



RURAL HEPBURN Agricultural Land Study and Rural Settlement Strategy

Adopted by Hepburn Shire Council 3 September 2024



ACKNOWLEDGMENT

Hepburn Shire Council wish to acknowledge the Dja Dja Wurrung People of which the Hepburn region resides and operates within.

We acknowledge that their forbearers are the Traditional Owners of the area and have been for many thousands of years. The Djaara have performed age old ceremonies of celebration, initiation and renewal.

We recognise their resilience through dispossession and is a testament to their culture and tradition which is strong and thriving.

We acknowledge their living culture and their unique role in the life of this region.

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1 Introduction

This Rural Hepburn: Agricultural Land Study and Rural Settlement Strategy (the ‘Strategy’) is the first comprehensive review of the Hepburn Shire’s rural land use and planning policy since 1999. The Strategy was developed with extensive input from the community, rural industry, stakeholders and relevant government agencies. A list of consulted parties is provided in Appendix 1.

The Strategy is a long term plan for future use and development of rural land in Hepburn. It comprises a rural framework plan and planning policy recommendations that aim to safeguard the Shire’s agricultural industry and biodiversity, protect important cultural heritage, landscape and natural values, provide for safe and sustainable rural living and small settlements to 2043.

Generally, the Strategy:

- Outlines a vision for the rural areas and the land use and development outcomes to be achieved.
- Sets out objectives and strategies for land use and development.
- Sets out actions to implement the Strategy.
- Will be used by Council to guide future decision making by Council.

STUDY AREA

The study area incorporates all privately owned rural land in Hepburn including land in the Farming Zone, Rural Conservation Zone and Rural Living Zone (Figure 1). The study also considers the role and function of rural settlements including Allendale, Blampied, Bullarto, Drummond, Glenlyon, Kingston, Lyonville, Muskvale, Newlyn North, Smeaton, Wheatsheaf, Locality, Drummond North, Eganstown, Franklinford and Yandoit.

STRUCTURE

The Strategy comprises

Section 1: Context – outlines the current strategic and policy context and the major drivers, issues and opportunities that informs the Strategy recommendations.

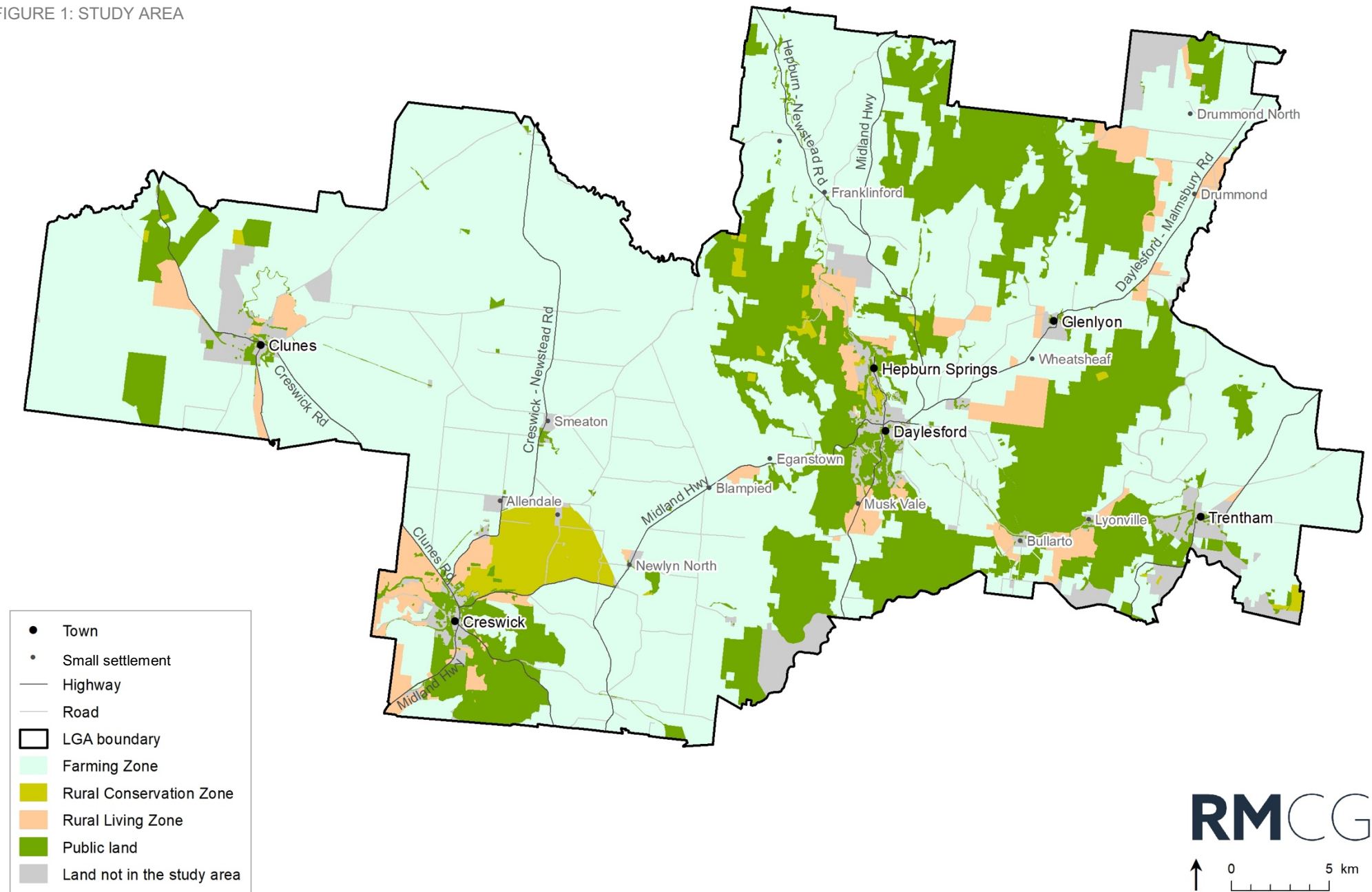
Section 2: Strategic Framework – comprises a vision, principles and rural framework plan and defines rural policy areas.

Section 3: Strategic directions – details planning policy recommendations including objectives, strategies and implementation measures across the following themes:

- Agriculture
- Rural tourism
- Biodiversity, water and natural hazards
- Landscape
- Cultural heritage

Section 4: Rural living and settlement – the role and function of small settlements and rural localities within a settlement hierarchy and details directions for land in the Rural Living Zone.

FIGURE 1: STUDY AREA



APPROACH

The Strategy responds to the findings of:

- Research into, and analysis of Hepburn’s rural land use and development circumstances documented in the **Background Report**.
- Community and stakeholder consultation documented in the **Engagement Report**.

These reports can be found on the Hepburn Shire webpage – [Rural Hepburn](#).

The Strategy is one of a suite of projects under the umbrella, Future Hepburn. These projects are being undertaken concurrently and relevant findings and information will be integrated across the studies as they become available. The projects include:

- Township structure plans for Clunes, Creswick, Daylesford & Hepburn Springs, Glenlyon and Trentham
- Integrated Transport Strategy
- Cultural Values Assessment
- Biodiversity Assessment.

IMPLEMENTATION

Following adoption of the Strategy, translation of policy recommendations into the Hepburn Planning Scheme will require a planning scheme amendment. Recommended changes to the Hepburn Planning Scheme are described under 'Implementation' in each relevant section of the Strategy.



Rural Hepburn strategy development and implementation process and timeline

RURAL HEPBURN

VISION

Hepburn is a rural shire with a hierarchy of settlements set in an attractive and productive rural landscape.

A premier food producing Shire underpinned by a diverse agricultural sector. Innovation and sustainable management enable the sector to adapt to changing market and climate conditions. Protection of agricultural land facilitates investment and growth in commercial scale agricultural enterprises and agribusiness.

Hepburn is a renowned rural tourism destination that celebrates its history, agricultural, natural and cultural values. Careful planning has ensured that rural tourism developments are sympathetic to and enhance the protection of these rural values.

Significant environmental and landscape values are identified and protected. Development in the rural areas has delivered high quality environmental outcomes balanced with bushfire risk considerations and contributes to improved habitat and ecological connectivity through good design and on-site environmental improvement works.

Protection of water quality, especially potable water supply, is fundamental. Land use and development, particularly un-serviced development in open water supply catchments, is minimised and managed to ensure water quality is not compromised.

A network of attractive and sustainable rural settlements provides opportunities to live in a rural setting. Infill development within defined boundaries maintains clear distinctions and separation between settlements and efficient use of infrastructure.

The opportunity for living in a rural setting, small scale farming and artisan agriculture is afforded by the Rural Living Zone. Planning has ensured that rural settlements and rural living contribute positively to the rural character and the risk of conflict with adjoining agriculture is minimised.

The continuing connection of the Dja Dja Wurrung to country is supported and celebrated and important cultural landscapes and sites have been identified and protected.

Certainty and consistency in planning decisions has meant that competing demands for use and development of rural land are managed and land use conflict is avoided.

PRINCIPLES

Planning policy will be tailored to respond to landscape variation and drivers of land use change and the differential impact that these have across the Shire.

The highest priority in decision making is given to protection of productive agricultural land, significant landscapes, biodiversity and water catchments.

The precautionary principle will apply in relation to bushfire. Development will be directed to the lowest risk locations and future development will be avoided in high risk locations.

Housing and employment will be accommodated in established towns within clearly defined settlement boundaries. Non-urban green breaks will be maintained between settlements.

Planning policy will not be used to solve issues that are the domain of good business planning and management, including succession planning and farm viability.

Legacies of past planning decisions are not justification for maintaining inappropriate planning policy or provide precedence.

Section 1 - Context



2 Hepburn Shire

OVERVIEW

Hepburn Shire is located in central Victoria on the Great Dividing Range. Its attractive rural landscapes and towns, mineral springs, natural environment, rich cultural heritage and European history makes Hepburn attractive for residents and visitors alike.

The Shire is located around 100km north east of the Melbourne CBD and 50km north of Ballarat between the Western Freeway to Ballarat and the Calder Freeway to Bendigo. The eastern half of the Shire lies within the peri-urban region of metropolitan Melbourne (Figure 2). There are also strong economic relationships with Ballarat, Bendigo, Castlemaine, Melbourne, Woodend and Gisborne with a growing number of Hepburn residents seeking employment and services from these locations.

The Shire's economy was once largely dependent on agriculture, forestry and mining. Today, while the agricultural sector remains a robust and evolving part of Hepburn's economy with most of the Shire's land under some form of agricultural or related use the local economy has diversified with construction, health services and tourism emerging as important sectors. Growth in tourism, particularly tourism accommodation, is evident in the strength of real estate services and employment in accommodation and food services. There is also evidence of growth in knowledge services which is consistent with observed trends in in-migration and increased work-from-home during Covid-19.

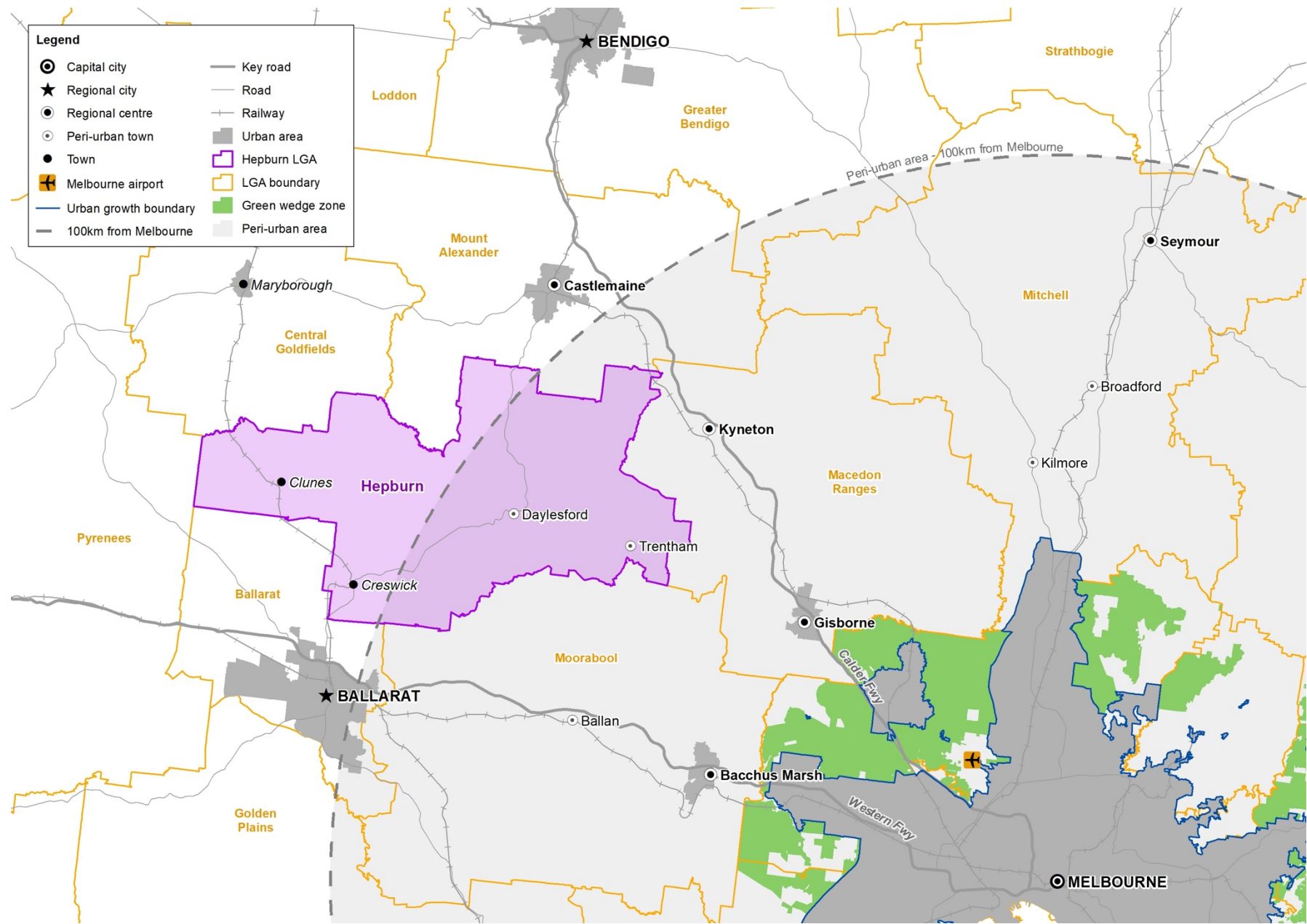
The Shire's settlement pattern consists of a range of distinct townships and settlements set within a rural landscape. Creswick and Daylesford are regional service hubs and Clunes, Hepburn Springs and Trentham are the other main population centres. Small settlements scattered across the municipality include Allendale, Bullarto, Glenlyon, Muskvale, Newlyn and Smeaton.

Hepburn has attracted a highly diverse social mix of people, and the community comprises traditional farming communities and long term residents in established townships, a growing commuter population, as well as many part-time residents. In 2021, the population of Hepburn was 16,467, an increase of 1.2% from 2016 and slightly less than the average across regional Victoria of 1.7%. Since the beginning of the COVID-19 pandemic there has been a trend of people moving from metro to regional and rural areas across Victoria. Most chose to settle in rural Victoria (49%) with Hepburn identified as the top choice for internal migrants to rural Victoria (10%).

The municipality's high-quality landscapes, natural environment, township character and proximity to Melbourne attract weekenders and tourists. The attractiveness of Hepburn as a destination for visitors and retirees is reflected in household composition and dwelling tenure. The Shire's resident population comprises a higher proportion of couples with no children and lone person households and a higher proportion of older people and lower proportion of young people relative to the population of regional Victoria and Victoria as a whole. There are around 1,100 active short-stay rentals, mostly in Daylesford and Hepburn Springs, which represents around 10% of private dwellings.

The Dja Dja Wurrung People are the Traditional Owners of the land and waters of Hepburn Shire and aspire to further strengthen cultural knowledge and practice.

FIGURE 2: LOCATION OF HEPBURN SHIRE IN THE REGION



PLANNING CONTROLS

This section of the report documents the current policy, zone and overlay controls that apply to rural land throughout Hepburn as well as the findings and recommendations arising from a review of the performance of the planning controls.

PLANNING POLICY FRAMEWORK

Planning for Hepburn's rural areas needs to be consistent with the relevant State and regional policy objectives which include:

- Protect strategically important areas for the environment, landscape, water, cultural heritage and agriculture
- Protect productive farmland of strategic significance in the local or regional context
- Encourage tourism
- Protect and enhance water supply catchments, native vegetation and other biodiversity values and rural landscapes
- Prevent dispersed settlement and maintain separation between settlements by providing non-urban breaks between urban areas
- Minimise risk to life, property and the environment from natural hazards
- Establish town growth boundaries to avoid urban sprawl and protect agricultural land and environmental assets.

MUNICIPAL PLANNING STRATEGY

Planning for the Shire's rural areas will also need to be consistent with the Municipal Planning Strategy (MPS) which includes Council's mission statement:

'Hepburn Shire will maintain, promote, protect and enhance the district's unique social, cultural, environmental and heritage characteristics. This will be achieved through effective, caring management and responsible governance. We will strive to gain maximum advantage for our community by protecting and enhancing our natural and built environment.'

Land use and development directions to deliver this mission, and have guided development of the Strategy are derived from the 2020 Hepburn Planning Scheme Review and include:

- Protect agricultural land as a valued resource to support jobs and opportunities into the future.

- Carefully manage the development of housing and services for residents in keeping with the heritage and rural feel of those areas.
- Preserve the heritage character and strong sense of place of the townships.
- Protect and manage the municipality's valued landscapes from unsympathetic development or major change.
- Manage the Shire's natural resources sustainably and protect them for future generations.
- Support tourism as an important industry based on the Shire's beautiful townships and countryside.
- Facilitate infrastructure across the Shire to meet the needs of the community.

PLANNING POLICY FRAMEWORK

11.01-1S Settlement
11.01-1R Settlement - Central Highlands
12.01-1S Protection of biodiversity
12.02-1S Protection of the marine and coastal environment
12.03-1S River corridors, waterways, lakes and wetlands
12.05-1S Environmentally sensitive areas
12.05-2S Landscapes
12.05-2R Protection of landscapes between settlements
13.01-1S Natural hazards and climate change
13.02-1S Bushfire planning
13.03-1S Floodplain management
14.01-1S Protection of agricultural land
14.02-1S Catchment planning and management
14.03-1S Resource exploration and extraction
15.01-6S Design for rural areas
15.03-2S Aboriginal cultural heritage
16.01-3S Rural residential development
17.01-1S Strengthen and diversify the economy.
17.04-1S Facilitating tourism
17.04-2S Coastal and maritime tourism and recreation
19.01-2S Renewable energy

ZONES

A planning scheme identifies zones to designate land for a particular, dominant purpose, such as agriculture, residential or industrial. Each zone identifies a range of uses or developments that require a planning permit and the matters that must be considered before deciding whether to grant a planning permit. Figure 3 shows how the rural zones are applied in Hepburn.

The **Farming Zone (FZ)** is the main zone for rural land in the Hepburn Planning Scheme and aims to encourage retention of productive agricultural land and support agricultural activities. The FZ covers nearly 100,000ha or 67% of the total Shire area (Table 1). There are two schedules to the FZ:

- FZ1 requires a minimum subdivision area of 40ha and a minimum area of 40 ha above which no planning permit is required for a dwelling.
- FZ2 requires a minimum subdivision area of 20ha and a minimum area of 20 ha above which no planning permit is required for a dwelling.

The **Rural Conservation Zone (RCZ)** is primarily concerned with ensuring land uses, including agriculture can acceptably conserve important identified environmental and landscape attributes of the land. The conservation values of the land must be identified in the schedule to the zone and could be historic, archaeological, landscape, ecological, cultural or scientific values. The RCZ covers around 2,800ha or 2% of the total Shire area. There are two schedules to the RCZ.

- RCZ1 has been applied to conserve areas dominated by Plains Grassy Woodland of the Victoria Volcanic Plains and riparian zones.
- RCZ2 has been applied to conserve areas that contribute to ecological connectivity across private land and between public land forest blocks.

