas on 5018 8410 for any further information

Mildura Older Irrigation Areas – Rural Strategy Review

Information Bulletin No. 4

7th December 2007

This information bulletin sets out the original four options plus three new additional options.

The Draft Rural Strategy Options Paper was released for public comments on the 30th November 2007. The Paper outlines the revised vision for the MOIA that:

- Seeks to protect the land for horticulture;
- Accommodates growth in planned estates around existing towns and hamlets;
- Acknowledge the existing rural residential development and its requirements; and
- Contributes to the ongoing economic prosperity and quality lifestyle of Mildura

There are a number of options outlined in the Paper that seek to achieve the vision and Council is seeking feedback on the options to assist in identifying a preferred approach to the long-term land use and development in the MOIA.

On the 3rd and 4th of December information sessions and stakeholder workshops were conducted to explain the options and provide opportunity for feedback. Discussions during these sessions resulted in identification of additional options. Council believes it is important that everyone in the MOIA be informed of these alternative ideas and the purpose of this Information Bulletin is to outline the Options detailed in the Options Paper as well as the new options developed as a result of the Information Sessions. These discussions also highlighted the differences in view between some sectors of the community that this process is attempting to weave a path through.

The four options outlined in the Draft Rural Strategy Options Paper include:

Option 1.

The planning scheme will remain unchanged and Council will continue to approve all dwellings in the Farming Zone. Under this option there will be potential for more than 2,000 additional dwellings across the MOIA.

Option 2

The planning scheme will remain unchanged and the policy with regard to dwellings and subdivisions will be applied consistently. Under this option there is potential for an additional 345 dwellings across the MOIA on existing lots over 10ha.

Option 3

The planning scheme will be amended to reflect the following:

- No subdivision of any land within the MOIA;

- No new dwellings to be built within the MOIA (except on lots 4,000sqm to 1ha in size created since 1999);
- Existing dwellings can be excised from an allotment, but only from an allotment that is 4ha or greater in size.

Under option 3 there is potential for an additional 122 dwellings across the MOIA.

Option 4.

The planning scheme will be amended to reflect the following:

- No subdivision of land in the MOIA;
- No new dwellings to be built within the MOIA;
- No dwellings can be excised

Under this option there will be no new dwellings or subdivisions.

The new options include:

Option A

Under this option dwelling permits on all lots will be approved and existing dwellings can be excised from lots that are a minimum of 4ha with the facility to establish a new dwelling on the remaining vacant lot. This option will also include the capacity to subdivide land to create a residential lot via boundary realignment with no restriction on the size of the subdivided lot.

Under this option there is potential for up to 3,000 additional dwellings in the MOIA.

Option B

Under Option B, a dwelling permit will be approved on all lots less than 1ha and all existing dwellings can be excised regardless of the lot size.

Under this option there is potential for up to 200 additional dwellings across the MOIA.

Option X

Under Option X, new dwellings can be established on lots up to 1ha in size and on lots that are a minimum of 10ha in size. Existing dwellings can be excised from a lot that is a minimum of 4ha in size but no new dwelling can be established on the vacant remnant lot.

Under this option there is potential for up to 500 additional dwellings in the MOIA.

The following table summarises the key elements to assist in making comparisons between each option;

	New dwellings	Excisions	Subdivision via boundary realignment	Rural residential provided around existing towns	Potential additional dwellings
Option 1	All lots	Existing dwellings from lots a minimum of 10ha	Yes	No	2,000
Option 2	Minimum lot size of 10ha	Existing dwellings from lots a minimum of 10ha	No	No	345
Option 3	Residential lots (up to 1ha) created post 1999	Existing dwellings from lots a minimum of 4ha	No	Yes	120
Option 4	None	None	No	Yes	0
Option A (new)	All lots including vacant lots created via excisions	Existing dwellings from lots a minimum of 4ha	Yes	No	3,000
Option B (new)	Lots up to 1ha in size,	All existing dwellings can be excised regardless of lot size.	No	Yes	200
Option X (new)	Lots up to 1ha in size, and on lots a minimum of 10ha in size	Existing dwellings from lots a minimum of 4ha	No	No	500