The **Rural Living Zone (RLZ)** provides for residential use in a rural setting and is designed to provide lots that are large enough to accommodate a dwelling and an agricultural use. The agricultural use is likely to be carried on for reasons other than the need to provide a significant source of household income. The RLZ covers 640ha or 4% of the total Shire area. There are two schedules to the RLZ:

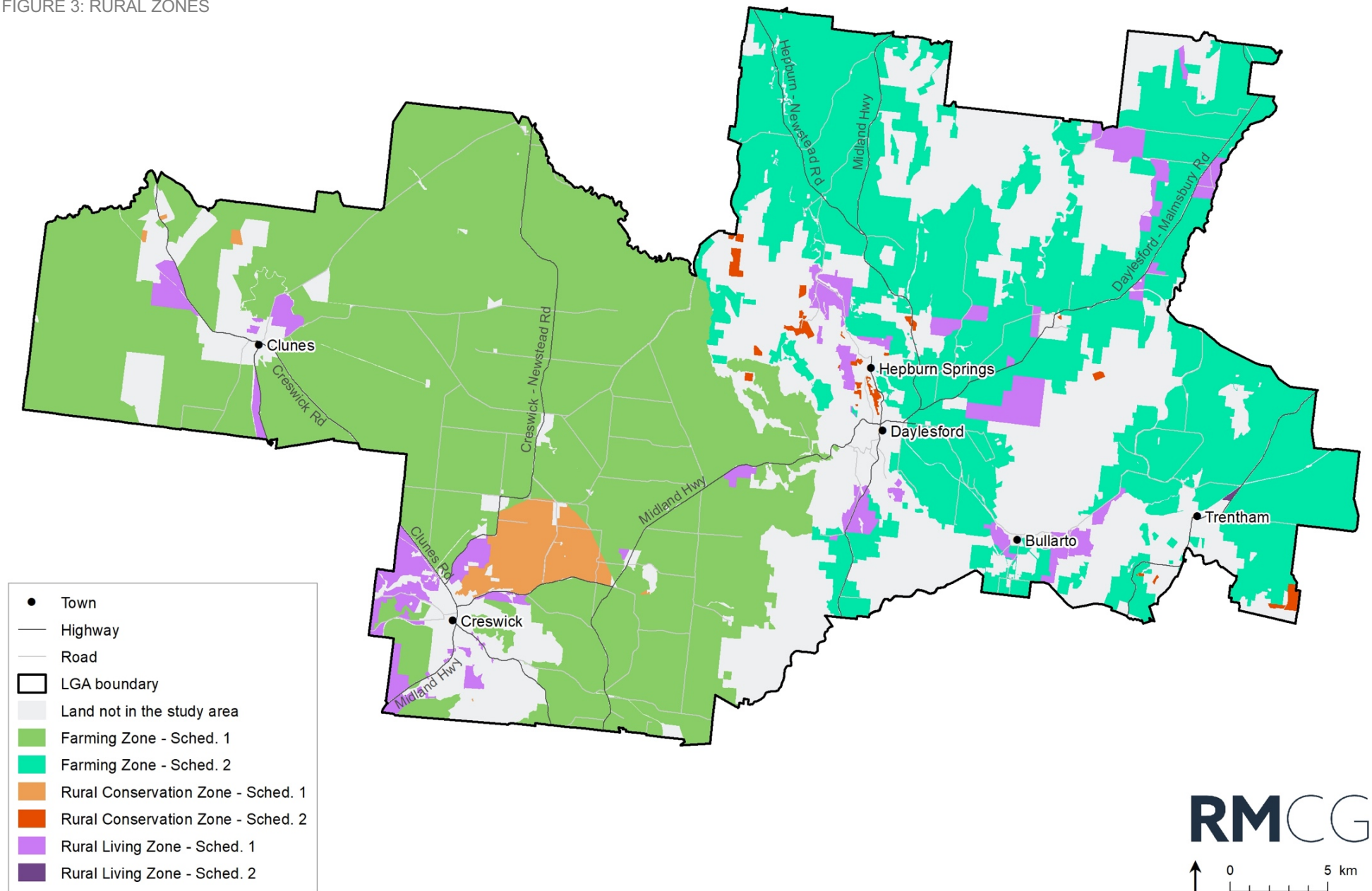
- RLZ1 requires a minimum subdivision area of 4ha and a minimum area of 4 ha above which no planning permit is required for a dwelling.
- RLZ2 requires a minimum subdivision area of 8ha and a minimum area of 8ha above which no planning permit is required for a dwelling.

The **Rural Activity Zone (RAZ)** has not been applied to land in Hepburn Shire.

TABLE 1: HEPBURN PLANNING SCHEME RURAL ZONES

Zone	Shire wide area of zones (ha)	Proportion of total shire area	Schedules	Minimum lot size above which a planning permit for a dwelling is not required (ha)	Minimum lot size subdivision (ha)
FZ	99,437	67%	FZ1	40	40
			FZ2	20	20
RCZ	2,822	2%	RCZ1	-	40
			RCZ2	-	20
RLZ	5,640	4%	RLZ1	4	4
			RLZ2	8	8

FIGURE 3: RURAL ZONES



OVERLAYS

Overlays address particular issues such as heritage, bushfire or flooding and sets out requirements for development of the land, if a planning permit is required and the matters that must be considered before deciding to grant a permit. The requirements of an overlay apply in addition to the requirements of the zone.

Table 2 provides a summary of the most relevant overlays to this review, including the overlay purpose and the impact on land use and development. The Background Report identified issues and opportunities for improvement to the overlays and these are discussed in further detail in the relevant chapter.

TABLE 2: OVERLAYS THAT APPLY TO RURAL AREAS OF HEPBURN SHIRE

Overlay	Purpose	Impact on land use and development
Environmental Significance Overlay		
Schedule 1 – Special Water Supply Catchment Protection	Protect the quality and security of water supply	Limits the siting and form of development to minimise impacts on ground and surface water quality
Schedule 2 – Mineral springs and groundwater protection	Protect the mineral springs and town water supply groundwater aquifers from the impacts of effluent and drainage	Limits the siting and form of development to minimise impacts on ground water quality
Vegetation Protection Overlay		
Schedule 1 – Significant exotic and native vegetation	Protect vegetation of significance for its natural beauty, interest and importance and contribution to the character of an area	Removal of vegetation is subject to a planning permit
Significant Landscape Overlay		
Schedule 1 – Volcanic peaks landscape area and ridges and escarpments area	Protect the visual significance of vegetation, ridges, escarpments and geological features	Limits the location and form of development of land, including native vegetation clearance, that may impact landscape qualities.
Land Subject to Inundation Overlay		
Schedule 1 – Flooding from waterways in Clunes and Creswick (depths up to and including 350mm)	Identifies land in a flood storage or fringe area affected by a 1 in 100 year flood.	Limits the location and form of development to minimise impacts from flooding on property and the natural environment
Schedule 2 – Flooding from waterways in Clunes and Creswick (depths greater than 350mm)	Identifies land in a flood storage or fringe area affected by a 1 in 100 year flood.	Limits the location and form of development to minimise impacts from flooding on property and the natural environment
Schedule 3 – Flooding from waterways Coomoora, Drummond, Evansford, Kooroocheang, Mount Beckworth, Mount Cameron, Smeaton and Yandoit	Identifies land in a flood storage or fringe area affected by a 1 in 100 year flood.	Limits the location and form of development to minimise impacts from flooding on property and the natural environment
Bushfire Management Overlay		
Schedule 1 – Creswick, Daylesford, Hepburn, Trentham BAL-12.5 Areas	Specifies bushfire protection measures and referral requirement for construction or extension of dwelling in the designated area.	Requires bushfire protection measures to be incorporated into siting and design of new dwellings.
Schedule 2 – Hepburn, Hepburn Springs BAL-29 Areas	Specifies bushfire protection measures and referral requirement for construction or extension of dwelling in the designated area.	Requires bushfire protection measures to be incorporated into siting and design of new dwellings.

FIGURE 4: ENVIRONMENTAL SIGNIFICANCE OVERLAY

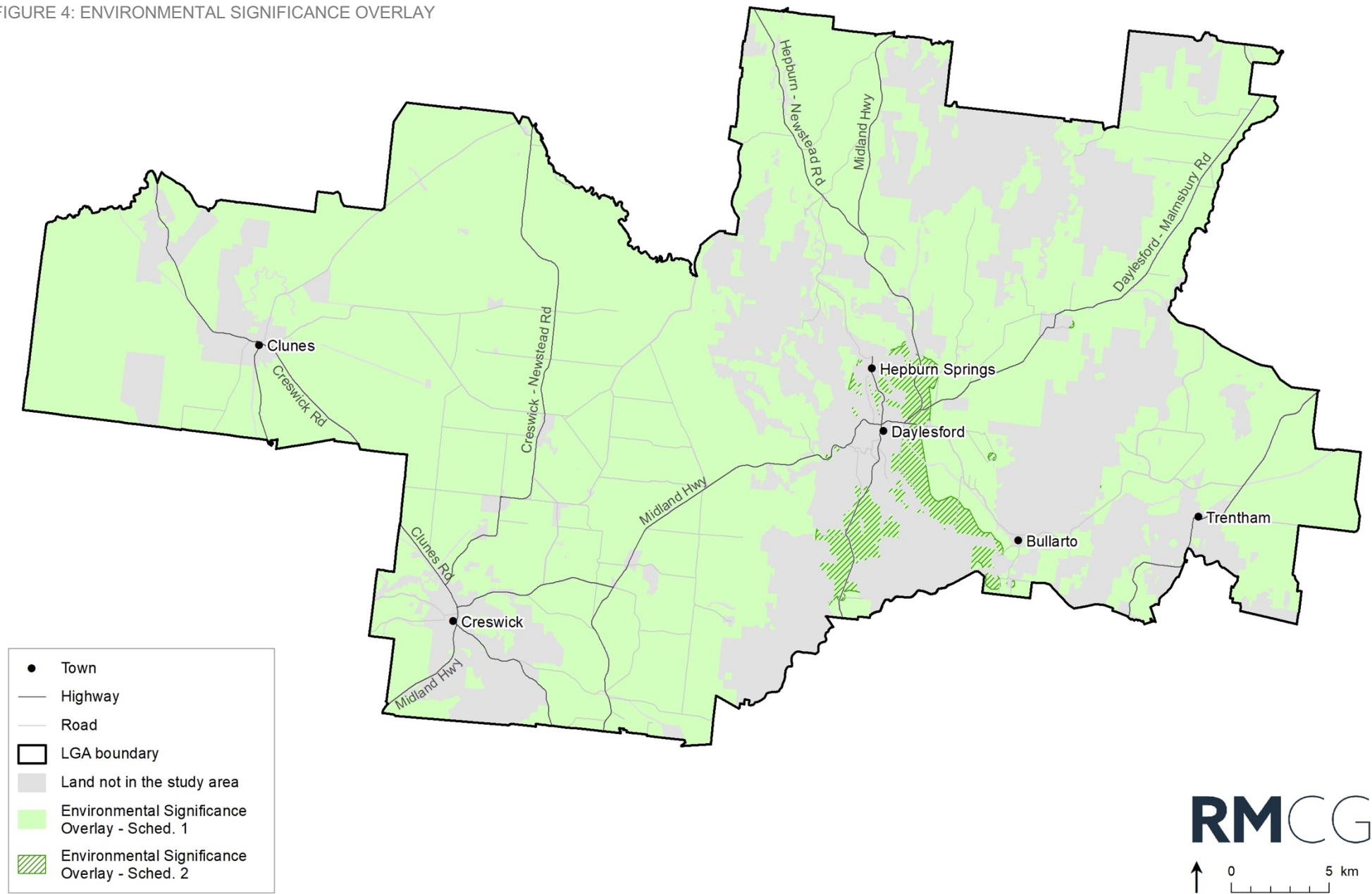
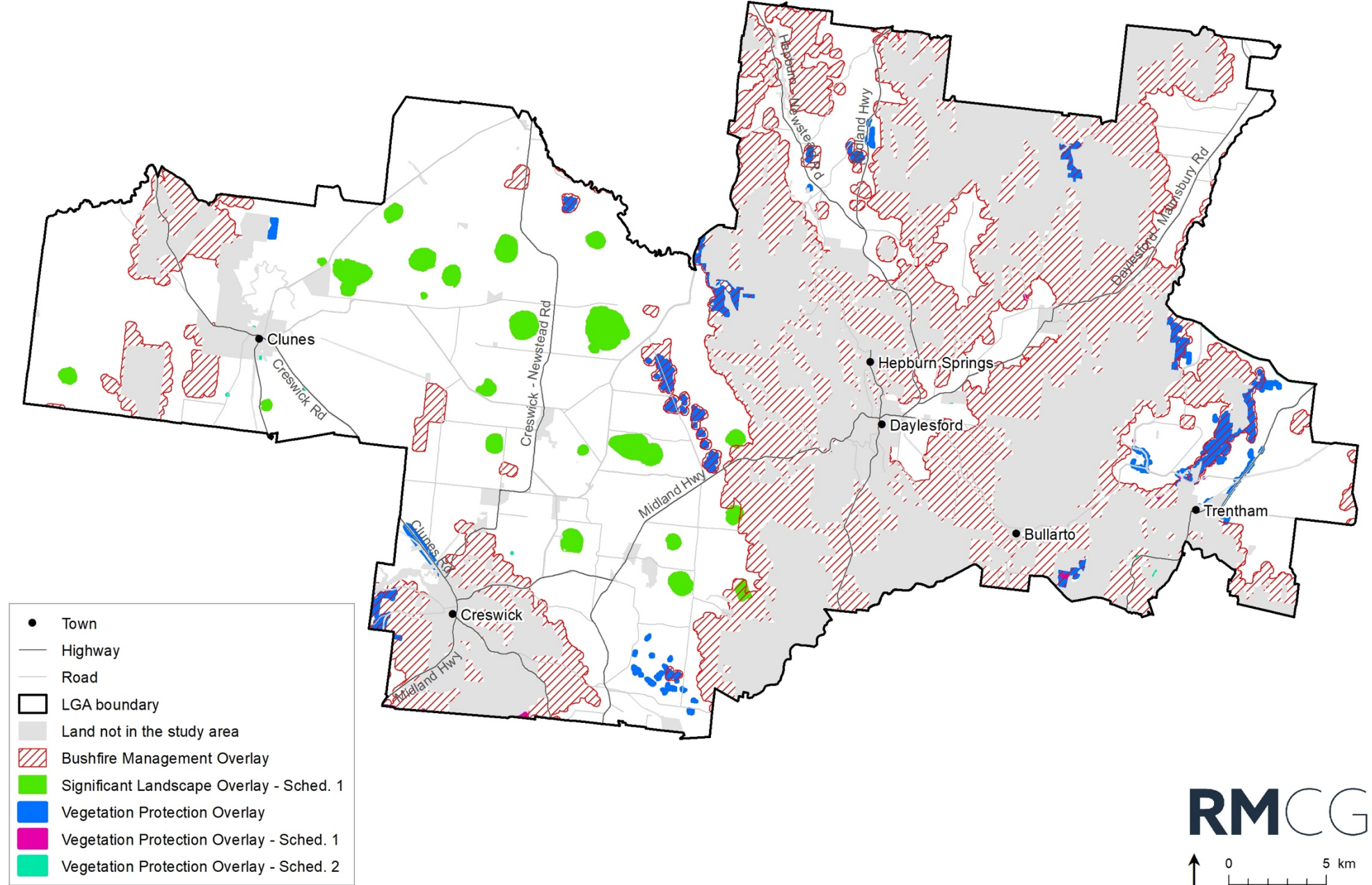


FIGURE 5: SIGNIFICANT LANDSCAPE OVERLAY AND VEGETATION PROTECTION OVERLAY



3 Major Drivers

This section summarises the major issues and opportunities driving use and development of Hepburn's rural land that were explored and analysed in background work and consultation with the community. The Strategy seeks to provide appropriate responses to these drivers of change, including recommendations for planning and other, non-planning Council actions.

STRATEGIC CONTEXT

State government strategies that influence land use and development in Hepburn's rural areas include:

- Central Highlands Regional Growth Plan (2014)
- Central Highlands Regional Economic Development Strategy (2022)
- Plan Melbourne 2017-2050 Metropolitan Planning Strategy (2017).

These plans identify population growth, growth in tourism, the desire to live in a rural area and the Shire's proximity and commutability to Melbourne and regional centres are key drivers of rural land use change in Hepburn. These plans also highlight that accommodating growth should not come at the expense of significant values including the Shire's rural landscapes, agricultural land, water supply catchments, cultural heritage and biodiversity. Hepburn's role in regional tourism and agricultural assets are also noted (Figure 6, Figure 7).

Land use planning principles and directions relevant to Rural Hepburn include:

- Population growth should be planned in sustainable locations throughout the region.
- The region's economy should be strengthened so that it is more diversified and resilient.
- The region should capitalise on its close links with other regions and cities.
- The development of sustainable and vibrant communities should be supported by enhancing the level of access to key services.
- Land use patterns, developments and infrastructure should make the region more self-reliant and sustainable.
- Planning for growth should be integrated with the provision of infrastructure.
- The region's land, soil, water and biodiversity should be managed, protected and enhanced.

- Long-term agricultural productivity should be supported.
- The importance of cultural heritage and landscapes as economic and community assets should be recognised.

FIGURE 6: CENTRAL HIGHLANDS REGIONAL GROWTH PLAN

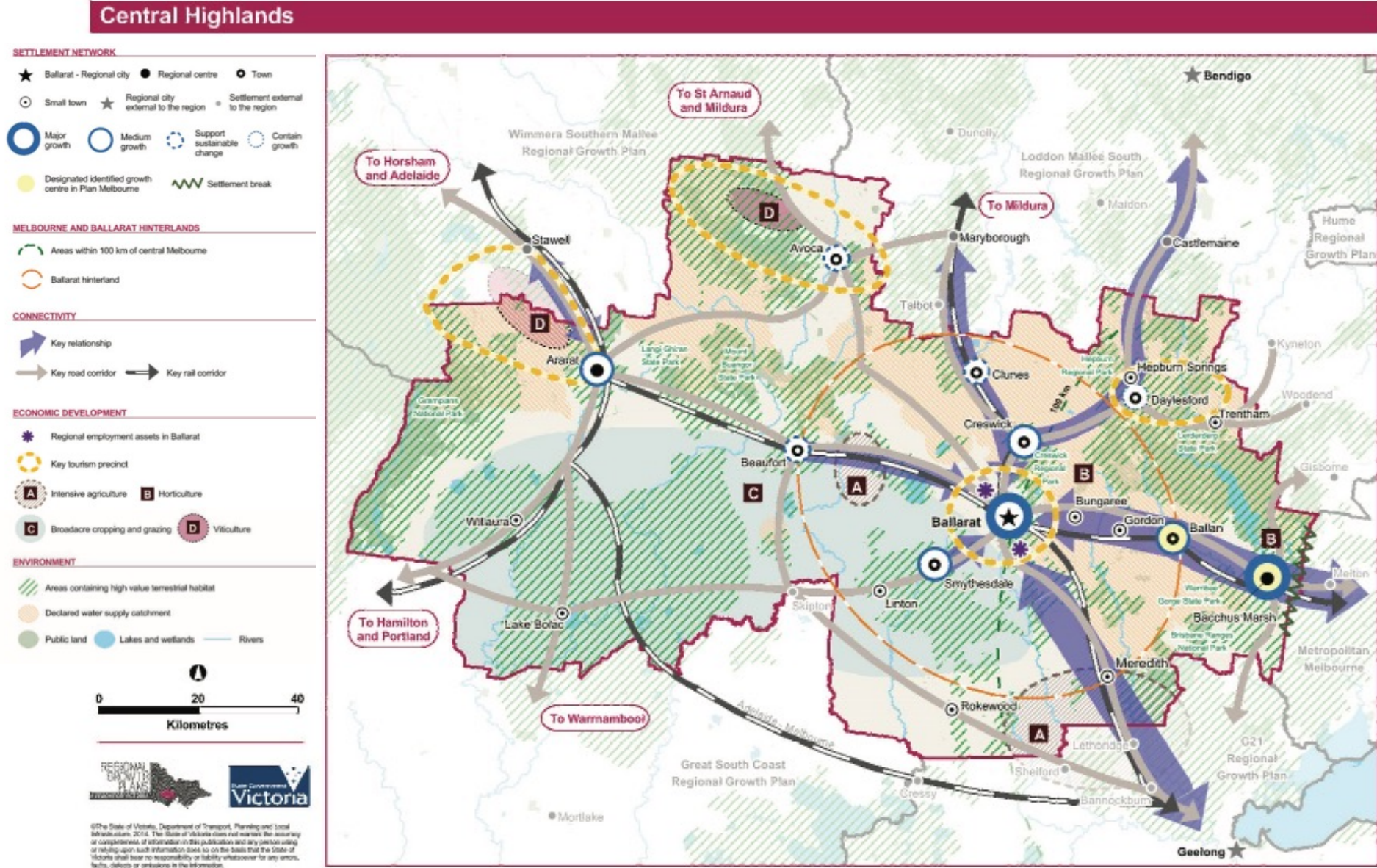
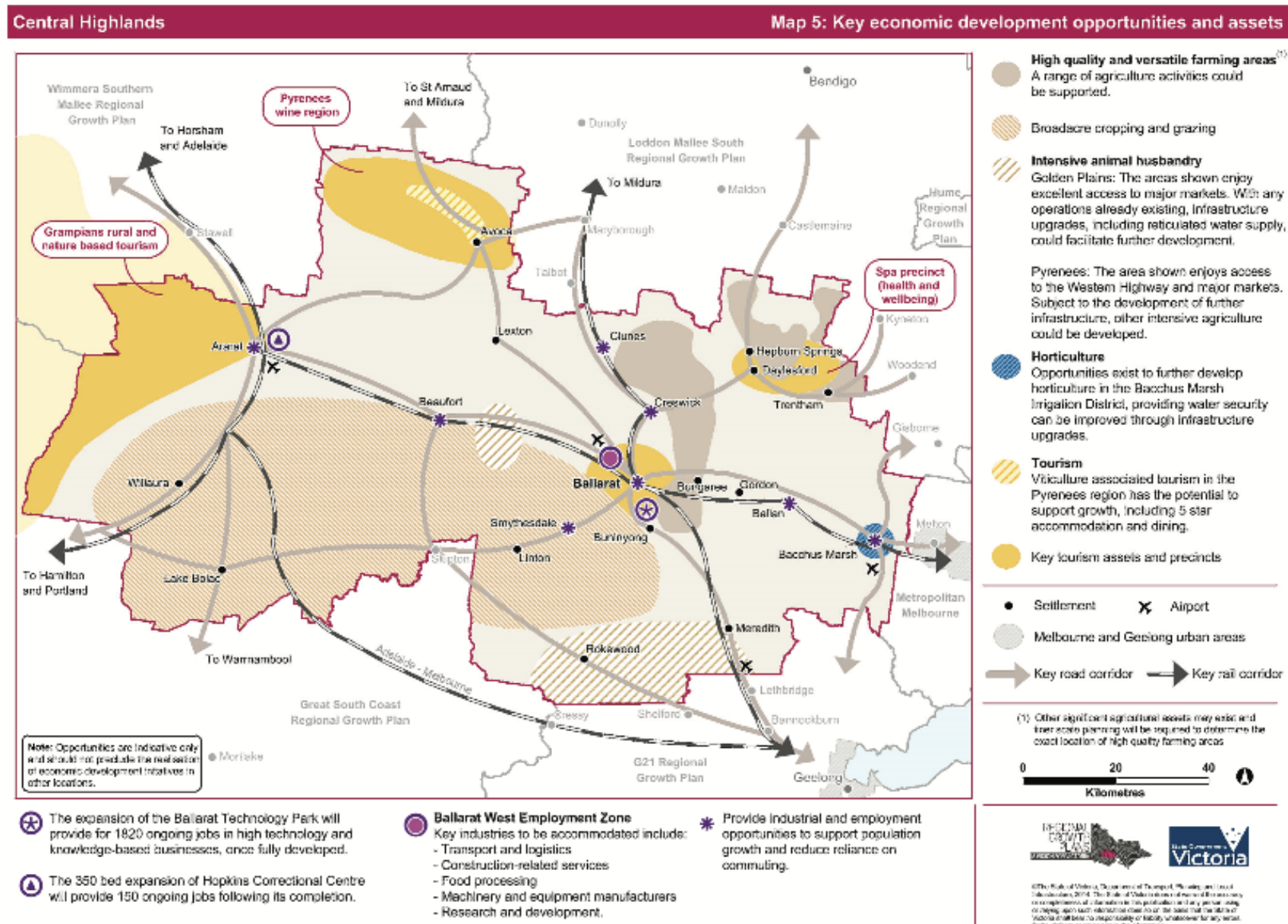


FIGURE 7: CENTRAL HIGHLANDS REGIONAL GROWTH PLAN: KEY ECONOMIC DEVELOPMENT OPPORTUNITIES AND ASSETS



PLANNING SCHEME PERFORMANCE

The Hepburn Planning Scheme had operated largely unchanged for over 20 years. Gazettal of Amendment C80, translated the Scheme into the new format Planning Policy Framework. The Amendment was largely a policy neutral translation of the existing policy settings and did not address the critical issues facing the Shire¹, which were summarised in Chapter 8 of the Review:

Ensuring the Shire has a contemporary planning scheme that responds to the issues that it is facing over the coming decades is essential to ensuring that improved outcomes are delivered through the planning process. The Review highlighted that the current planning scheme is not delivering the outcomes the community desires and that Council is aspiring to. It is also not set up to respond to current and emerging challenges such as climate change, bushfire risk and pressures for development.

The Shire is at a crossroads and at risk of losing those unique elements that are so highly valued by the community and are an essential underpinning of the local economy and environment. There are real challenges that the planning scheme can assist in achieving. The Scheme cannot solve all of these challenges, however there are a range of tools available that provide significant elements which help to complement or provide the required response. A lack of regular strategic work and adaption of the scheme has meant that the planning scheme is now very out of date.

The Amendment C80 Panel Report identified a number of outstanding challenges that were not addressed by the amendment that are relevant to this strategy:

- Reconciling competing interests including: the protection of high quality agricultural land, demand for tourism, demand for lifestyle properties, environmental values, cultural heritage values, landscape and amenity values.
- Explaining how settlement patterns and zoning in the municipality align with State policy direction, particularly in relation to environmental hazards, the protection of water catchments and the intensification of nominated urban settlements.

The report included the following recommendations relevant to rural land:

- Undertake further strategic work to:
 - Address the threats to the highly valued unique elements of the Shire and protect important landscape and heritage elements.
 - Address the tensions and potential synergies between farming, tourism and rural residential development.
 - Make recommendations on specific zone changes and minimum lot sizes in zones.
 - Clarify the distinction between 'established townships', 'main townships' and 'settlements'.
- Delete any policy support directing growth to parts of settlements within the Rural Living Zone where such development might run counter to State policy on bushfire and protection of natural values.
- Apply a minimum lot size of 40 hectares to all land in the Farming Zone.

The Background Report identified the following issues and opportunities for improvements to the rural zones:

- Farming Zone:
 - Review the FZ minimum lot size schedules based on the findings of a review of agricultural versatility under future climate forecast, agricultural industry data, analysis of lot sizes and rural land holdings.
 - Large number of planning permits issued for dwellings and subdivision in the FZ.
 - Increasing number of permits for tourism uses in the FZ.
 - Clearly identify productive agricultural land and farmland of strategic significance.
 - The need for clearer and improved policy for assessment of dwellings in support of an agricultural enterprise.
 - Policy guidance on non-agricultural uses in the FZ.

¹ Hepburn Planning Scheme Review, February 2020

- Rural Conservation Zone
 - Undertake further strategic work including appropriately scaled mapping as the basis for planning controls to identify, protect and enhance these environmental assets.
- Rural Activity Zone
 - Consider application of the RAZ to areas where multiple rural land use outcomes are established or are desired including agriculture, tourism and environmental protection and enhancement.

POPULATION GROWTH

The proximity of major regional growth centres Ballarat and Bendigo and the Shire's location within the peri-urban region of Melbourne is driving demand for urban and rural residential development in Hepburn. The population of Hepburn is growing and while the rate of growth has been less than the average for regional Victoria, a recent influx of internal migrants occurred related to the Covid-19 pandemic.

Past subdivision and dwelling policies and practices have left a legacy of fragmented rural land in some parts of the Shire. Consumption of rural land for residential development threatens environmental sustainability and introduces issues of land use conflict and land speculation which undermine the security of the agricultural sector.

Planning policy should encourage agricultural business to invest in food and fibre production for the long-term and ensure that farm operations are not compromised by conflicts from amenity issues. New residential development should therefore focus on infill within existing townships and land zoned Rural Living.

Bushfire hazard is a significant threat, particularly in the central and eastern parts of the Shire where there is demand for rural living and tourism. Bushfire mitigation strategies can also conflict with protection of ecological values. Planning for rural residential development will avoid high risk locations and prioritise the protection of human life and ecological values.

AGRICULTURE

Hepburn's agricultural industry is diverse encompassing broadacre livestock and cropping farms supplying domestic and international markets as well fresh produce supplying local markets and with strong connections to the tourism industry. A range of production methods are in use including traditional, organic and regenerative methods.

Accommodating large and small scale agricultural enterprises, while protecting the right to farm and avoiding fragmentation of productive agricultural land, is a significant challenge. Dwellings approved on small lots to support an agricultural enterprise are frequently used as a backdoor to achieve rural living. Clearly identifying where commercial scale agriculture will have primacy and avoiding incompatible land uses and dwellings on small lots will support the productive use of the land into the future.

Hepburn is blessed with some of the best agricultural soils in the state and coupled with a secure groundwater resource, enables production of a range of agricultural products. The agricultural land is highly valued by the Hepburn community who support its protection for food and fibre production now and into the future. There is a recognition that inappropriate development, including new dwellings, introduce land use conflict, inflate land values, limits the expansion of agricultural enterprises and threatens the ongoing agricultural potential of the Shire as well as impacting the rural landscape.

Changing markets and consumer preferences, global financial trends, climate change, increasing knowledge and technological improvements means that agriculture is continually evolving. In the Australian context, high labour costs, declining terms of trade and a predominance of export markets for primary produce, means that agricultural businesses focus on efficiency and economies of scale. This has resulted in clear trends in increased scale of farms and farm operations, and vertical integration across all industries including broadacre livestock and cropping, horticulture and intensive agriculture. Adoption of new technology including robotics, GPS controlled machinery enable larger areas to be managed without increased labour input. Production methods have also evolved in response to consumer preferences and increased understanding of environmental sustainability.

Planning policy can promote flexibility and industry growth by:

- Clearly identifying locations where commercial agriculture will be the primary land use and providing supporting policy to prevent fragmentation.
- Protecting Farmland of Strategic Significance and productive agricultural land.
- Facilitating parcel sizes suited to contemporary agricultural management practices and unencumbered by unwanted infrastructure, particularly dwellings.
- Maintaining separation between commercial agriculture and sensitive uses, such as urban and rural residential settlement, to minimise risk of offsite impacts and support efficient and optimal agricultural operations.
- Providing for on-farm agricultural infrastructure associated with vertical integration and value adding such as cool stores, sorting sheds and workers accommodation.

LAND USE CONFLICT

As the population of Hepburn has grown and the range of rural uses has become more diverse, there has been an increase in the incidence and types of land use conflict. Conflicts arise because there is a divergence in what rural landholders anticipate they will experience in a rural environment. Conflicts may also arise because there is a lack of understanding of agricultural operations or the legal and regulatory framework within which these operations are conducted.

There are no formal records of land use conflict and landholders can be reluctant to report instances of conflict in the interest of maintaining good relationships with neighbours. Council officers and landholders provided the following examples of land use conflict that are occurring at the property level and at the urban rural interface:

- Amenity impacts (odour, noise, visual) from 'everyday' and acceptable agricultural operations leading to nuisance complaints from rural residential neighbours.
- Restrictions placed on agricultural operations e.g. aerial spraying, irrigation, due to encroachment of residential neighbours which can increase costs and reduce farm efficiency.
- Behaviour and land management practices of rural lifestyle neighbours impacting agricultural operations e.g. neighbours or passers-by removing lambs from paddocks in the mistaken belief they have been abandoned by their mothers; livestock attack by domestic dogs, weed and disease spread into crops from gardens, trespass.
- Neighbouring agricultural enterprises that adopt different biosecurity practices e.g. contamination of organic crops, produce or pastures via spray drift, disease and weed spread from organic farms into conventionally managed crops.

There are also wider social and economic impacts on agriculture from an increasingly diverse rural landscape:

- Operators of commercial agricultural enterprises have fewer local peers with increased feelings of isolation.
- Fewer commercial agricultural enterprises lead to contraction in the local provision of agricultural services.
- Delivery of land management programs e.g. pest plant and animal control are more complicated and can be less efficient with a more diverse landholder mix.

- Movement of farm machinery is riskier as local roads have become busier and there are more drivers that lack rural driving experience or have poor driving etiquette.

Measures that can reduce the risk of land use conflict include:

- Clearly designate where agriculture will be the primary land use.
- Provide increased direction as to the types of non-agricultural uses that will be considered in rural areas and the circumstances under which they will be supported.
- Council advocate on behalf of the agricultural industry to assist rural landholders regarding 'normal' agricultural operations and good neighbour principles.
- Introduce attenuation measures such as buffers and setbacks between agriculture and non-agricultural development which will be the responsibility of the agent of change.

CLIMATE CHANGE

Hepburn's climate is forecast to be warmer and drier with more frequent and extreme rainfall, flood and bushfire events. These forecast changes will be important for planning rural settlements, particularly protection of life from increased bushfire threat.

An assessment of the impact of the future climate on agricultural versatility conducted by Deakin University² concluded that extensive areas of the Shire will experience no change in agricultural versatility because of the forecast change in climate. Areas to the south and east will experience a 10% increase in versatility, while areas to the north and west will experience a 10% decline in versatility. This places Hepburn's agricultural industry at a distinct advantage compared to other major food producing regions in northern Victoria.

In addition to adapting to the changing climate, agricultural businesses will also need to respond to government emission reduction policies. Council and the Hepburn community are working towards zero emissions through a range of emission reduction and offset schemes. There may be opportunities for rural landholders to participate in emission reduction programs such as carbon offsets. Planning policy should encourage agricultural business to adapt to the changing climate and adopt innovative and sustainable management practices and support landholders to reduce greenhouse emissions.

All of Hepburn Shire is designated a Bushfire Prone Area. Given the extent of high bushfire hazard areas that intersect with settlements as well as areas experiencing rural

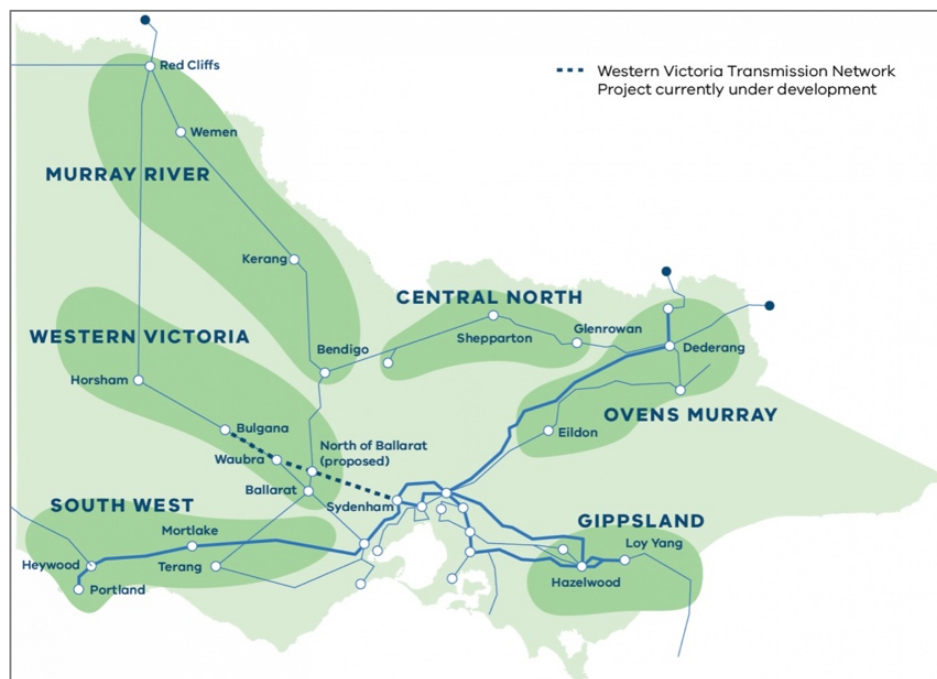
² Centre for Regional and Rural Futures (2016) Climate Cognisant Hepburn: Rural Land Use Review

residential and tourism expansion. Future planning for rural tourism and rural residential development will need to consider the potential for changes in landscape bushfire risk.

RENEWABLE ENERGY

There is strong strategic and policy support for development of renewable energy as part of achieving the State government's goal of zero emissions by 2050 and for 50% of state electricity to come from renewable sources by 2030. To facilitate this outcome, Renewable Energy Zones (REZ) have been identified to coordinate development of electricity transmission and renewable energy generation infrastructure. Hepburn Shire is located in or adjacent to the Western Victoria REZ (Figure 8).

FIGURE 8: RENEWABLE ENERGY ZONES, VICTORIA³



³ <https://www.energy.vic.gov.au/renewable-energy/renewable-energy-zones>

Community-lead alternative energy infrastructure is one element of Hepburn's Shire plan to achieve zero emissions by 2029. While the target of net zero emissions is shared by State Government and the Hepburn community, there is concern regarding the impacts of large scale renewable energy infrastructure, such as the Western Victoria Transmission Network on agriculture and the rural landscape.

In 2019, the Minister for Planning was made the responsible authority for all new permit applications for a wind energy facility, and for power lines and substations required to connect the facility to the electricity network. The Policy and Planning Guidelines for Development of Wind Energy Facilities⁴ set out criteria for assessment of planning permits including consideration of siting and landscape impacts.

Relevant local strategic studies may also be referenced in the PPF, and significant landscapes may be recognised in overlays, such as the Environmental Significance Overlay, Vegetation Protection Overlay or the Significant Landscape Overlay.

To help guide appropriate site selection, design and layout of individual wind turbines, consideration should be given to the significance of the landscape as described in relevant planning scheme objectives, including relevant overlays and strategic studies referenced in the planning scheme.

The area of interest that is the subject of the proposed Western Victoria Transmission Network Environmental Effects Statement includes land within Hepburn Shire. Council continues to advocate on behalf of the community regarding the impacts of the proposal, and highlighting the significant agricultural and landscape qualities of the land and its contribution to the local and regional economy.

The Hepburn Planning Scheme should seek to balance the economic and social benefits arising from new rural industries with the protection of agriculture, significant landscapes and environmental values and the amenity of rural areas.

LANDSCAPE, CULTURAL AND NATURAL VALUES

Hepburn's rural areas hold significant landscapes, biodiversity and natural values that are important to the Shire's liveability and economy. The Dja Dja Wurrung and Hepburn's community share a strong desire to see these values protected and enhanced.

⁴ Department of Environment, Land, Water & Planning (2018) Policy and Planning Guidelines for Development of Wind Energy Facilities in Victoria

Caring for country is vital for maintaining Dja Dja Wurrung culture, ensuring their lands and waters are in good condition and actively managed to promote the laws, culture and rights of all Dja Dja Wurrung people. Djaara is partnering with Council to improve the understanding of significant sites and artefacts and identify appropriate protection measures to effectively protect and manage cultural landscapes and sites. There may be other opportunities for joint actions to promote healing and reconciliation and raise cultural awareness among the broader community.

Hepburn's biodiversity includes Federal and State listed flora and fauna species. While most biodiversity values are concentrated in public reserves, there are extensive biodiversity values, including endangered species of National significance on private land and roadsides. There is scope for introduction of additional planning controls to protect and enhance existing biodiversity values. Increasing ecological connectivity and creating connections between remnant vegetation can support species to adapt to the changing climate. However, more detailed mapping of biodiversity values and identification of biolinks is required. Clearing of native vegetation associated with development of rural dwellings is impacting biodiversity values and warrants greater consideration in assessment of application proposals.

Hepburn sits entirely within declared water supply catchments of the Central Highlands. These catchments provide water to Bendigo, Ballarat and western Melbourne, support irrigation and production of high value crops and underpin mineral springs and spas, a major tourism attraction in Hepburn. Planning overlays are in place to manage development and ensure sustainability of water resources and the quality of waterways and wetlands.

The landscape character of Hepburn is a significant contributor to its amenity and an attractor for residents and tourists. The rural landscapes include natural landscapes such as Wombat State Forest, Hepburn Regional Park, Castlemaine Diggings National Heritage Park, the volcanic plains and features such as Lalgambuk (Mount Franklin), Nyaninyuk (Mount Beckworth). The rural farmed landscape is also an important feature. Council previously sought to introduce a suite of Significant Landscape Overlays to guide development in areas of landscape development, however the amendment was abandoned. Council has resolved to undertake further strategic work and consultation to ensure all areas of landscape significance are identified and that planning measures strike a reasonable balance between landscape protection and operation of agricultural businesses.

HEPBURN COMMUNITY

In 2023 a survey, open to all residents of Hepburn Shire, sought responses on use and development of rural land. Key themes that recurred in survey responses included:

- Agricultural land is highly valued and there is strong desire to see it preserved for agriculture in the long term.
- The agriculture industry is also highly valued as a contributor the economy of the Shire and rural amenity.
- Biodiversity and rural landscapes are also highly valued and there is strong support for their protection and enhancement.
- There is concern that further population growth and resulting development in rural areas will have negative impacts on these important values as well as the capacity of the Shire's infrastructure to accommodate more people.
- There was general support for directing residential growth into established settlements as a balanced response to these issues as well as maximising efficient use of infrastructure.
- Rural tourism is recognised as an important contributor the Shire economy. However, there was support for ensuring that tourism development does not adversely impact agricultural production, landscapes or rural character.

A wooden crate filled with various fresh herbs. From left to right, there is a bunch of curly parsley, a bunch of rosemary, a bunch of thyme, a bunch of sage with large, textured leaves, and a bunch of chives. Each herb bunch is tied with a piece of light-colored twine. The background is a warm, blurred reddish-brown color.

Section 2: Strategic Framework

4 Rural Hepburn – The Strategy

Rural Hepburn comprises:

- Vision and Principles
- Rural framework plan
- Objectives, strategies and actions for:
 - Agriculture and agricultural land
 - Rural tourism
 - Biodiversity and Water
 - Landscape
 - Rural living
 - Rural settlements
- Implementation

A vision statement has been developed for Hepburn's rural areas drawing on the views of the Hepburn community and stakeholders. The vision articulates how Hepburn's rural areas will look and function in the year 2043 and underpins planning provisions and policy recommendations.

The vision for Hepburn's rural areas is nested within the Hepburn Community Vision 2021-2031:

Hepburn Shire – *an inclusive rural community located in Dja Dja Wurrung country where all people are valued, partnerships are fostered, environment is protected, diversity supported, and innovation embraced:*

A sustainable and protected environment

A health and supported and empowered community

Embracing our past and planning for the future

Diverse economy and opportunities

A dynamic and responsive council.

VISION

Hepburn is a rural shire with a hierarchy of settlements set in an attractive and productive rural landscape.

A premier food producing Shire underpinned by a diverse agricultural sector. Innovation and sustainable management enable the sector to adapt to changing market and climate conditions. Protection of agricultural land facilitates investment and growth in commercial scale agricultural enterprises and agribusiness.

Hepburn is a renowned rural tourism destination that celebrates its history, agricultural, natural and cultural values. Careful planning has ensured that rural tourism developments are sympathetic to and enhance the protection of these rural values.

Significant environmental and landscape values are identified and protected. Development in the rural areas has delivered high quality environmental outcomes balanced with bushfire risk considerations and contributes to improved habitat and ecological connectivity through good design and on-site environmental improvement works.

Protection of water quality and quantity, especially potable water supply, is fundamental. Land use and development, particularly un-serviced development in open water supply catchments, is minimised and managed to ensure water quality and quantity is not compromised.

A network of attractive and sustainable rural settlements provides opportunities to live in a rural setting. Infill development within defined boundaries maintains clear distinctions and separation between settlements and efficient use of infrastructure.

The opportunity for living in a rural setting, small scale farming and artisan agriculture is afforded by the Rural Living Zone. Planning has ensured that rural settlements and rural living contribute positively to the rural character and the risk of conflict with adjoining agriculture is minimised.

The continuing connection of the Dja Dja Wurrung to country is supported and celebrated and important cultural landscapes and sites have been identified and protected.

Certainty and consistency in planning decisions has meant that competing demands for use and development of rural land are managed and land use conflict is avoided.

PRINCIPLES

Planning policy will be tailored to respond to landscape variation and drivers of land use change and the differential impact that these have across the Shire.

The highest priority in decision making is given to protection of productive agricultural land, significant landscapes, biodiversity and water catchments.

The precautionary principle will apply in relation to bushfire. Development will be directed to the lowest risk locations and future development will be avoided in high risk locations.

Housing and employment will be accommodated in established towns within clearly defined settlement boundaries. Non-urban green breaks will be maintained between settlements.

Planning policy will not be used to solve issues that are the domain of good business planning and management, including succession planning and farm viability.

Legacies of past planning decisions are not justification for maintaining inappropriate planning policy or provide precedence.