Have Your Say

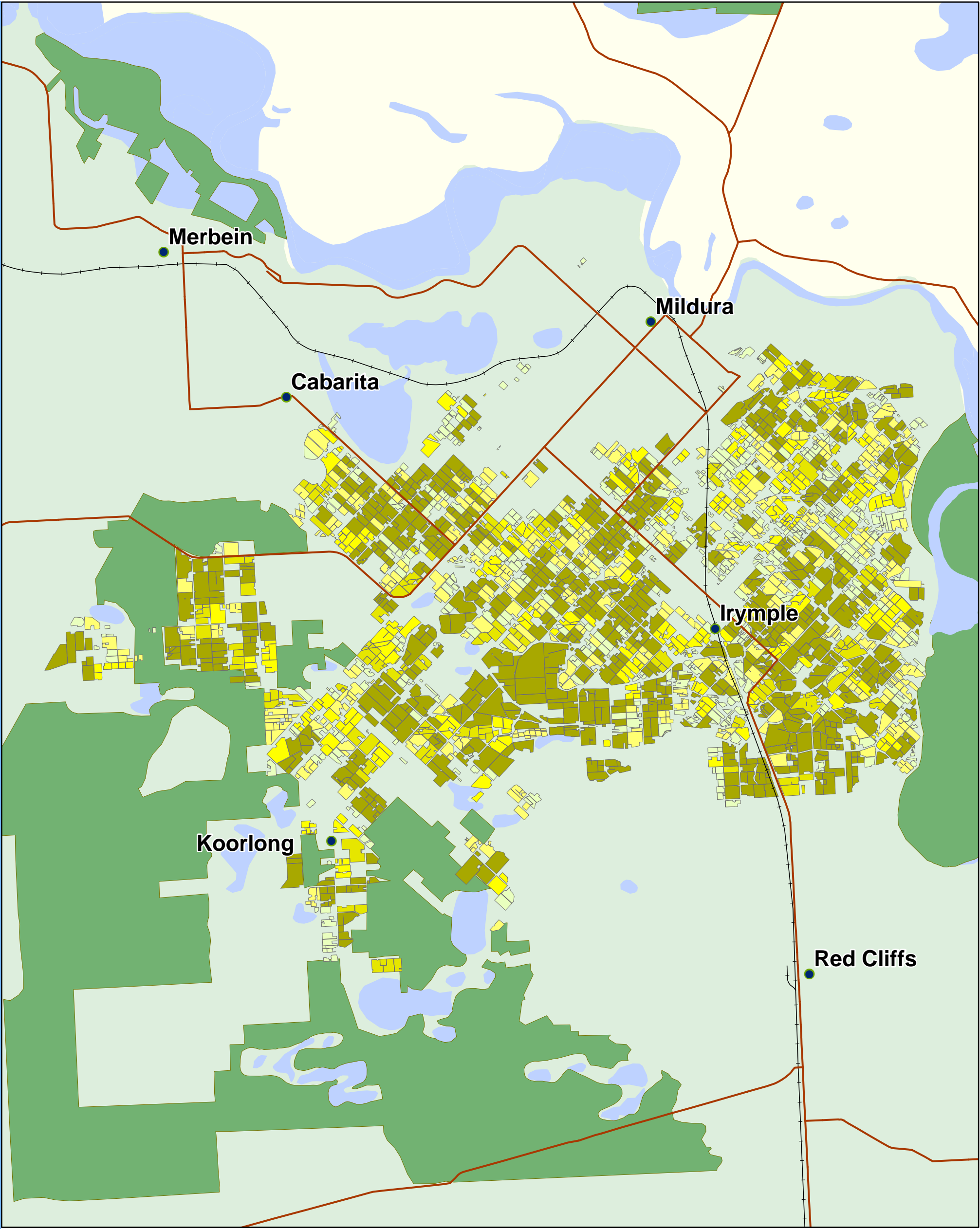
The Draft Rural Strategy Options Paper is available for public comment and copies are available for inspection at the Mildura Rural City Offices 108-116 Madden Ave, Mildura and the Mildura and Irymple Library or can be downloaded from the Council website: www.mildura.vic.gov.au/planning.

The public comment period will close on the 18th January 2008. Written submissions can be sent to Peter Douglas, Manager Development, Mildura Rural City Council, PO Box 105, Mildura 3502 or faxed to 5021 1899 or emailed to ds@mildura.vic.gov.au or in person to 108-116 Madden Ave Mildura.

Submissions can simply say which option you prefer and why, or can outline what element is important to you that you think should be part of any option that is adopted.

Please contact Sarah Nickas on 5018 8410 for any further information

Appendix 3 Mapping



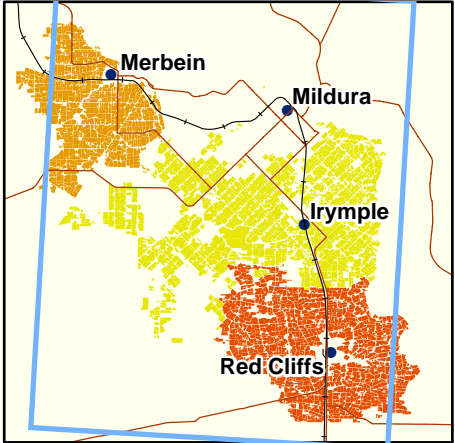
Legend

- Main Roads
- Railways
- Water Bodies
- State Forests/Conservation Areas

Family Property Area (Ha)

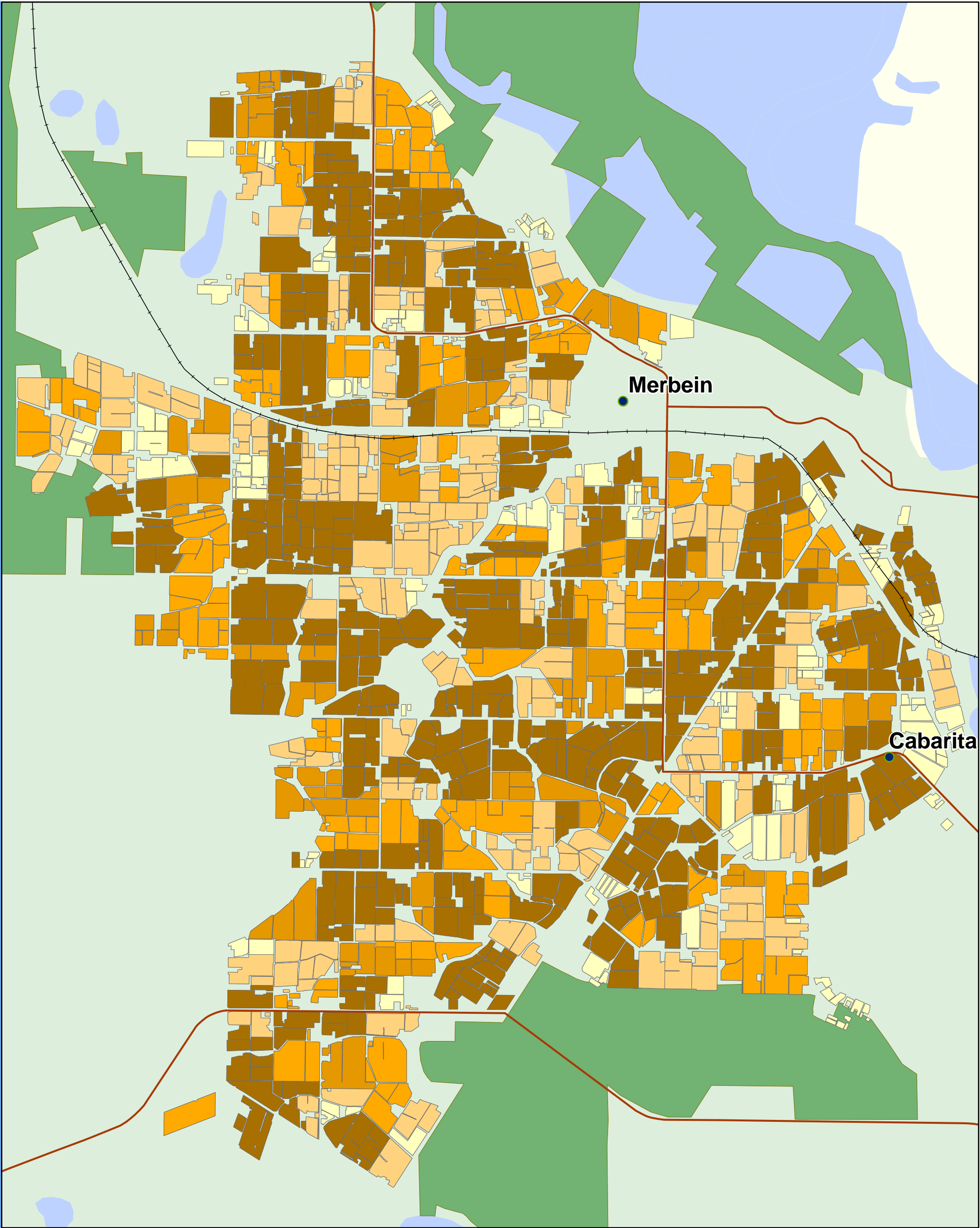
- >20
- 15-20
- 10-15
- 5-10
- <5

* Based on functional farm properties (source: Sunrise21)



0 1,500 3,000 Metres

1:75,000



Legend

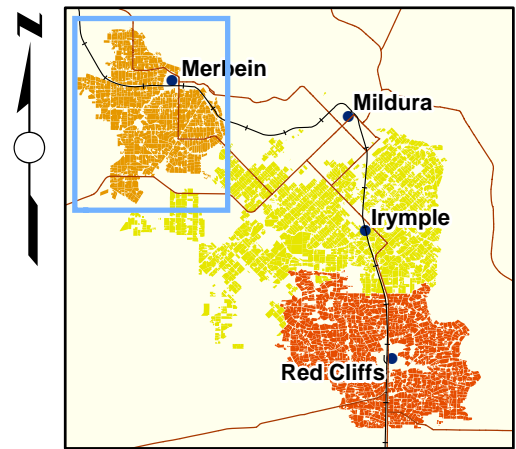
- Main Roads
- Railways
- Water Bodies
- State Forests/Conservation Areas