RURAL POLICY AREAS

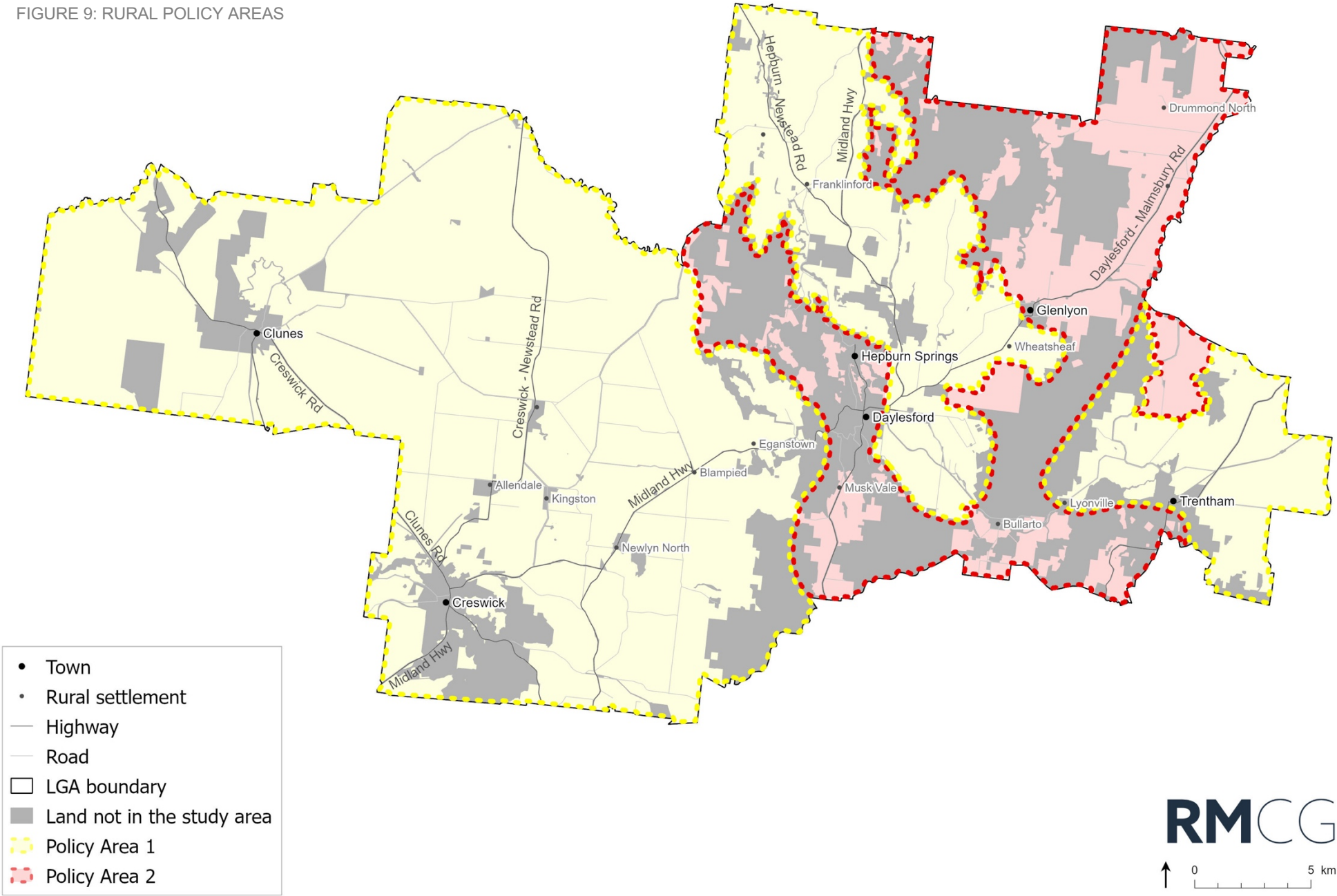
Hepburn's rural areas are diverse with respect to topography, agricultural land use, fragmentation, natural values and hazards, issues and opportunities. The rural strategic framework needs to respond to the variation in the rural landscapes and future prospects and provide a basis for reconciling competing land use and development interests.

This Strategy's response is to designate two rural policy areas (Figure 9) that will enable policy to be tailored to achieve desired future outcomes for rural land. The rural policy areas accord with broad identifiable differences in agricultural productivity, demand for competing land and workable boundaries based on the following criteria:

- Agricultural capability
- Farmland of strategic significance
- Land fragmentation – lot size and land ownership
- Existing land use patterns
- Existing and future development pressures
- Future prospects
- Logical boundaries.

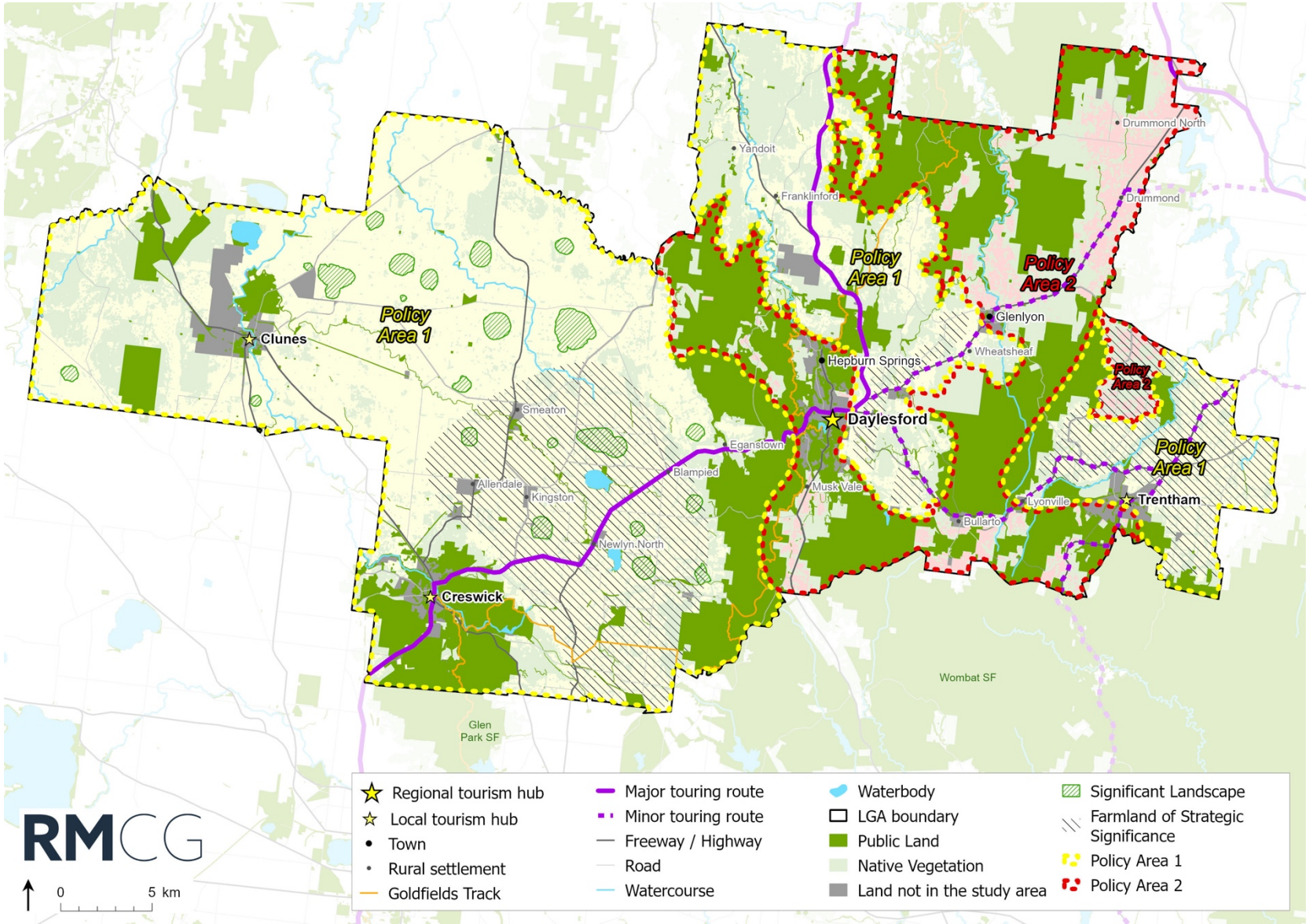
Mapping of technical inputs, including agricultural capability is provided in Appendix 2 and further detail on the assessment of agricultural land is provided in the Background Report.

FIGURE 9: RURAL POLICY AREAS



RURAL FRAMEWORK PLAN

The framework plan identifies strategic advantages and challenges and policy areas to guide rural land use and development to 2043



4.1 POLICY AREA 1 – AGRICULTURAL ENGINE AREA

Policy Area 1 includes farmland of strategic significance and the most productive and least fragmented agricultural land in the Shire. Agricultural production is the predominant land use including large scale vegetable, grain and livestock production. Groundwater development supports irrigation of vegetables, including large scale potato production as well as market gardens. In line with the directions of Plan Melbourne and Central Highlands Regional Growth Plan, this strategy will support the continued operation and viability of commercial scale agricultural enterprises as the highest priority.

The Farming Zone will be retained where it is currently applied. A new schedule and local policy will seek to ensure that new dwellings and subdivision will only be supported where there is a direct and legitimate benefit to agriculture. Non-agricultural uses, including tourism, that are not compatible with the objectives of Policy Area 1 will be strongly discouraged.

The **Farming Zone** is primarily concerned with keeping land in agricultural production and avoiding land uses that could limit future farming or constrain agricultural activities. In this zone:

- farming is the dominant land use and all other land uses are subordinate to farming
- farming uses are encouraged to establish and expand with as little restriction as possible, subject to proper safeguards for the environment
- non-farm dwellings and land uses not related to farming may be considered but should not limit the operation and expansion of agricultural uses
- farm-related tourism and retailing uses may be considered
- uses that could lead to the loss or fragmentation of productive agricultural land, or which could be adversely affected by farming activities, are prohibited
- land subdivision that could take farmland out of production or limit future farming productivity is discouraged
- the minimum lot size for subdivision may be tailored to suit the farming practices and productivity of the land.

4.2 POLICY AREA 2 – MIXED RURAL ACTIVITY

Land types and land use in Policy Area 2 are diverse and there is a fragmented pattern of land ownership. Agricultural capability of land in Policy Area 2 is variable and the area supports agricultural activities ranging from commercial scale enterprises to hobby farms and includes major tourism nodes and rural tourism development. Native vegetation covers extensive tracts of rural land, which brings heightened bushfire risk. The area has experienced significant rural dwelling and rural tourism development.

Agriculture will continue as the primary land use and include a diversity of agricultural enterprises including small scale artisan and innovative operations. Rural tourism opportunities that leverage the areas agricultural sector and environmental values will be encouraged. The area is also suited to landholders seeking to conserve and enhance environmental values or to actively manage land for environmental markets such as carbon capture and native vegetation offsets.

Given the diversity of uses, issues and opportunities for this area, it is considered that the Rural Activity Zone (RAZ) is a more appropriate zone than the Farming Zone. The application of the RAZ does not mean that protecting or maintaining agriculture in the precinct will be of low importance. The needs of existing enterprises will continue to be an important consideration for planning in the area. New rural uses will need to demonstrate a nexus with agriculture or an environmental benefit.

The main feature of the **Rural Activity Zone** is the flexibility that it provides for farming and other land uses to co-exist. In this zone:

- the purpose and provisions support the continuation and growth of farming but provide the opportunity for non-farming uses to be considered in appropriate locations which are compatible with agriculture and the environmental and landscape characteristics of the area.
- there is greater emphasis on protection and enhancement of natural resources and biodiversity.
- a planning permit is always required to use land for a dwelling.

Because the mix of uses that is supported in the RAZ is wide-ranging, the planning scheme should be clear about what Council wants to achieve for the area and how discretion in the zone will be exercised.

A photograph of a tree-lined street during autumn. The trees have dense foliage in various shades of green and yellow, with some leaves beginning to turn orange. The street is visible in the distance, flanked by the trees. The text "Section 3: Directions" is overlaid in white on the right side of the image.

Section 3: Directions

5 Agriculture

5.1 DISCUSSION

Agriculture in Hepburn makes a significant contribution to the local, regional and state agricultural economy. Agriculture is in the top five Hepburn industries by output and employment (Figure 10) and includes production of potatoes, meat, flowers, wool and grains (Figure 11).

Rich volcanic soils and reliable groundwater supply supports a state significant regional potato industry, producing potatoes for the fresh and processing markets. The Ballarat region produced 42% of the state's potatoes in 2020/21 and McCain Foods, one of the largest potato processing businesses in Australia, is based in Ballarat. In 2020/21 Hepburn produced around \$22million in gross value of potatoes, representing 55% of regional potato production and 15% of state potato production.

Hepburn has a diverse agricultural industry including enterprises focusing on food and fibre production for domestic and export markets and food processing through to artisan agricultural enterprises selling to direct to consumers. Agricultural tourism and artisan agriculture is well established in Hepburn. Farm stays, food experiences, value adding and direct sales of fresh and processed foods, enables producers to increase farm productivity. Most value of production is generated by larger scale agricultural business (Figure 12) i.e. agricultural businesses with a value of operation greater than \$500,000.

The scale of farm enterprises is also diverse ranging from small scale market gardens of a few hectares through to large scale livestock and cropping enterprises of over 1,000ha (Figure 13). There are a number of diseases that can have significant impacts on production if potatoes are grown without a long enough break in the crop rotation. Potatoes growers therefore require sufficient land to incorporate a livestock, grain or hay enterprise, as a disease break. In Hepburn, businesses growing potatoes range in size from around 100ha to over 500ha.

Analysis of Hepburn's agricultural industry documented in the Background Report noted the following trends:

- Increasing scale of agricultural businesses (i.e. the value of the farm business) and the increasing area operated by an agricultural business.

Definitions

Commercial scale agricultural enterprises grow food and fibre products to generate revenue that is the primary source of income for the farmer as well as provide for investment in the business and includes:

Artisan agricultural enterprises that produce high value food or premium food products on a small scale or by specialised techniques with a clearly identified provenance.

Niche agricultural production systems produce food for specialised often premium markets and may include large and small scale enterprises using traditional, organic, biodynamic, regenerative farming techniques.

Hobby farms are primarily residential in nature, rather than being operated for the purpose of generating a profit

Regenerative farming is a management approach that aims to promote biodiversity, reduce soil disturbance and use of agricultural chemicals.

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

- suitable soil type
- suitable climatic conditions
- suitable agricultural infrastructure, in particular irrigation and drainage systems
- a present pattern of subdivision favourable for sustainable agricultural production.

Farmland of strategic significance is productive agricultural land supporting agricultural industries that make a significant contribution to the local, regional or state agricultural economy.

Gross value of agricultural production also referred to as the Value of Agricultural Commodities Produced is the value placed on recorded production of agricultural commodities at the wholesale prices realised in the market place.

Estimated value of agricultural operations - is an ABS construct used to estimate the size of agricultural activity undertaken by a business. It is not an indicator of receipts of individual farms (turnover), but rather an indicator of the size or extent of agricultural activity.

- Increased concentration of output, where a small number of medium to large enterprises produce the majority of the output, while small scale enterprises, which make up a large majority of farms account for a small proportion of output.
- Adoption of new technology such as aerial spraying, GPS controlled traffic and use of drones.

These trends are in response to declining terms of trade, economies of increasing scale and high labour costs scale inherent in the agricultural sector. Operators of farm businesses, including artisan agricultural businesses, interviewed for this Strategy also noted that growing the farm business, through value adding, purchasing or leasing additional land is critical to the long term sustainability of the farm business.

Management practices used in Hepburn agriculture are also changing and diversifying. Regenerative, organic, biodynamic agricultural practices are increasingly used across the industry in response to consumer preferences and industry sustainability goals.

Compared to other parts of rural Victoria, extensive areas of Hepburn will experience no change to agricultural versatility under future climate scenarios². This represents a significant industry competitive advantage, particularly in comparison to the food producing areas of northern Victoria.

There is strong demand to live in rural areas and the community has indicated a desire for dwellings in support of small scale farming, rural tourism or environmental benefits. More dwellings and non-agricultural uses can result in land use conflict, loss of amenity and impact the ability to undertake legitimate agricultural operations. Access to affordable land unencumbered by unwanted infrastructure is key to supporting commercial agricultural enterprises to expand and/or intensify and achieve economies of scale and maintain viability. Once a dwelling is constructed it increases the risk of the land being removed from productive agricultural use.

Designating policy areas enables a differentiated and graduated policy framework to assist in balancing competing demands for rural land

FIGURE 10: INDUSTRY OUPUT AND JOBS, 2021, HEPBURN SHIRE⁵

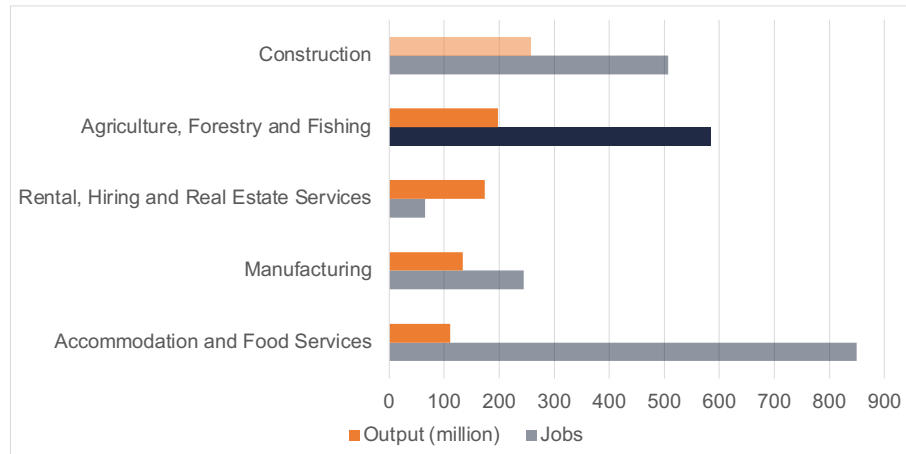


FIGURE 11: GROSS VALUE OF AGRICULTURAL PRODUCTION, 2020/21⁶

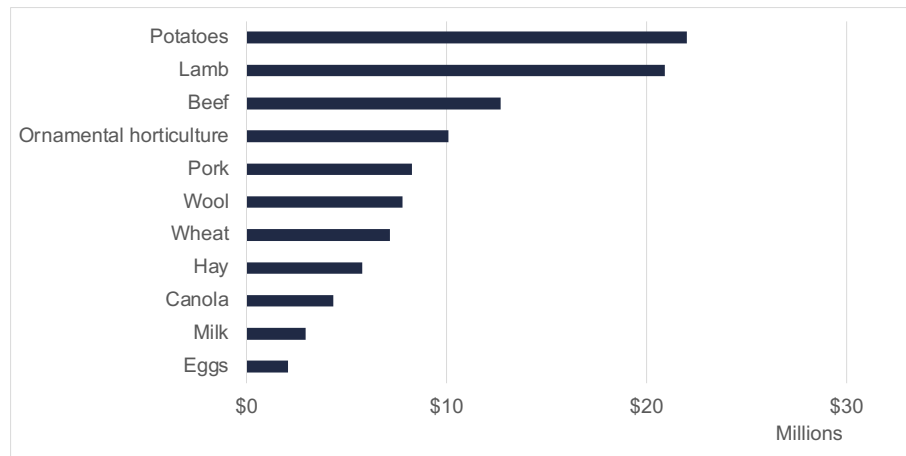


FIGURE 12: NUMBER OF ENTERPRISES BY VALUE OF OPERATION 2021, HEPBURN SHIRE⁶

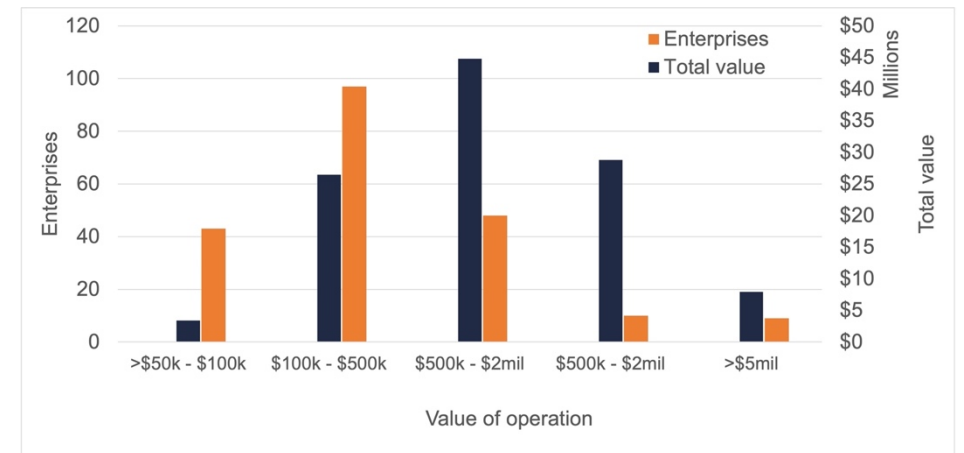
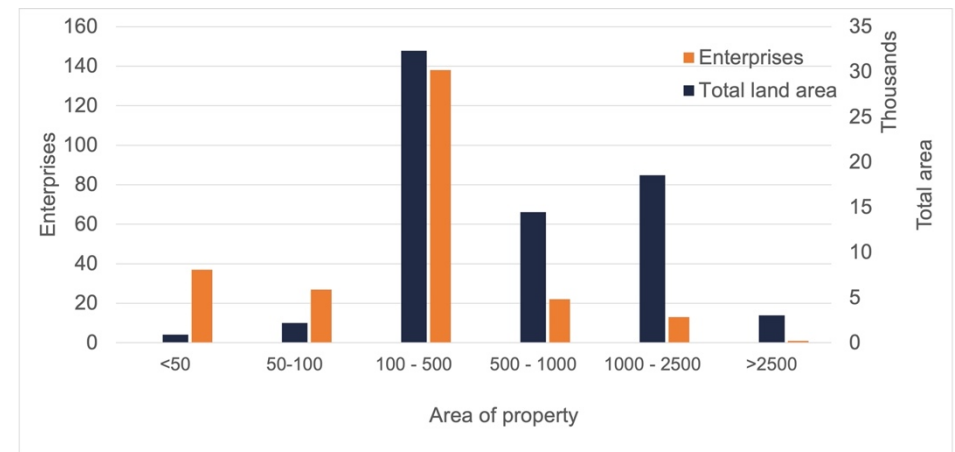


FIGURE 13: NUMBER OF ENTERPRISES BY LAND AREA 2021, HEPBURN SHIRE⁶



⁵ <https://app.remplan.com.au/hepburn/economy/industries> accessed 8.11.2023

⁶ Australian Bureau of Statistics Agricultural Census Survey. Data provided by Kynetec

5.2 POLICY AREA 1

OBJECTIVE

Support and promote production of food and fibre and value add industries

STRATEGIES

Support and promote commercial scale agriculture including broadacre grazing, cropping, and soil-based horticulture.

Recognise and protect the most high-quality agricultural land within the shire to retain its agricultural value.

Retain large productive lot sizes and land holdings and discourage the fragmentation of land and proliferation of dwellings.

Facilitate innovation and adoption of new technology in the agricultural sector and adaptation to a changing climate.

Reinforce settlement boundaries and direct population growth and residential development within existing town boundaries.

Only support the construction of a new dwelling where it has a direct relationship with a legitimate agricultural use.

Discourage non-agricultural uses unrelated to agriculture.

Provide for ancillary uses such as tourism that have an established nexus with agriculture, such as farm gate sales, farm stays and agri-experiences.

IMPLEMENTATION

In Policy Area 1, retain land in the Farming Zone where it currently applies.

Revise the Schedule to the Farming Zone:

- Minimum subdivision size: 40ha
- Minimum lot size to construct a dwelling without a permit: 80ha

Update local policy to reflect the land use and development outcomes of Policy Area 1.

Introduce a new local policy for the consideration of non-agricultural and tourism uses in the Farming Zone.

DWELLINGS IN POLICY AREA 1

It is proposed to increase the minimum lot size required for a permit to construct a dwelling in the FZ in Policy Area 1 to 80ha. The basis for this increase has taken into consideration:

- The needs of Hepburn's agricultural industries
- The range of lot sizes in the FZ
- A need to break the nexus between subdivision and dwelling
- Demand of rural lifestyle opportunities on small and large lots in Hepburn.

To enable the agricultural industry to grow and accommodate industry trends of increasing scale and technological change, it needs access to land unencumbered by unwanted infrastructure, particularly dwellings.

In seeking to minimise fragmentation of productive agricultural, there is a need to achieve a cultural change in the expectation that a dwelling may be constructed on every rural lot. The minimum lot size will therefore seek to break the nexus between subdivision and dwellings and afford Council the opportunity to ensure that a new dwelling in the Farming Zone is genuinely required for an agricultural purpose.

While the pressure for housing in Policy Area 1 is currently not as great as other areas of the Shire, there is potential for this to increase in the future due to the proximity of Ballarat and commuting corridors and the influence of peri-urban Melbourne. Introducing planning controls now will ensure that Farmland of Strategic Significance and the agricultural potential of this area is protected into the future.

An example dwellings local policy for the FZ is included at Appendix 5.

SUBDIVISION IN POLICY AREA 1

There is currently a sufficient diversity of lot sizes, with a significant number of small lots, to rarely warrant the further subdivision of land.

TABLE 3: NUMBER OF LOTS AND LAND OWNERSHIPS BY SIZE RANGE, FARMING ZONE

Size range (ha)	FZ1		FZ2	
	Lots	Ownership	Lots	Ownership
<4	1,854	256	1,861	376
4 – 40	1,995	411	1,957	961
40 – 100	378	139	130	123
100-500	32	124	10	71
>500	3	22	-	2
Total	4,262	952	3,958	1,523
Total area (ha)	59,842		37,368	

Land in Policy Area 1 is relatively unfragmented and is held in relatively large ownerships with many in excess of 100ha in size. It will be important that this position is maintained to protect agricultural land and encourage investment in agriculture into the future. Therefore, it is recommended that within Policy Area 1, the schedule to the FZ specify a minimum subdivision area of 40ha. Re-subdivision that results in creation of rural residential size lots and house lot excisions will be strongly discouraged.

An example subdivision policy for the FZ is included at Appendix 5.

5.3 POLICY AREA 2

Policy Area 2 supports a diverse mix of agricultural activities including commercial scale broadacre agriculture through to small scale artisan agricultural enterprises and self-sufficient farming. Rural tourism is also a significant land use encompassing accommodation and on-farm activities in conjunction with agriculture and the environment.

Rural tourism opportunities that leverage the areas agricultural sector and environmental values will be encouraged particularly in proximity of key tourism nodes including Daylesford, Hepburn Springs and Trentham.

Policy Area 2 includes land of high agricultural quality around Daylesford supporting horticultural enterprises as well as low agricultural capability, extensive areas of native vegetation on private land and land where past mining activity has resulted in an eroded and degraded landscape. These areas are suited to landholders seeking to conserve and enhance environmental values or to actively manage for environmental markets such as carbon capture and native vegetation offsets subject to meeting requirements for development in areas of high bushfire hazard.

Given the diversity of uses, issues and opportunities for this area, it is considered that the Rural Activity Zone (RAZ) is a more appropriate zone than the Farming Zone. A schedule to the zone and local policy will provide clarity as to the type of uses considered appropriate for the area and how discretion in the zone will be exercised. The application of the RAZ does not mean that protecting or maintaining agriculture in the precinct will be of low importance. The needs of existing enterprises will continue to be an important consideration for planning in the area. Changes to land use and new rural development will need to demonstrate a nexus with agriculture or an environmental benefit.

OBJECTIVE.

Support a mix of rural uses including agriculture, rural tourism and the green economy.

STRATEGIES

Promote a diverse range of agricultural activities that do not rely on large land holdings such as market gardens, wineries and processing of agricultural produce, subject to consideration of environmental and amenity impacts.

Support the active use of land for environmental outcomes including carbon storage, native vegetation offsets and ecological connectivity.

Consider legitimate environmental benefits in areas with significant environmental values that may be proposed as part of the construction of a dwelling in the RAZ within Policy Area 2.

Promote and encourage tourism use and development that is compatible with agricultural production and the environmental attributes of the area.

Discourage uses which would generate activity levels and servicing requirements consistent with an urban area.

Reinforce settlement boundaries and direct population growth and residential development within existing town boundaries.

Only support the construction of a new dwelling where it has a direct relationship with a legitimate agricultural use or when a legitimate environmental benefit will be achieved.

Protect declared water supply catchments.

IMPLEMENTATION

Rezone land in the Farming Zone to Rural Activity Zone.

Include a local purpose statement in a schedule to the Rural Activity Zone.

Update minimum lot size schedules:

- Minimum subdivision size: 40ha

Update local policy to reflect the intent of Policy Area 2.

Retain the Rural Conservation Zone where is currently applies.

SUBDIVISION IN POLICY AREA 2

A minimum lot size of 20ha applies to land in Policy Area 2. The Background Report, Hepburn Planning Scheme Amendment C80hepb Planning Scheme Review Panel Report⁷, Centre for Regional and Rural Futures, Climate Cognisant Hepburn: Rural Land Use Review², the Guidelines for Planning Permit Applications in Open, Potable Water Supply Catchment Areas⁸ and Planning Practice Note 55 all clearly identify that retaining a minimum lot size of 20ha is not sustainable. There is currently a sufficient diversity of lot sizes, with a significant number of small lots, that supports the mix of uses envisaged

for Policy Area 2. Further subdivision will therefore be strongly discouraged. The policy Area has a sufficient diversity of lot sizes without the need for smaller lots under 40ha.

An example subdivision policy for the FZ and RAZ is included at Appendix 5.

DWELLINGS IN POLICY AREA 2

There is a wider range of circumstances when a new dwelling will be considered in Precinct 2, in line with the objectives to supports a diverse mix of agricultural activities. rural tourism and environmental benefit. This does not mean that the RAZ is quasi-rural residential zone. All dwellings in the Rural Activity Zone will require a planning permit and the zone explicitly requires consideration of agricultural fragmentation and interface issues. This provides an effective mechanism to ensure that new dwellings will support the Zone purpose and impacts on areas of agricultural and environmental significance, can be minimised and / or mitigated.

An example dwellings local policy for the RAZ is included at Appendix 5.

⁷ Centre for Regional and Rural Futures (2016) Climate Cognisant Hepburn: Rural Land Use Review

⁸ DSE (2012) Planning permit applications in open, potable water supply catchment areas

5.4 DWELLINGS

New rural dwellings have a significant influence on the agricultural capability, environmental sustainability and landscape character of a rural area.

Increasing numbers of dwellings in rural areas prevent agricultural operations from utilising economies of scale, introduces land use conflict and deters farmers from investing in their enterprises as they speculate on land converting to residential uses. Unnecessary dwellings within rural areas are the biggest threats to agriculture that the planning system can control.

This strategy proposes a number of approaches to seek a balance between the needs of the agricultural industry and a desire to live in a rural location.

POLICY AREAS

Designating precincts enables a differentiated and graduated policy framework to assist in balancing competing demands for rural land. A higher threshold of evidence will be required to justify granting a permit for a dwelling and other non-agricultural use in Policy Area 1.

PLANNING PERMIT ASSESSMENT

Determining the legitimacy of an associated agricultural use is the most difficult aspect of the approval process for rural dwellings. This difficulty extends to Council planners who sometimes find it difficult to assess the legitimacy of a proposed agricultural enterprise, or when they do sense an illegitimate use, lack the backing to refuse the application. The diversity of agricultural enterprises in Hepburn means that the complexity and difficulty of assessing legitimacy has increased.

To assist, the following elements are proposed:

Agriculture Victoria Planning and Advisory Service: the Service is open to councils and landholders and provides independent advice on planning rules and requirements for the establishment of a new agricultural development or expansion of an existing agricultural business. This includes undertaking technical review of agriculture land use planning applications received via Section 52 Notice from councils and assessing planning applications against relevant legislation and providing written independent advice back to council.

Farm Plan: require the preparation of a Farm Plan to support applications for new dwellings and non-agricultural uses in conjunction with an agricultural enterprise in the

FZ, RAZ and RCZ based on a new Farm Plan template. A Farm Plan should provide a physical description of the farm, financial projections and how the proposed use will support agriculture.

Independent Expert Panel: a panel of agricultural experts can assist with determining the legitimacy of a proposed agricultural enterprise.

Environmental Plan: require the preparation of an Environmental Plan to support applications for new dwellings and non-agricultural uses in conjunction with green economy enterprises or environmental benefit in the FZ, RAZ and RCZ based on a new Environmental Plan template. An Environmental Plan should provide a physical description of the land, demonstrate how a net environmental benefit will be achieved, and how the proposed use will support environmental outcomes.

5.5 AGRICULTURAL USES

Most agricultural land uses, broadacre grazing animal production and cropping, do not require a planning permit and can occur on Farming Zone and Rural Activity Zone land 'as of right'. There are agricultural uses that have the potential to impact amenity or environmental values, and, in some instances, a planning permit will be required

Recent State level changes have been made via amendment VC150 to intensive animal production planning provisions. The main change has been the redefinition of intensive animal production and the introduction of new definitions for pig and poultry farming and fixed feeding lots. Permit triggers related to animal production cannot be varied and require Council to utilise discretion in the decision making process. These triggers include:

- **Fixed Feeding Infrastructure:** infrastructure for seasonal or supplementary feeding associated with animal grazing triggers a permit for buildings and works if it is located within 100m of a dwelling in separate ownership, residential zone, or waterway.
- **Pig and Poultry Farms:** a permit is required for all pig farms over 120 sows in size and poultry farms over 100 poultry in size. A simplified application process is available for low risk pig and poultry farms below these thresholds and meet certain conditions related to sow density, mobile housing and feeding infrastructure, ground cover, and whether it is setback at least 100m from a dwelling or 400m from a residential zone.

Low risk and low-density mobile production systems will generally be supported on all land in the Farming Zone and Rural Activity Zone provided relevant codes of practice are

complied with. To protect the ongoing operations and establishment of these operations, it is proposed that new dwellings in the Farming Zone and Rural Activity Zone on adjoining land be setback 100m to establish a buffer and avoid conflict between the uses.

Intensive animal production includes production of pigs and poultry above the threshold of those identified for low density operations and can have significant amenity implications. While the pattern of land holdings and dwellings in Policy Area 1 could accommodate new intensive animal production, such uses are not considered appropriate to land within a special water supply catchment area as identified by the Environmental Significance Overlay (ESO1) and applies to all land within the shire.

5.6 VALUE ADDING TO AGRICULTURE

Value adding and processing of primary produce support enterprise diversification and economic viability. The Farming Zone and Rural Activity Zone already allows for farm gate sales. On-farm processing of farm produce, such as washing and packing of horticultural produce, pre-packaged fresh produce, abattoirs and butchery will also be supported provided offsite impacts are appropriately managed.

5.7 AGRICULTURE IN THE RURAL LIVING ZONE

Production of fruit, vegetables and flowers is being conducted on land in the RLZ in Hepburn. These enterprises vary in business scale, but most rely to some extent on off farm income. Artisan agriculture businesses are often closely connected to the Shire's tourism industry. Some business offer experiences in conjunction with an agricultural activity such as farm management or cooking classes or accommodation. Other business sell farm produce direct to consumers via local retailers, farmers markets, online, direct to restaurants and at the farm gate.

The Rural Living Zone includes objectives to provide for residential use in a rural environment as well as agricultural land uses which do not adversely affect the amenity of surrounding land uses. To manage potential offsite impacts, use of land for agriculture in the RLZ requires a planning permit. Agricultural uses that would generally be supported in the RLZ, includes market gardens (i.e. soil based production of vegetables, fruit, flowers and nursery plants) and low risk and low-density mobile animal production systems that comply with relevant codes of practices. Uses that would be discouraged include protected cropping structures that utilise active operation measures (e.g. ventilation fans and lighting) and rural industry.

To avoid offsite amenity impacts and land use conflict, it is proposed that agricultural uses in the Rural Living Zone be setback 100m from a dwelling on adjoining land.

TABLE 4: SUMMARY TABLE OF USES AND PLANNING PERMIT REQUIREMENTS FOR RURAL ZONES

		ZONE			
		FARMING		RURAL ACTIVITY	RURAL LIVING
USE					
Agriculture					
Agriculture	Grazing animal production				
	Intensive animal husbandry				
	Poultry farm <100 poultry				
	Poultry farm 100 – 10,000 poultry				
	Poultry farm >10,000 poultry				
	Pig farm <120 sows				
	Pig farm >120 sows				
	Cattle feedlot (<1,000 cows)				
	Cattle feedlot (>1,000 cows)				
	Cropping				
	Horticulture (market garden)				
	Accommodation				
Accommodation	Bed and breakfast	< 10 people			
	Camping and caravan park				
	Dwelling	< lot size threshold			< lot size threshold
	Group accommodation				
	Host farm				
	Residential hotel				
	Rural worker accommodation	<10 people			
Retail premises	Bar				
	Primary produce sales				
	Hotel				
	Market				
	Restaurant				
	Primary produce sales				
	Rural store				
Industry	Rural industry				
	Abattoir				
	Sawmill				
Other	Place of assembly				
	Renewable energy facility				
	Wind energy facility				
	Winery				

6 Rural Tourism

6.1 DISCUSSION

Hepburn Shire is renowned for its natural mineral springs, spa and wellbeing experiences, food and wine, gold mining heritage, nature trails and parks and a range of attractive villages including Trentham, Daylesford, Hepburn Springs, Creswick, Clunes and Glenlyon. Hepburn Shire is one of a number of local governments working together to gain World Heritage Listing of the Central Victorian Goldfields, which if successful, is forecast to grow the region's visitor economy by an additional 2.2 million visitors and \$440million spent in the local economy. The key tourism nodes and tourism routes are shown in Figure 14.

Agricultural tourism and value adding to agricultural produce is already established in Hepburn Shire and includes selling primary produce or processed products through roadside sale and cellar doors, pick your own and online direct sales. Accommodation in conjunction with an agricultural business such as farm stays and farm to table dining are also opportunities to value add to primary production.

There are a broad range of tourism uses that can be considered in the rural zones, subject to a planning permit. Some of these uses e.g. camping and caravan park, residential hotel may be better suited to a township which have the infrastructure services to support developments of this scale. Large scale tourism developments in rural areas also have the potential to impact the operation of surrounding agricultural businesses, landscape and biodiversity values.

Emerging tourism uses that warrant further consideration include festivals and short term rental accommodation such as tiny houses, home pods and caravans. Large festivals in rural areas have given rise to concerns regarding noise waste and traffic. Dwellings, approved in association with an agricultural use, are increasingly being used primarily for tourism accommodation. Agriculture, if conducted at all, becomes subordinate to the tourism activity.

The Hepburn Planning Scheme Review⁹ noted that the tourism offer in the municipality is inextricably linked to the landscape, heritage, environment and rural produce. Ensuring that this link between each is well understood is important as well as ensuring these

aspects are protected, i.e. tourism development should not occur at the expense of the very values that are the foundation of the tourism industry. The Review recommended that retail activities associated with agriculture should be located within townships and is essential to ensuring that retail areas in towns remain viable and that there are opportunities to capture tourist dollars.

DEFINITIONS

Rural tourism - tourist activities taking place in rural or non-urban areas. The most common types of rural tourism include agritourism, nature-based tourism and ecotourism.

Agritourism or farm tourism - commercial activities that link agricultural production with tourism in order to attract visitors onto a farm, or other agricultural business for the purposes of entertaining and/ or educating the visitors and generating income for the farm.

Ecotourism and nature-based tourism - similar activities where the natural environment is the primary attraction or setting providing experiences that foster environmental and cultural understanding, and appreciation for and conservation of nature.

A review of planning permits for tourism uses in the Background Report found that most permits were for accommodation (Table 5), followed by function centres and that most permits were for properties located on the Midland Highway between Creswick and Daylesford and in the eastern half of the Shire.

⁹ Plan 2 Place (2020) Hepburn Planning Scheme Audit and Review Report

TABLE 5: FZ PLANNING PERMITS (2007 - 2021)¹⁰

USE	TOTAL	APPROVED	REFUSED
Accommodation	31	25	1
Function centre	16	14	1
Festival	3	1	1
Gallery	3	2	1
Restaurant	5	4	0
Rural store	4	3	0
Winery	5	5	0

Examples of farm-related tourism uses considered appropriate in Policy Area 1 include:

- Pick-your-own and farmgate sales.
- Repurposing of established agricultural buildings e.g. redundant shearing sheds, dwellings for short stay accommodation.
- Accommodation within the primary farm residence (e.g. bed and breakfast)

Examples of tourism uses considered inappropriate in Policy Area 1 include:

- Large scale tourism developments such as conference centres
- Camping, camping and caravan parks
- Accommodation such as cabins, glamping, tiny houses
- Festivals and major events.

Examples of tourism uses considered appropriate in Policy Area 2 include:

- Pick-your-own and farmgate sales.
- Farm stays, bed and breakfast,
- Accommodation including cabins, glamping, tiny houses in conjunction with an agricultural activity or natural values.
- Wedding venue in conjunction with an agricultural activity such as a winery of natural values.
- Adding value to agricultural experiences such as cookery schools and farm management education

- Festivals and major events.

Examples of tourism uses considered inappropriate in Policy Area 2 include:

- Camping, caravan parks
- Backpacker hostels
- Group accommodation
- Market
- Residential hotels.

6.2 OBJECTIVE

Encourage tourism use and development that builds on the existing assets within the shire.

Encourage rural tourism that leverages the Shire's agricultural strengths and environmental, landscape and cultural values

Ensure tourism uses are consistent with Policy Area Objectives.

STRATEGIES

Ensure tourism use and development is an appropriate scale and nature and sited to avoid the operation of surrounding agricultural enterprises, and appropriately consider impacts on environment and landscape values.

Focus tourism development along key tourist routes and near tourism assets.

Locate large scale tourism development within existing settlements.

Avoid tourism development in areas of bushfire hazard unless the risk can be mitigated to an acceptable level.

Provide support for appropriately located nature-based tourism close to natural assets.

In Policy area 1:

- Only support tourism uses and development where it is associated with, and will remain subordinate to, an existing agricultural enterprise.
- Strongly discourage large scale tourism development outside of townships.

¹⁰ Data provided by Hepburn Shire

In Policy Area 2:

- Encourage tourism where there is convenient access to tourism hubs, tourist routes, tourist attractions and services.
- Encourage tourism buildings and ancillary infrastructure to be clustered together on the property and screened from view from neighbouring dwellings.
- Support the use and development of land for tourism if it will result in net environmental benefit or rehabilitation of degraded land.
- Support large scale tourism developments only where:
 - The tourism enterprise requires a rural location.
 - The development will not contribute to the urbanisation of the area.
 - The land use is compatible with the use of adjoining and surrounding land for agriculture or forestry and complimentary to the rural setting.
 - The facility will significantly contribute to the local and regional tourism economy.

IMPLEMENTATION

In Policy Area 2, rezone land in the Farming Zone to Rural Activity Zone including objectives and schedules that reflect the tourism outcomes for Policy Area 2.

FURTHER WORK

Develop and implement a rural events policy.

6.3 CANDIDATE RAZ

In Policy Area 1, the primary objective is to support commercial scale agriculture and in the FZ, tourism will generally only be considered where there is an established nexus with agriculture, such as farm gate sales, farm stays and agri-experiences.

There is however, nascent demand in Policy Area 1 for rural tourism, agri-tourism and artisan agriculture. Providing clearly identified discrete areas for these activities will support the burgeoning rural tourism sector, while ensuring the overarching objective and land use outcomes for Policy Area 1 are not compromised.

In 2022, RMCG undertook a RAZ supply demand assessment to identify rural land suitable for:

- Agritourism including artisanal agriculture production, premium niche products and value adding to agriculture - such as food processing, farm gate sales, farm shops, agriculture and food experiences.
- Small scale rural industries and businesses including agriculture services (machinery servicing, transport and logistics).

Candidate areas for RAZ were identified within Policy Area 2, as well as around Creswick and Eganstown in Policy Area 1. The assessment included consideration of:

- Agricultural quality.
- Proximity to established tourism nodes and touring routes.
- Established agri-food businesses and food related experiences.
- Established rural industry nodes.
- Proximity of towns.
- Land that does not support significant amenity or landscape values.

Clunes has also emerged, through the Strategy development, to be a candidate for RAZ to provide for rural tourism and artisan agriculture, to complement and enhance the towns established tourism offer. More detailed assessment of candidate RAZ areas around Creswick (Figure 15), Eganstown (Figure 16) and Clunes (Figure 17) will be required before progressing to planning scheme amendment. It is envisaged Policy Area 2 objectives and strategies will apply to these areas and a schedule to the RAZ will specify the uses and developments to be supported and planning permit considerations to avoid conflict with agriculture on adjoining land in the FZ.