Family Property Area (Ha)

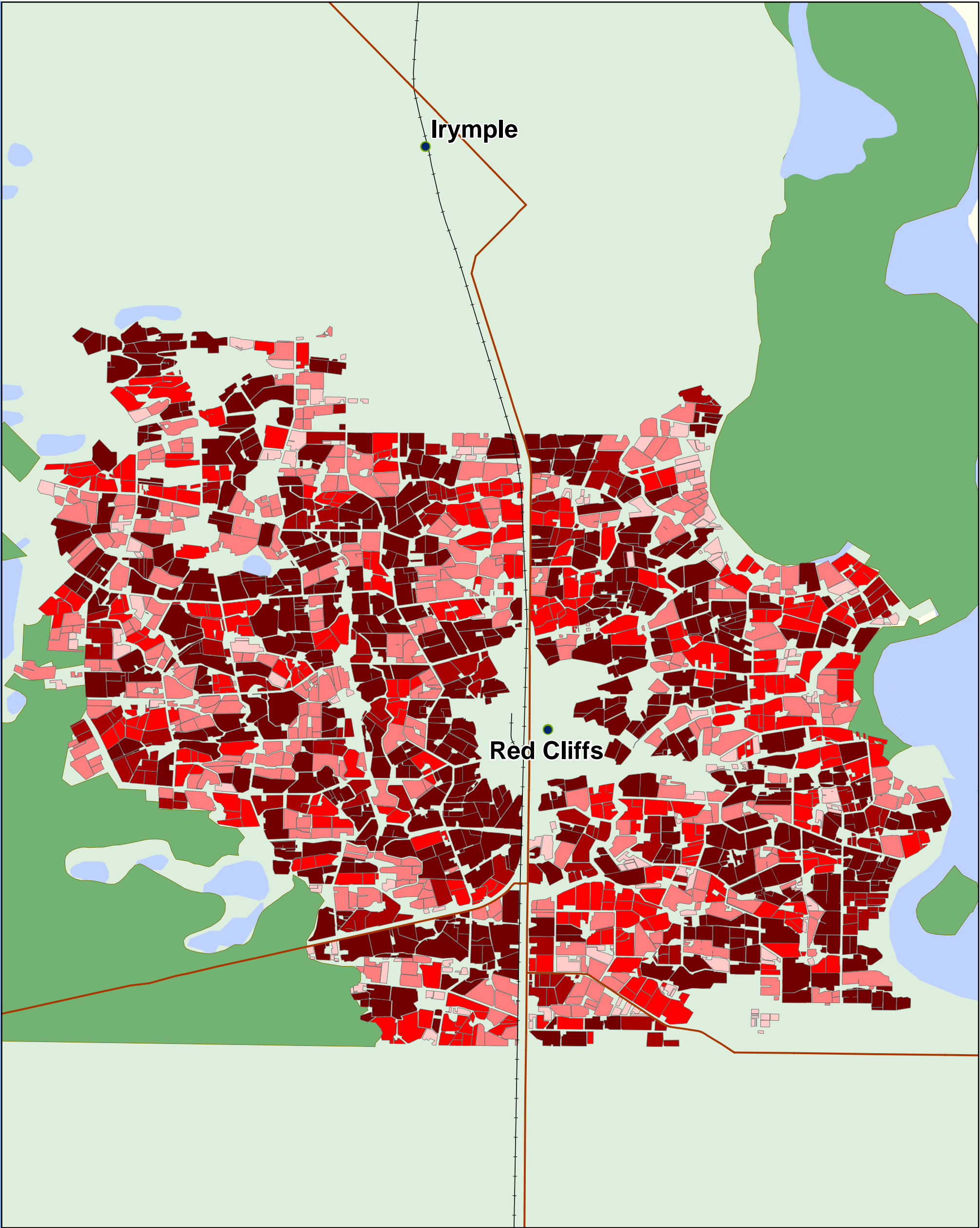
- >20
- 15-20
- 10-15
- 5-10
- <5

* Based on functional farm properties (source: Sunrise21)

1:32,000



0 750 1,500 Metres



Legend

- Main Roads
- Railways
- Water Bodies
- State Forests/Conservation Areas

Family Property Area (Ha)

- >20
- 15-20
- 10-15
- 5-10
- <5

* Based on functional farm properties (source: Sunrise21)