FIGURE 14: KEY TOURISM ASSETS

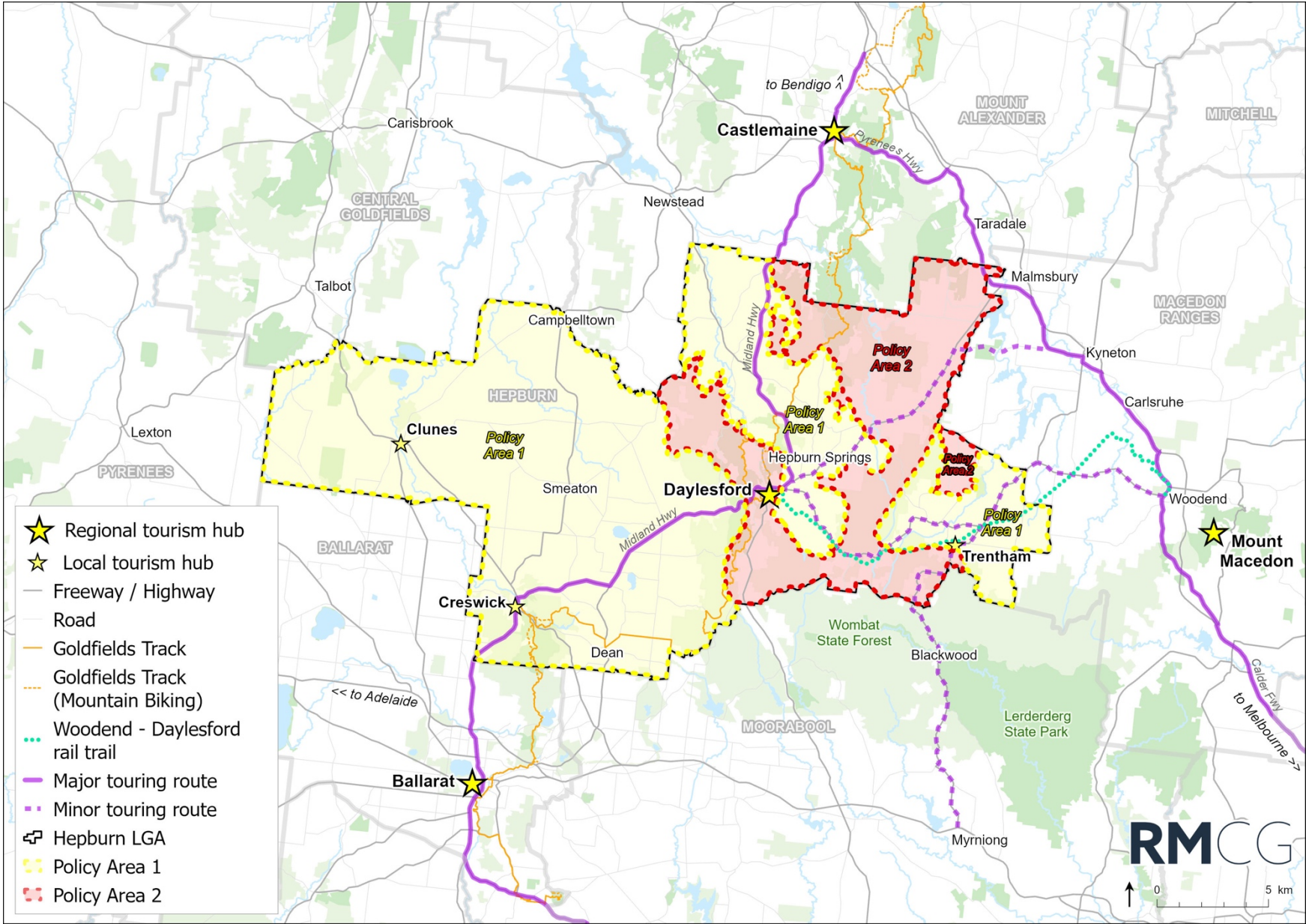


FIGURE 15: CANDIDATE RAZ, CRESWICK NORTH

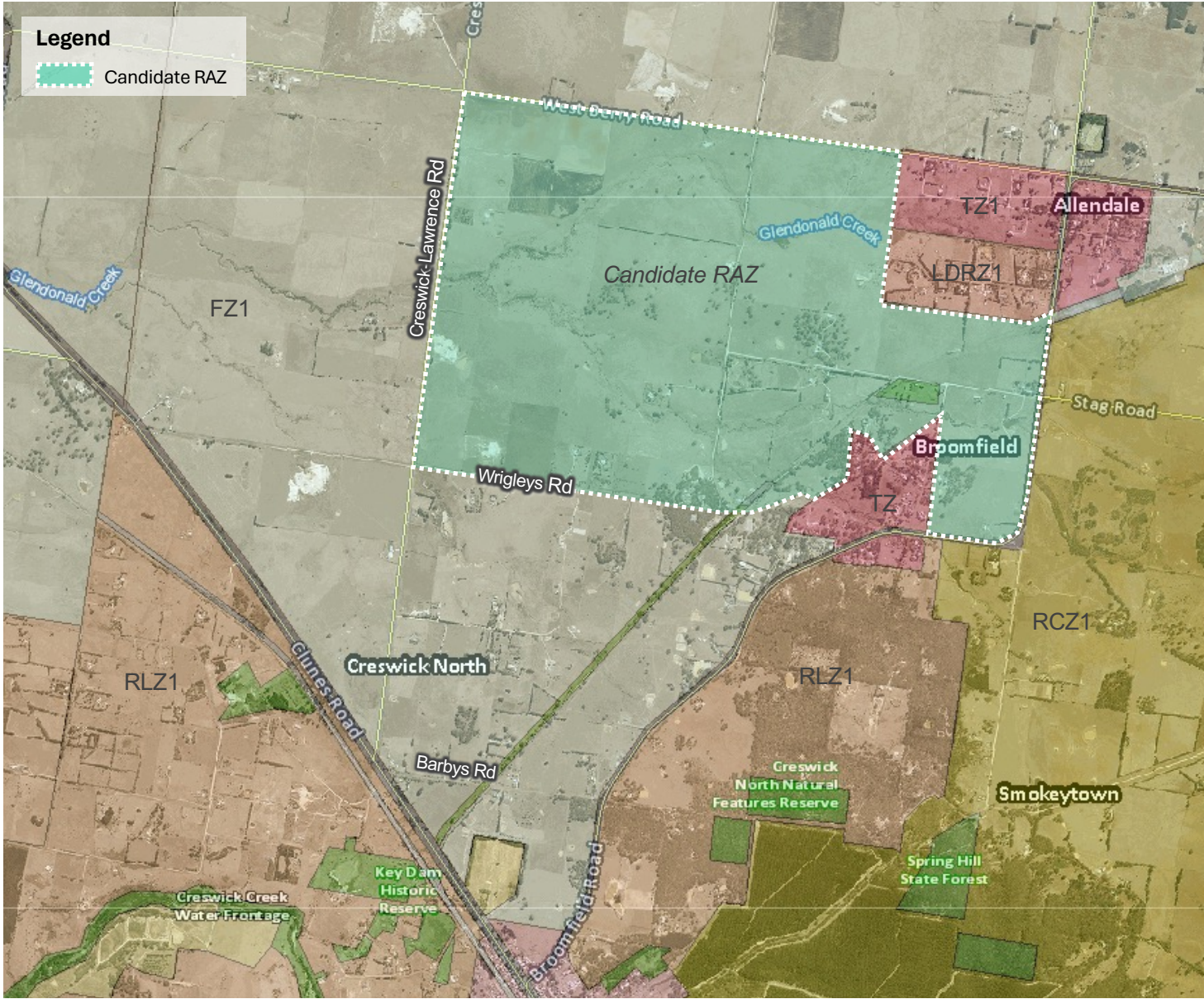


FIGURE 16: CANDIDATE RAZ, EGANSTOWN

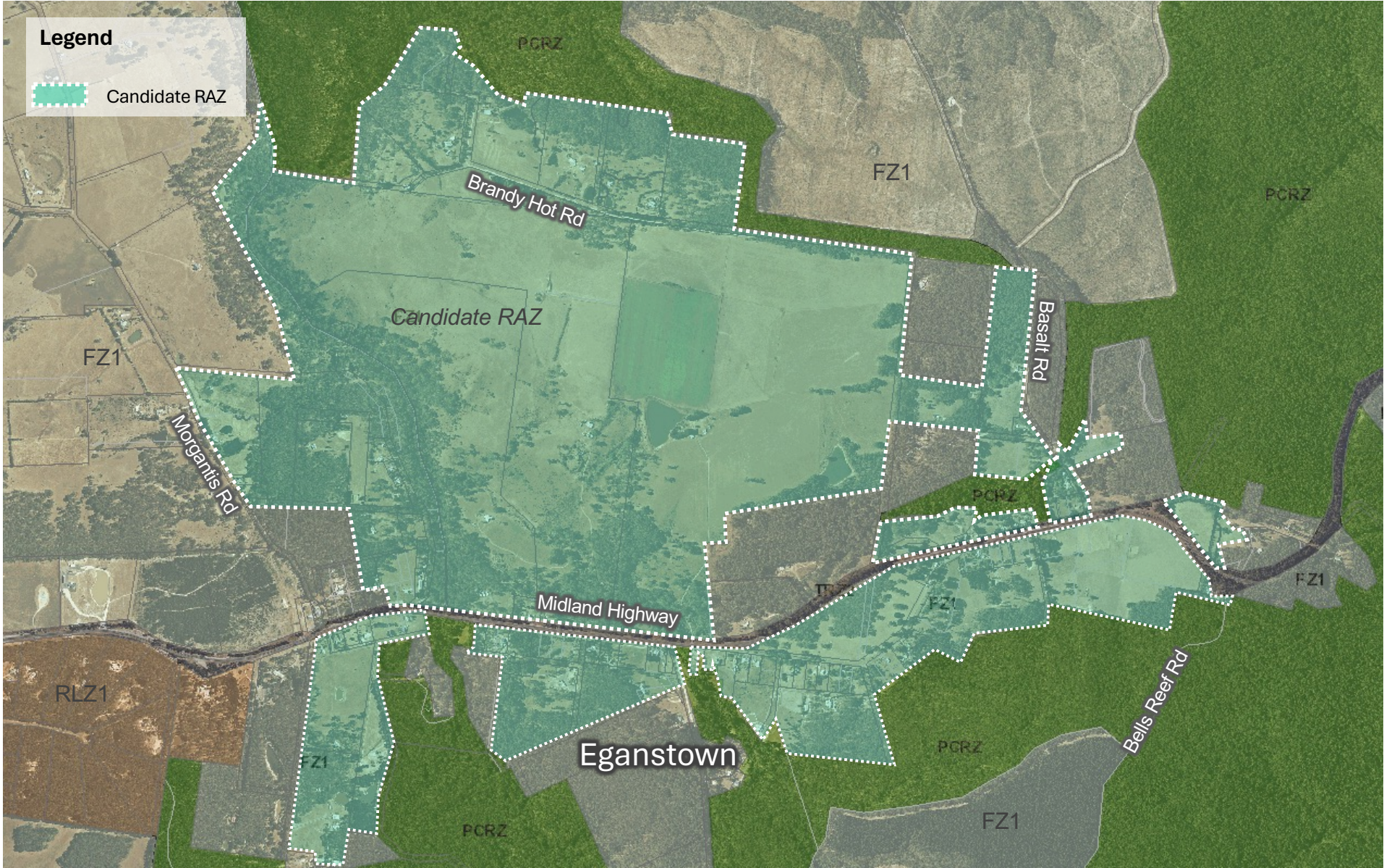
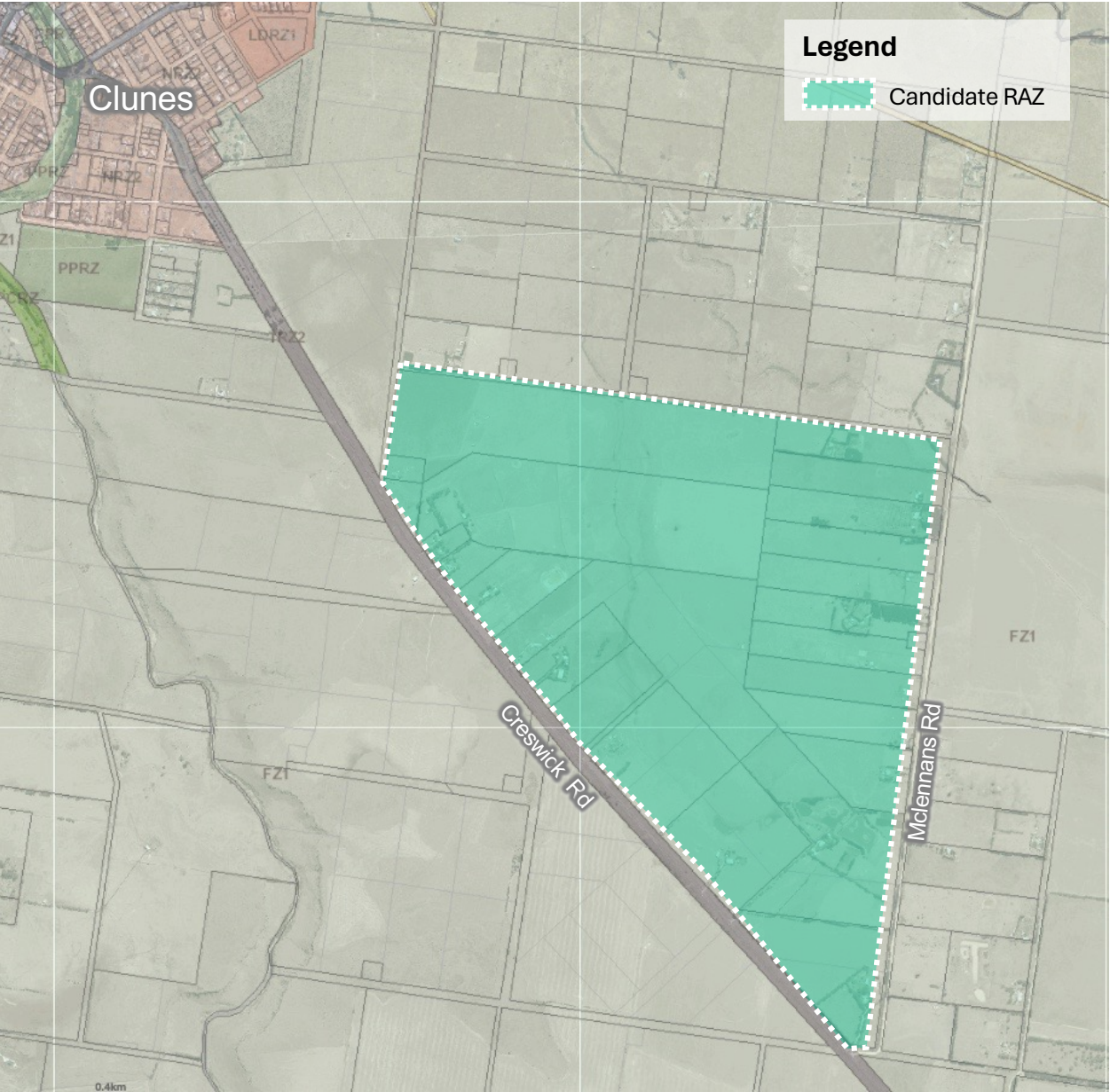


FIGURE 17: CANDIDATE RAZ, CLUNES



7 Biodiversity, Water and Natural Hazards

7.1 DISCUSSION

BIODIVERSITY

The Shire's environmental assets are valued highly by the Hepburn community, and they make a significant contribution to the regional economy as an attraction to tourists and new residents. While most biodiversity values are concentrated in public reserves, there are extensive biodiversity values, including EPBC listed species on private land and roadsides.

The recognition of biodiversity values in the Hepburn Planning Scheme is limited. The Rural Conservation Zone (RCZ) which is primarily concerned with protecting and conserving rural land for its environmental features or attributes and covers around 2,800ha or 2% of the total Shire area. There are two schedules to the RCZ. RCZ1 has been applied to conserve areas dominated by Plains Grassy Woodland of the Victoria Volcanic Plains and riparian zones, including approximately 2,200ha in the Springmount-Kingston area. RCZ2 has been applied to conserve areas that contribute to ecological connectivity across private land and between public land forest blocks. The Vegetation Protection Overlay (VPO) has been applied to protect significant native and exotic vegetation based on its ecological significance, natural beauty, scientific or historical interest and contribution to the character of an area. Schedule 1 of the VPO is intended to identify ecological significance but has not been consistently or comprehensively applied across the Shire.

The Hepburn Planning Scheme Review⁹ noted that *The Farming Zone has been widely used across the Shire but there are opportunities to consider the Rural Conservation Zone to areas of high landscape and biodiversity value through further strategic work.* The review recommended a review of the Shire's biodiversity, which is yet to be undertaken, to produce:

- A vegetation protection strategy for council owned land and roadsides.
- Updated biodiversity mapping.

- Recommendations for new overlays (and potentially zones such as the rural conservation zone) in the Shire.

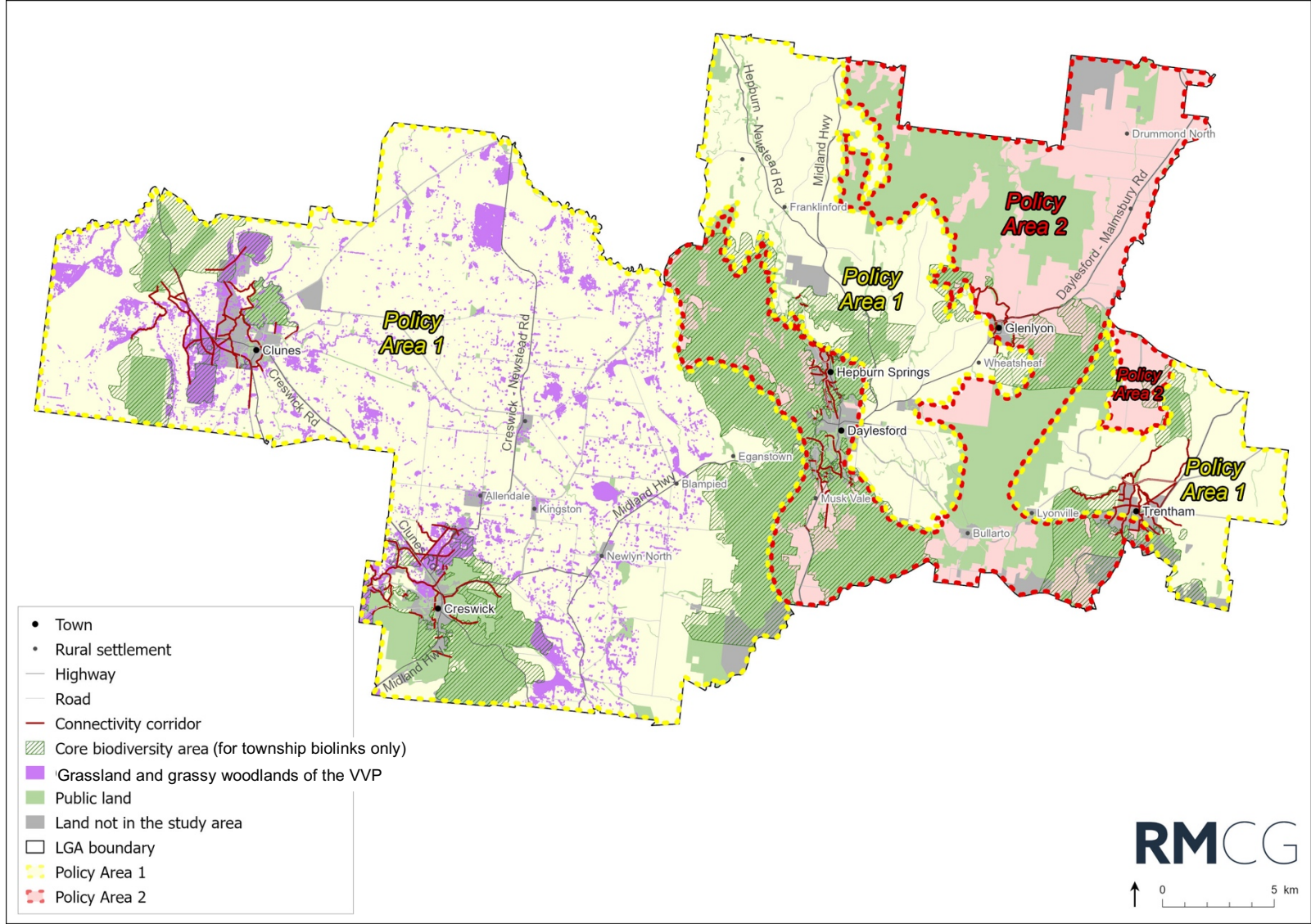
The Background Report identified extensive areas within the FZ that have significant remnant vegetation cover, including isolated vegetated parcels as well as parcels with vegetation contiguous with public land forests. Some parcels have 100% native vegetation cover while others are only partially covered. A detailed analysis of all vegetated land in the FZ is beyond the scope of this study. However, parcels in the FZ that have 100% native vegetation cover have been identified (Figure 19) and it is recommended that these lots be rezoned to the Rural Conservation Zone, to more appropriately reflect the lands limited agricultural prospects and important environmental value. More detailed maps showing land parcels recommended for rezoning from FZ to RCZ are shown in Appendix 3.

Preliminary analysis indicates that there are many 'core areas' of remnant vegetation, large enough (i.e. >50ha¹¹) to sustain native plant and animal populations. Protection and enhancement of linear remnant vegetation features connecting core areas, such as waterways, roadside and ridgelines, will strengthen ecological connectivity ('biolinks') to benefit existing fauna and flora and support species to adapt to the changing climate. Biolink features transcend local government boundaries so the analysis needs to be undertaken at a regional scale.

Further strategic work is required to verify biodiversity values including the core biodiversity areas and the extent of Volcanic Plains Grasslands and Grassy Woodlands across Hepburn and recommendations to promote their enhancement and protection. Local connectivity corridors were identified as part of development of townships structure plans. Implementation of policy to protect and enhance these corridors, including corridors that extend beyond the township boundaries will be delivered through the implementation of the structure plans.

¹¹ DSE (2004) Vegetation Quality Assessment Manual—Guidelines for applying the habitat hectares scoring method. Version 1.3. Victorian Government Department of Sustainability and Environment, Melbourne

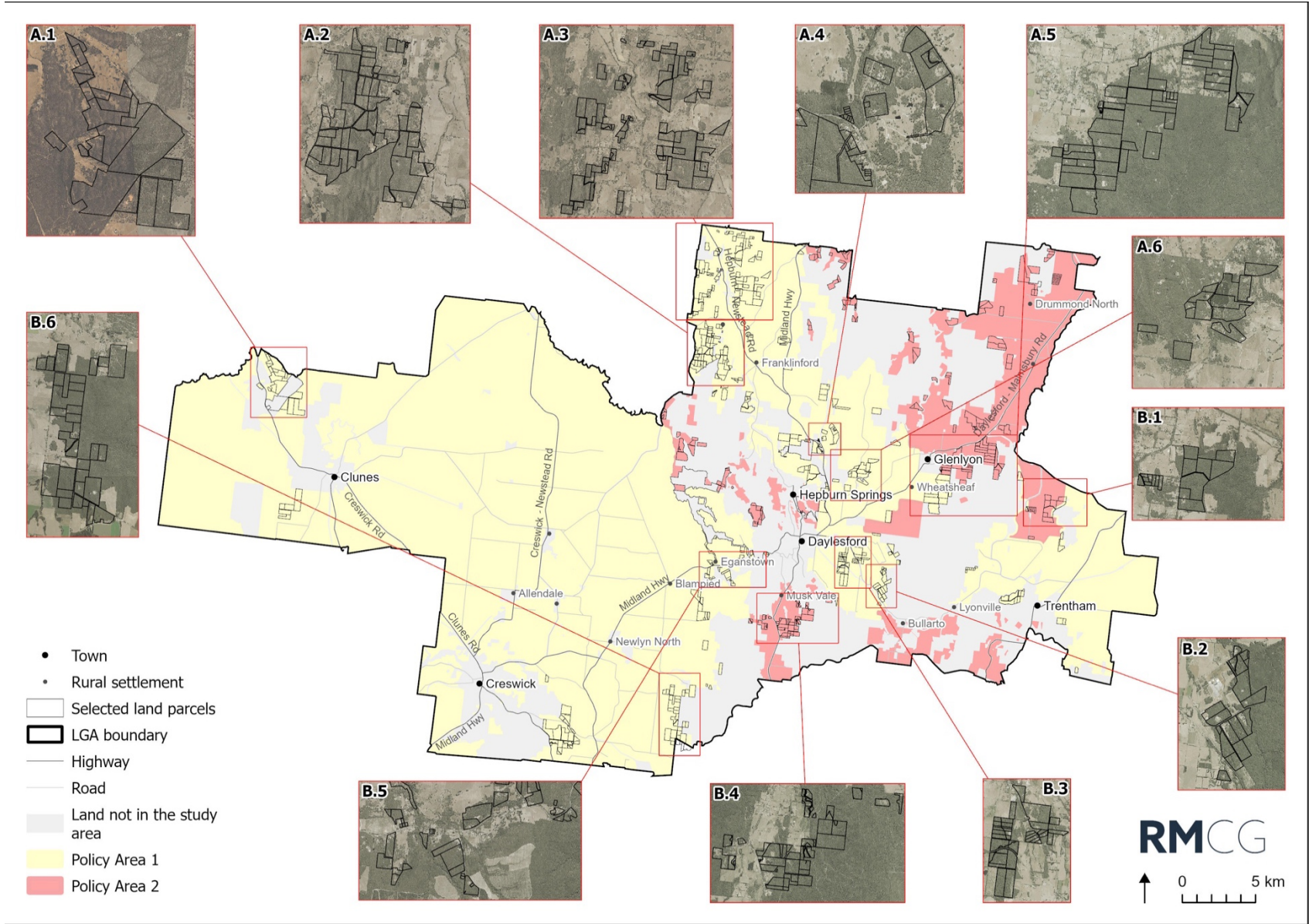
FIGURE 18: BIODIVERSITY VALUES¹²



¹² Data source: Plan2Place, Data Vic, Hepburn Shire

FIGURE 19: FZ LAND RECOMMENDED FOR REZONING TO RCZ

Appendix 3 has larger scale images of breakout boxes



There is strong demand to live in rural areas and the community has indicated a desire to establish dwellings and occupy properties when they can support environmental protection and enhancement. Policy area 2, has been identified as an area where dwellings in support of 'environmental stewardship' will be considered. Environmental benefits that could be proposed as part of a new dwelling could include, but are not limited to:

- **Covenants:** an agreement that the applicant will apply a covenant to the land that will protect vegetation on the property from being removed.
- **Native Vegetation Offset Site:** a commitment by the applicant that they will register their property as a native vegetation offset site or covenant and manage a part of a property as a 'First party offset'.
- **Green economy:** a commitment by the applicant that they will establish native vegetation for carbon storage or other similar emissions reduction program.
- **Restoration Program:** a demonstrated commitment by the applicant to participate in a professionally informed program that will result in restoration of degraded land, contribute to increased ecological connectivity, establish habitat for threatened species, restoration vegetation communities or other agreed outcomes.

In all cases a dwelling would be subject to bushfire management obligations including consideration of increased bushfire risk arising from revegetation or vegetation enhancement.

Clearing of vegetation for the purposes of constructing a rural dwelling is contributing to loss and fragmentation of native vegetation. In the future new dwellings should be sited to ensure that impacts on native vegetation and habitat, including vegetation clearance, are minimised

WATER

Hepburn sits entirely within declared water supply catchments of the Central Highlands. These catchments provide water to Bendigo, Ballarat and western Melbourne, support irrigation and production of high value crops and underpin mineral springs and spas, a major tourism attraction in Hepburn. Development, if not carefully managed, poses a threat to the sustainability of water resources and the quality of waterways and wetlands.

The Environmental Significance Overlay (ESO) contains two schedules:

- Schedule 1- Special Water Supply Catchment Protection seeks to protect the quality and security of water supply by limiting the siting and form of development to minimise impacts on ground and surface water quality.

- Schedule 2 – Mineral Springs and Groundwater Protection seeks to protect the mineral springs and town water supply groundwater aquifers from the impacts of effluent and drainage by limiting the siting and form of development to minimise impacts on ground water quality.

ESO1 was updated in February 2022 via amendment C80 to comply with Ministerial Directions. The update of ESO1 included consideration of strategic work completed by Coliban Water to improve operation of the ESO. Central Highlands Water and Coliban Water were consulted during the development of Strategy and indicated that no further review of ESO1 is currently required.

The draft Victoria Mineral Springs Master Plan highlights the importance of accessible mineral springs to the Hepburn economy. Mineral spring water is untreated, so ensuring mineral water is safe for consumption is a baseline requirement, and water quality monitoring is undertaken fortnightly. The Plan found that *The Hepburn Council Planning Scheme affords the springs strong protection via Schedule 2 to Clause 42.01 Environmental Significance Overlay "Mineral Springs and Groundwater Protection"*. No additional policy measures were recommended.

Groundwater is the main source of water for irrigation in the Shire. The Shire falls within two groundwater management areas Loddon Highlands WSPA and Central Victoria Mineral Springs GMA. Groundwater in both areas is highly valued and is shared between the environment, domestic and stock users, irrigated agriculture, commercial users and urban communities. Groundwater resources are managed under local management plans with a cap on the total amount or entitlement that can be used for consumptive purposes. The community has expressed some concern regarding the proliferation of stock and domestic bores and extraction of groundwater for bottling. However, Goulburn Murray Water, the groundwater manager noted that groundwater usage is currently well below the total licensed volume.

Hepburn Shire is within the traditional lands of the Dja Dja Wurrung. Caring for Country is vital for maintaining their culture. There will be opportunities to support the Dja Dja Wurrung to protect land and water as set out in Dhelkunya Dja, the Dja Dja Wurrung Country Plan.

BUSHFIRE

Extensive areas of the Shire are subject to bushfire risk and this risk will increase under future climate projection and the precautionary principle will be applied in all decision making within rural areas. However, there is concern management of bushfire risk e.g. clearance of native vegetation to create defendable space, is occurring at the expense of

biodiversity. Under Clause 44.06 Bushfire Management Overlay, clearing and maintaining defendable space around a new dwelling does not require a planning permit. Finding a better balance between bushfire risk management and conservation of biodiversity requires a more comprehensive understanding of the Shire's biodiversity values to enable holistic assessment of these two considerations to inform strategic planning.

EROSION

Land prone to erosion and landslip has been identified by the Erosion Management Overlay (EMO) however, the Planning Scheme Review¹³ found that the schedule requires significant redrafting to meet the Ministerial Direction and to specify management objectives and risks. The review also noted that there is an opportunity for additional areas identified by the North Central Catchment Management Authority or Department of Energy, Environment and Climate Action to be included in any amendment depending on the level of strategic work that has already been undertaken.

FLOODING

Hepburn Shire Council has a history of flooding including significant flood events in September 2010 and January 2011 in which the townships of Clunes and Creswick were severely impacted. Floodplain areas at risk of inundation by a 1 in 100 year flood have been identified by the Land Subject to Inundation Overlay (LSIO). Amendment C77 updated the LSIO, including changes to reflect drainage studies for Creswick and Clunes undertaken in 2012 and 2013 respectively. No further review of flooding or the LSIO is currently required.

7.2 OBJECTIVE

Recognise, protect and enhance Hepburn's native vegetation, habitat and waterways.

Manage natural hazards in rural areas and prioritise the protection of human life in relation to use and development of rural land.

7.3 STRATEGIES

Rezone FZ land with extensive and intact native vegetation cover to RCZ.

Support land management including fencing of remnant vegetation from livestock grazing and weed control to protect flora and fauna habitats and riparian vegetation.

Support habitat retention, restoration and revegetation of strategic habitat links for wildlife to move between core habitat areas

Support establishment of indigenous vegetation to increase habitat for local flora and fauna.

Site and design development (including buildings, earthworks and utility services) to:

- Avoid and minimise damage to native vegetation, especially vegetation that is part of a strategic habitat link or is environmentally significant
- Retain vegetated areas extent and contiguity that can support viable fauna populations and vegetation communities
- Support the active use of land for environmental outcomes including carbon storage, onsite native vegetation offsets and ecological connectivity.

Consider legitimate environmental benefits in areas with significant environmental values that may be proposed as part of the construction of a dwelling in the RAZ within Policy Area 2.

Incorporate the retention, creation and enhancement of strategic habitat links into subdivision plans and site management plans.

Support the Dja Dja Wurrung to implement Dhelkunya Dja, their Country Plan, and goals to protect land and water

7.4 FURTHER WORK

Undertake further strategic work to provide appropriately scaled mapping as the basis for planning controls to identify, protect and enhance environmental assets.

Review the form and content of the EMO to ensure it is consistent with the Ministerial Direction.

Liaise with the North Central Catchment Management Authority and Department of Energy, Environment and Climate Action to identify strategic work that may support expansion of the EMO.

¹³ Plan2Place (2020) Hepburn Planning Scheme Audit and Review Report (Final)

8 Landscape

8.1 DISCUSSION

The landscape character of Hepburn is a significant contributor to its amenity and an attractor for residents and tourists. The rural landscapes include natural landscapes such as Wombat State Forest, Hepburn Regional Park, Castlemaine Diggings National Heritage Park, the volcanic plains and features such as Lalgambuk (Mount Franklin) and Nyaninyuk (Mount Beckworth). The picturesque rural farmed landscape attracts visitors and contributes to the touring experience, a key element of the Shire's tourism product and to township approach and setting.

The Central Highlands Regional Growth Plan noted that given the expected growth of western Melbourne, the proximity of the high quality rural and natural character of the Central Highlands will be an important drawcard. As such, the protection of the region's key rural and natural landscapes will have important economic and social benefits.

The South West Landscape Assessment Study¹⁴ provides a landscape assessment of South West Victoria and identifies the most significant landscape character types and the most significant landscapes of the region. The Study identifies the Hepburn Gold Mines and Volcanic District and the Island Uplands (Mount Beckworth) as State significant and worthy of protection through the Hepburn Planning Scheme. The Study provides the basis for introduction or expansion of the Significant Landscape Overlay (SLO) over areas in the west of the Shire to protect the landscape character of each type.

Council sought to introduce the proposed suite of SLOs via Amendment C80 in 2021, however this component of the amendment was abandoned, primarily due to concerns expressed by farmers on the impacts on agricultural operations and lack of consultation. Council acknowledged that engagement on the Amendment was hampered by restrictions on face to face discussions imposed during the COVID-19 lockdown period. During exhibition of Amendment C80, the community identified additional landscape features that were not considered in the proposed suite of Overlays. Council therefore resolved to undertake further strategic work and consultation.

8.2 OBJECTIVES

Identify, protect and enhance significant landscapes.

Manage the visual impact of development on the character and significance of the landscape.

Maintain the important contribution that the rural farmed landscape and views make to the local economy as tourism assets.

Maintain the positive contribution that productive agriculture and sustainable land management practices make to the character of the landscape.

8.3 STRATEGIES

Ensure there is a reasonable balance between protection of significant landscapes and the ability to undertake legitimate agricultural operations.

Ensure that the design and external appearance of development complements the character of the surrounding landscape with consideration of form, construction materials, colours and finishes, and design detailing.

Ensure that development in the foreground of touring routes and township approaches is sited and designed to minimize visual intrusion (e.g. low building heights, minimal building footprints, appropriate colours and materials to the setting, and integration with vegetation.)

Ensure that development is sited:

- Within existing clusters of buildings where possible.
- Away from visually prominent locations such as ridge lines and hill faces.
- Away from identified landscape features.
- Among established vegetation and/or screened with substantial landscaping of locally appropriate species.
- To follow the contours and/or natural form of the landscape.

¹⁴ DELWP and Planisphere (2013) South West Landscape Assessment Study,

- To minimise visibility from significant viewing locations, including major road corridors.
- Protect and rehabilitate significant stands of remnant indigenous and/or native vegetation where they are integral to the character and significance of the landscape, and where practical. Particular consideration should be given to vegetation on roadsides, throughout paddocks, and adjacent to waterways, subject to farming requirements, fire protection and safety.

8.4 FURTHER WORK

Undertake a shire-wide strategic landscape assessment that addresses land use, cultural, biodiversity and aesthetic influences to inform land use, development and landscape protection measures

9 Cultural Heritage

9.1 DISCUSSION

The Dja Dja Wurrung people are the Traditional Owners of the majority of the Hepburn Shire area and the original inhabitants of the region. The Dhelkunya Dja Dja Wurrung Country Plan 2014-2034 sets a vision for the health and well-being of the Dja Dja Wurrung people to be strong and underpinned by their living culture, for their lands and waters to be in good condition and actively managed to promote the laws, culture and rights of all Dja Dja Wurrung people and being politically empowered with an established place in society, and being capable of managing their own affairs from a strong and diverse economic base. The Plan includes objectives to:

- Strengthen understanding of what significant sites and artefacts exist on Dja Dja Wurrung Country.
- Secure the right and means to effectively protect and manage cultural landscapes and sites.
- Make use of cultural heritage to promote healing and reconciliation, teach Djaara people about their Country and laws, and raise cultural awareness among the broader community.

Djaara (Dja Dja Wurrung Clans Aboriginal Corporation) is a Registered Aboriginal Party and are the primary source of advice and knowledge on matters relating to Aboriginal places or Aboriginal objects in the region and has a role in evaluating Cultural Heritage Management Plans and assessing Cultural Heritage Permit applications.

Areas of cultural heritage sensitivity relate to landforms and soil types where Aboriginal places are more likely to be located and includes land within 200 metres of named waterways and land within 50 metres of registered. Areas of cultural heritage sensitivity in Hepburn Shire are shown in Figure 20. Council is currently working with Djaara (Dja Dja Wurrung Clans Aboriginal Corporation) to identify key areas and sites and recommendations for their protection, focusing on land around key townships to inform town structure planning. Recommendations of this work relevant to Rural Hepburn will be incorporated into the final Strategy. The mapping of cultural heritage sensitivity suggests that there are sites of cultural significance in the Shire's rural areas and further strategic work is required to identify significant sites and update the planning policy framework accordingly.

9.2 OBJECTIVE

Identify and protect cultural heritage

9.3 STRATEGIES

Ensure land use and development does not occur in locations with identified cultural heritage sensitivity or impact on areas of significance.

Support Djaara to identify and protect significant cultural heritage sites and artefacts.

Support Djaara to raise cultural awareness amongst the Hepburn community.

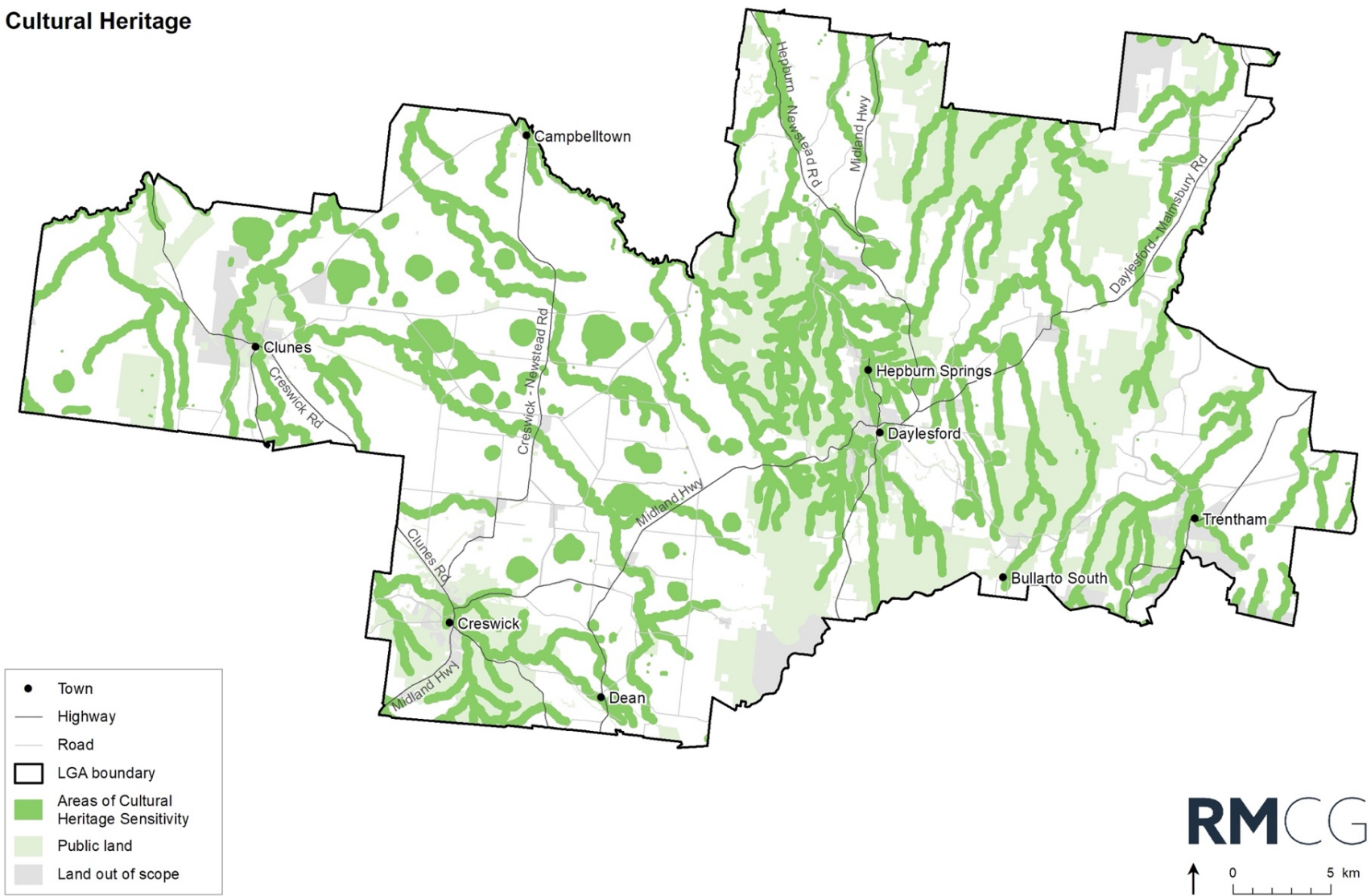
9.4 FURTHER WORK

Partner with Djaara to identify key areas and sites and recommendations for their protection to augment cultural heritage assessment of land around key townships.

Undertake a shire-wide strategic landscape assessment that addresses land use, cultural, biodiversity and aesthetic influences to inform land use, development and landscape protection measures

FIGURE 20: CULTURAL HERITAGE SENSITIVITY¹⁵

Cultural Heritage



¹⁵ Data Vic

Section 4: Rural Settlement



10 Rural settlement

10.1 DISCUSSION

Hepburn Shire's town and settlement network offers a diverse range of housing and lifestyle opportunities for residents, from rural living lots, rural townships, small historic settlements, to conventional suburban style living. Town structure plans for the Shire's six main townships, Creswick, Clunes, Daylesford, Hepburn Springs, Trentham and Glenlyon will establish their role and directions for the future growth.

The Review of the Hepburn Planning Scheme¹ found a lack of clarity however, regarding the future role and function of some rural settlements and potential for growth based on consideration of available infrastructure and services and natural hazards such as bushfire and flooding.

The settlement hierarchy (Table 6) classifies each of Hepburn's towns and settlements as either a Town, Small Town/Township, Small Settlement or Rural Locality. The settlement hierarchy has been informed by best practice implemented in other regional councils and by the Central Highlands Regional Growth Plan. These classifications have been established taking into consideration an assessment (Table 7) of each settlement having regard to:

- Existing population size and number of dwellings (using Census data from 2021)
- Extent of commercial activity and presence of defined commercial areas
- Infrastructure servicing including the provision of reticulated services and community services
- Land use zoning patterns.

The hierarchy also provides description of the preferred future role of each place based on:

- Guidance provided by state and regional planning policy direction
- Potential and desirability of each place to accommodate future population growth
- Planned investment in infrastructure and services by Council and other government agencies.

For a detailed assessment that helped to inform this hierarchy, please refer to Appendix 4.

10.2 OBJECTIVE

Support sustainable patterns of population growth and residential development across the Shire.

10.3 STRATEGIES

Direct future population growth in accordance with an established settlement hierarchy to support the efficient use of land and infrastructure and support convenient access to jobs and services.

Discourage outward expansion of residential development in rural localities.

Explore opportunities for development (incremental growth) within small settlements, subject to assessments of environmental risk and agricultural significance.

Investigate whether the current infrastructure (both physical and community) can support the net additional dwelling capacity identified for small settlements and rural settlements.

TABLE 6: HEPBURN SETTLEMENT HIERARCHY

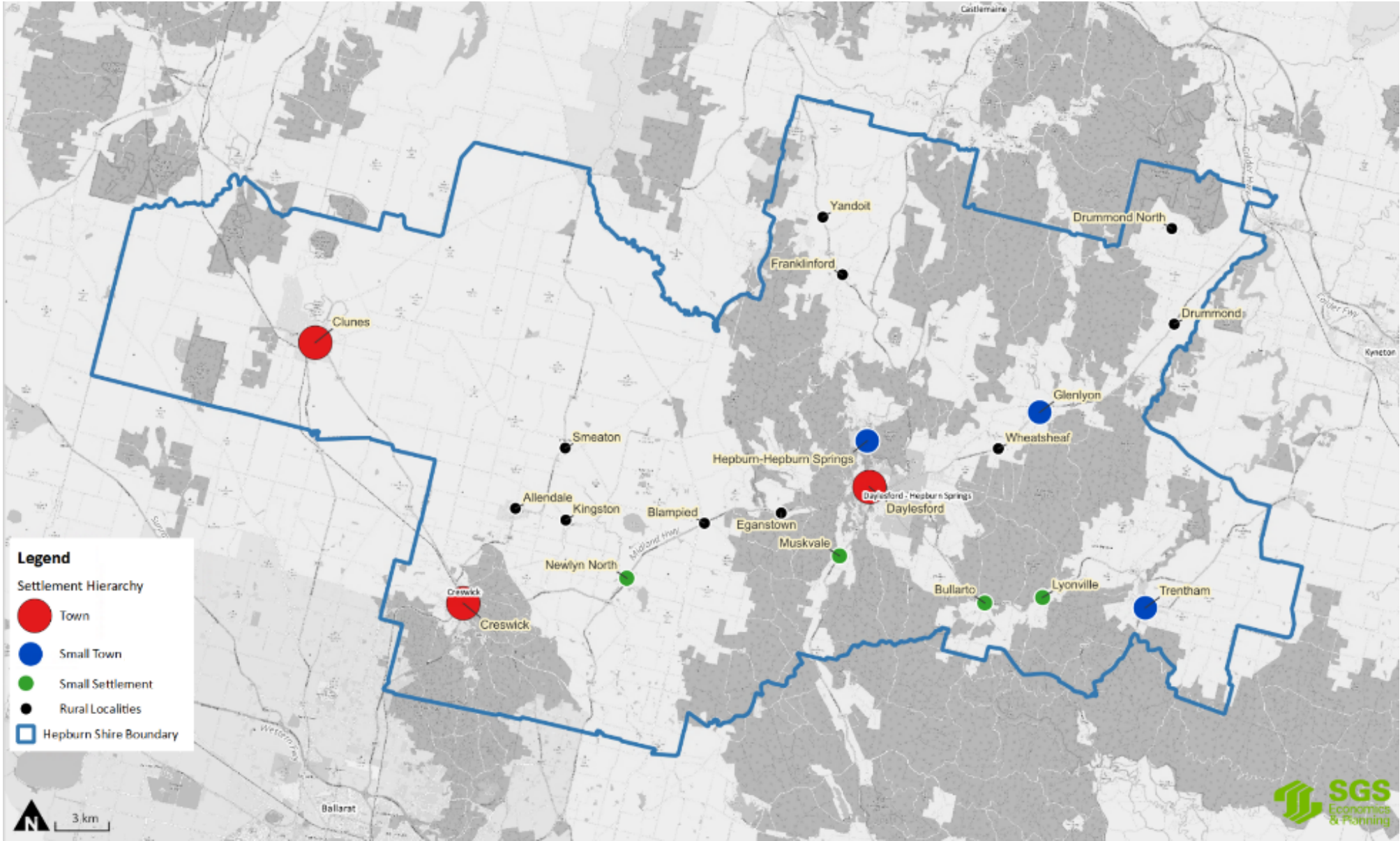
CATEGORY	SETTLEMENT	DESCRIPTION	FUTURE ROLE
City	-	Highest levels of population and employment outside metropolitan Melbourne. Urban areas encompass a variety of residential opportunities with a clear commercial centre and smaller activity centres servicing suburbs. Offers the highest level of goods and services serving a network of regional settlements.	
Town	Creswick Clunes Daylesford	Moderate to large towns containing commercial centres providing a variety of housing and moderate employment base. Towns provide important community, civic and cultural services and often serve people throughout surrounding localities and the region. Towns are fully or partially reticulated.	Future growth: Towns are supported as the primary locations for future residential and employment growth in the Shire, subject to assessment of environmental risk (bushfire, flood, landslip) constraints.
Small Town	Hepburn-Hepburn Springs Trentham Glenlyon	Small towns have lower populations than towns with commercial and community buildings at a local scale. They accommodate small populations and may or may not have reticulated services.	Future growth: Only incremental population growth and housing and employment development is supported within existing urban zoned areas. Further growth will be accommodated via infill development, subject to assessment of environmental risk (bushfire, flood, landslip) constraints.
Small Settlement	Bullarto Lyonville Muskvale Newlyn - Newlyn North	Small settlements comprise a discernible cluster of dwellings, some on town size lots and accommodate very small populations with some small concentrations of housing and minimal services, for example sole general store and primary school. Reliant on other settlements for wider range of services. Unlikely to have reticulated sewerage or water.	Future growth: Further expansion or subdivision is not supported in these locations; however, the zoning of these settlements requires review to ensure the subdivision lot size reflects the pattern of rural living / dwellings that has been supported in these locations up until now.
Rural Locality	Allendale Blampied Drummond Drummond North Eganstown	Franklinford Kingston Smeaton Wheatsheaf Yandoit	Characterised by small rural dispersed population. Reliant on other settlements for wider range of services. Unlikely to have reticulated sewerage or water.
			Future growth: Dwelling development in the Farming Zone that is not associated with a productive agricultural use is not supported in these locations. Further expansion is not supported in these locations.

TABLE 7: SETTLEMENT ASSESSMENT¹⁶

SETTLEMENT	RESIDENTIAL ZONE WITHIN CATCHMENT	PRIMARILY RESIDENTIAL ZONE WITHIN SETTLEMENT	SIGNIFICANT COMMUNITY INFRASTRUCTURE / SERVICES	SIGNIFICANT NATURAL HAZARD	TOTAL PRIVATE DWELLINGS (2021)	INCREASE IN DWELLING COUNT FROM 2016
Allendale	Y	N	N	N	82	8
Kingston	Y	N	N	N	92	1
Smeaton	Y	Y	N	N	126	1
Newlyn	Y	Y	Y	N	57	-5
Newlyn North	Y	Y	Y	N	108	35
Blampied	N	N	Y	Y	118	13
Eganstown	N	N	N	Y	125	9
Franklinford	N	N	N	Y	41	5
Yandoit	N	N	N	Y	132	35
Muskvale	Y	Y	Y	Y	82	-1
Bullarto	Y	Y	Y	Y	54	-1
Lyonville	Y	Y	Y	Y	122	11
Wheatsheaf	Y	N	N	Y	180	4
Drummond	N	N	N	Y	141	0
Drummond North	N	N	N	Y	100	-7

¹⁶ Dwelling data is based on suburbs sourced from ABS (<https://abs.gov.au/census/find-census-data/quickstats>)

FIGURE 21: SETTLEMENT HIERARCHY



11 Rural Living

11.1 INTRODUCTION

Rural lifestyle opportunities are a significant drawcard of Hepburn Shire. Whether it be lifestyle, part time or hobby farming, the natural and agricultural landscape of Hepburn drives interest in rural living. Rural residential opportunities are provided in Hepburn by way of the Rural Living Zone (RLZ). The RLZ provides for residential use in a rural setting and may provide the opportunity for farming activities to occur, without adversely affecting the natural environment or the amenity of surrounding land uses.

The RLZ currently covers 5,642ha or 4% of the total Shire area (Figure 3). There are two schedules to the RLZ. RLZ1 requires a minimum subdivision area of 4ha and a minimum area of 4ha above which no planning permit is required for a dwelling. RLZ2 requires a minimum subdivision area of 8ha and a minimum area of 8ha above which no planning permit is required for a dwelling.

Land currently zoned RLZ is found around Daylesford, Clunes, Hepburn Springs, Creswick and Trentham as well as separate estates such as Sulky and Blampied. Much of this land was zoned for Rural Living some time ago but has not been developed. It is understood that development of some RLZ land may be constrained by environmental values and bushfire hazard.

A review was undertaken to assess which vacant RLZ land is suitable for development and to understand the current rural residential housing demand and capacity.

The purpose of the **Rural Living Zone** is to:

- Provide for residential use in a rural environment
- Provide for agricultural uses which do not adversely affect the amenity of surrounding land uses.
- Protect and enhance the natural resources, biodiversity and landscape and heritage values of the area.
- Encourage use and development of land based on comprehensive and sustainable land management practices and infrastructure provision.”

In this zone:

- it is not essential that a dwelling be genuinely associated with a farming use of the land
- some farming may take place on the land, however this will not always be the case
- residents have a reasonable expectation that their amenity will be protected
- a wider range of tourism, commercial and retail uses may be considered in the zone.

11.2 CAPACITY / DEMAND APPROACH

Planning guidance for rural residential development is provided by Planning Practice Note 37 which states:

A planning authority must be able to demonstrate that a rural residential rezoning is part of its strategy to provide appropriate housing for forecast increases in population and changes in household structure and composition. Planning should maintain housing choice and diversity, including a realistic mix of lot sizes.

A rural residential rezoning must be supported with evidence that the proposed use and development responds to the housing needs of the municipality as identified in the MPS and PPF.

A local housing analysis should identify:

- *demographic trends, including changes in household structure and composition*
- *housing market trends, including dwelling type*
- *projected population and household increases and housing needs over a 15 year period for the area*
- *the number and types of additional houses required, including the proportion of new housing that would be in the form of rural residential development.*

Because of the zone's primarily residential function, the supply of land in the Rural Living Zone needs to be considered in the context of Council's strategy to provide appropriate housing diversity and choice to meet housing needs over a 15 year period.

Establishing demand and capacity for RLZ in Hepburn is not straightforward. Council has not undertaken a comprehensive Shire-wide housing strategy, therefore the proportion of new housing to be provided as rural residential housing has not been determined. An assessment of housing demand and capacity analysis across the entire municipality was conducted in 2023¹⁷. The study found that there is capacity within townships to meet shire-wide housing needs for the next 17 years without considering any capacity outside of townships.

Further to this, over the last ten years, a significant proportion of new dwellings have been developed in the FZ. Between 2013-2022, around 21% of all new dwellings in Hepburn Shire were approved for land in the FZ compared to 9% in the RLZ indicating that a large proportion of housing demand outside of townships is being met on land intended for agriculture. This Strategy has identified a clear need to avoid further fragmentation of agricultural land and includes policy recommendations to ensure that new dwelling development in the FZ is required to support a genuine agricultural activity. These policy recommendations if implemented, may impact RLZ demand.

In the absence of a comprehensive housing strategy, the demand and capacity review of rural residential housing provided here is based on various modelled growth scenarios and assumptions for apportioning housing types across the Shire to townships and non-township areas. It is intended to provide Council with an understanding of the current RLZ capacity and suitability and to inform future housing studies.

DEMAND

The demand analysis drew on data compiled as part of the 2023¹⁷ Shire-wide demand assessment including population and housing data from the ABS Census, and observed trends in population age, family composition and household types. Building upon these inputs and demographic factors, the number of additional dwellings required outside of townships by 2041, was estimated based on the following growth scenarios:

- State growth projection (VIF19 adjusted) of 0.99% which suggests an additional 2,070 dwellings will be required.
- Past development trends which indicate a higher annual growth rate of 1.27% which suggest an additional 2,720 dwellings will be required.

This Strategy has recommended stronger policy direction regarding housing in the FZ. Therefore, in considering future demand, a 'policy-on' position was adopted to guide future growth shares, with a focus on reducing growth outside townships. The 'policy-on' scenario allocated a reduced future share of development (28%) to non-townships, emphasizing redirection of housing from farming areas to residential zones.

A comparison of growth between 2016 and 2021 and policy-on growth assumptions (Table 8) found that there is a modelled demand for 760 non-township dwellings to 2041.

¹⁷ SGS Economics and Planning (2023) Hepburn Shire Housing Demand and Capacity

TABLE 8: HOUSING DEMAND, 2021-41

LOCATION	SHARE OF GROWTH (2016-21)	ASSUMED FUTURE SHARE OF GROWTH (POLICY ON)	DWELLING DEMAND, 2021-41 (POLICY ON)
Clunes	15%	15%	410
Creswick	13%	20%	550
Daylesford-Hepburn Springs	22%	25%	680
Glenlyon	0%	2%	50
Trentham	17%	10%	270
Townships	67%	72%	1,960
Non-townships	33%	28%	760

CAPACITY

The capacity for additional dwellings through subdivision or development of vacant lots was estimated using a housing capacity model developed by SGS. This model uses the following four steps to identify the estimate housing capacity within RLZ.

- **Step 1: Net land area identification** - In this step, land that cannot be developed for residential purposes, such as roads and footpaths are removed.
- **Step 2: Available land assessment** - This step excludes lots that would not be able to be developed for residential use, beyond any housing that already exists there. Reasons for exclusion could be exposure to bushfire or flood risks, lots being too small, or lots protected by heritage status.
- **Step 3: Potential yield assessment** - Height limits, minimum lot sizes, and other statutory requirements, are applied to the available land determined in the previous step. This provides an estimate of the potential yield for housing on those lots that can be developed. This provides the 'yield' or capacity for housing within the specified area.
- **Step 4: Net capacity calculation** - The final step involves removing existing dwellings from the potential yield calculation. That is, any houses that already exist must be subtracted from the potential yield to understand how many *additional* houses could be built in the specified area. If there are no dwellings on a lot that can be developed, it is said to be vacant, however if there are existing dwellings on a lot where more could be developed, this is said to be subdividable capacity.

Given the arrangement and distribution of RLZ across the Shire, the assessment was applied to 16 RLZ clusters (Figure 22). Based on the factors listed above, RLZ clusters were assessed as follows:

- **Review** (potential for increased capacity)
- **Maintain** (no potential for additional capacity)
- **Discourage** (discourage development).

The assessment found that there is capacity for around 89 dwellings (Table 9) within the current RLZ. However, some RLZ clusters are heavily constrained, mainly by bushfire hazard, and dwelling development should be discouraged within these areas. The Clunes RLZ cluster includes land within the Clunes Common Nature Conservation Reserve, which is also unsuitable for dwelling development.

A net capacity of 43 dwellings results when constrained areas are excluded (Table 9). Based on a modelled non-township demand of 760 dwellings the net capacity equates to around three to four years supply of RLZ.

Two clusters, Clunes (Figure 23) and Creswick North (Figure 24) were assessed as having potential for increased capacity by reducing the minimum lot size from 8ha to 2ha. This could release an additional 179 dwellings of capacity and increase the net capacity to 222 dwellings or around seven years supply.

11.3 CANDIDATE RLZ AREAS

This Strategy has found that additional RLZ may be required in the future to meet forecast demand. A Shire-wide review of areas suitable for rezoning to RLZ was outside the scope of this study. A number of candidate areas for RLZ (were identified however, as part of preparing this Strategy and structure plans for Creswick and Clunes, and may be considered for further detailed assessment as part of a future rural residential strategy. These areas are considered candidate for RLZ because:

- They can be integrated with the existing urban area
- They are substantially subdivided
- Many lots have an existing dwelling
- There is an absence of active commercial scale farming
- Are not constrained by bushfire or flood hazard.

Rezoning of candidate areas to RLZ will require more detailed analysis in accordance with Planning Practice Note 37.

11.4 OBJECTIVES

Support rural residential housing opportunities that provide housing choice.

Promote efficient use of current supply of rural living zoned land, balancing this with considerations around agricultural activities and natural hazards.

Support small-scale agricultural activities that do not adversely affect surrounding residential properties.

11.5 STRATEGIES

Reduce the minimum subdivision to existing RLZ land around Clunes and Creswick

Backzone to an appropriate zone, the following undeveloped RLZ land which is constrained by natural hazards:

- Sulky
- Cabbage Tree
- Springmount
- Newlyn North
- Blampied
- Shepherds Flat
- Hepburn Springs
- Porcupine Ridge
- Musk Vale
- Bullarto & Lyonville.

Clarify the tenure of RLZ land in the Clunes Common Nature Conservation Reserve and consider rezoning to a more appropriate zone.

Monitor development and uptake of existing Rural Living Zoned land for five years.

Consider additional opportunities for additional Rural Living Zoned land subject to the uptake of existing supply and future demand and supply analysis.

Provide further guidance on the types of agricultural activities suitable and associated structures for the Rural Living Zone through amending clauses 14.01-1L and 14.01-2L, where these are consistent with the rural- residential character and do not compromise farming on adjacent land.

Clarify setback of dwellings for existing RLZ land and the design of new rural living estates.

Undertake a demand, capacity and constraint assessment of Low Density Residential Zoned land outside townships.

TABLE 9: NET CAPACITY BY RLZ CLUSTER

RLZ CLUSTER	BASELINE NET CAPACITY	RECOMMENDATION FOR HOUSING CAPACITY	REVISED NET CAPACITY
Clunes and surrounds	18	Review (explore 2ha min subdivision)	18
Creswick North	7	Review (explore 2ha min subdivision)	7
Sulky	2	Discourage	0
Cabbage Tree	1	Discourage	0
Springmount	0	Maintain	0
Newlyn North	0	Maintain	0
Blampied	0	Maintain	0
Shepherds Flat	18	Discourage	0
Hepburn Springs	1	Discourage	0
Porcupine Ridge	0	Maintain	0
Musk Vale	7	Discourage	0
Bullarto & Lyonville	16	Discourage	0
Trentham	0	Maintain	0
Drummond	6	Maintain	6
Wheatsheaf and surrounds	1	Discourage	0
Drummond North	12	Maintain	12
Total	89		43

FIGURE 22: RLZ CLUSTERS

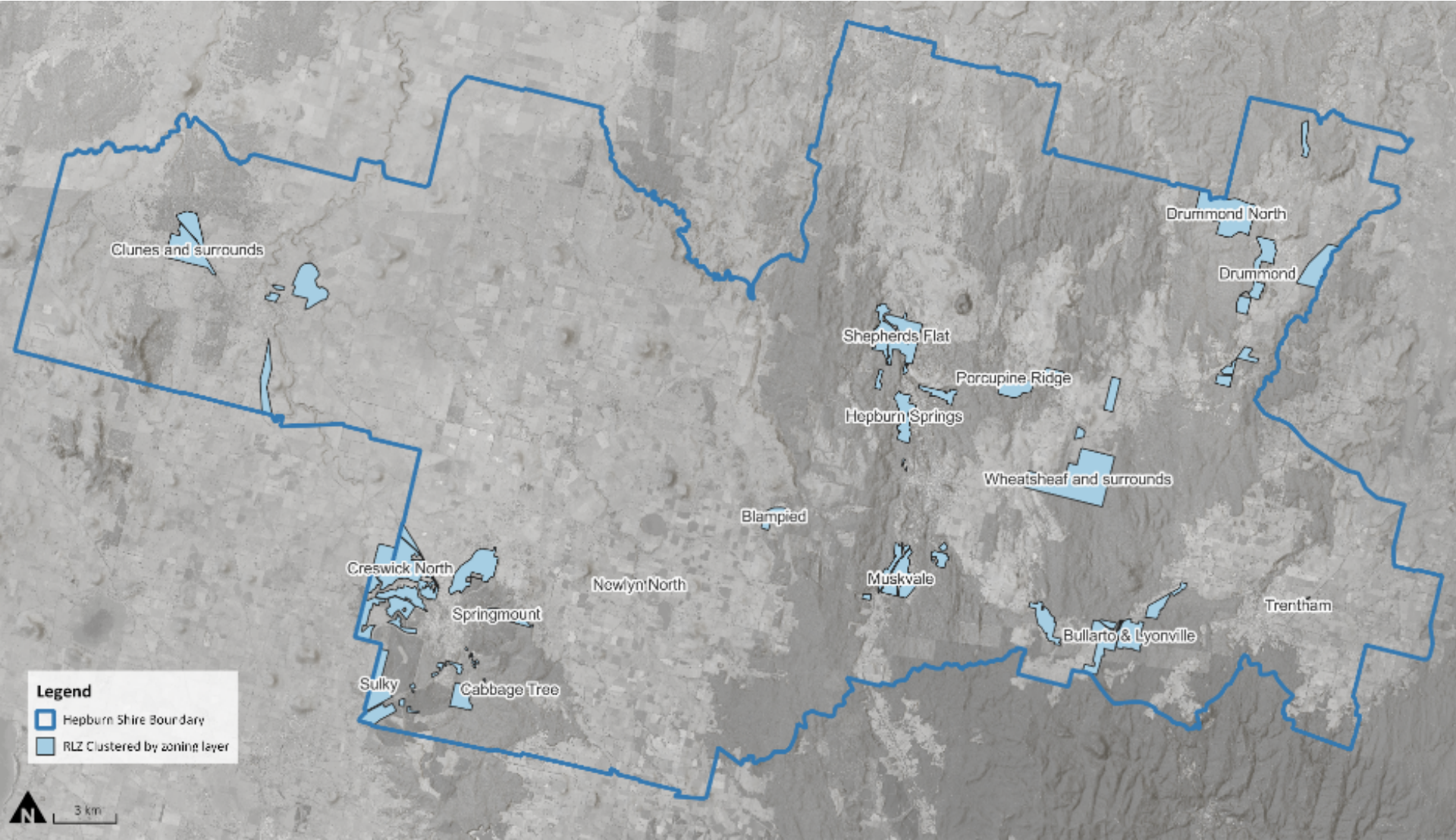


FIGURE 23: CANDIDATE AREAS FOR INTENSIFICATION IN CLUNES

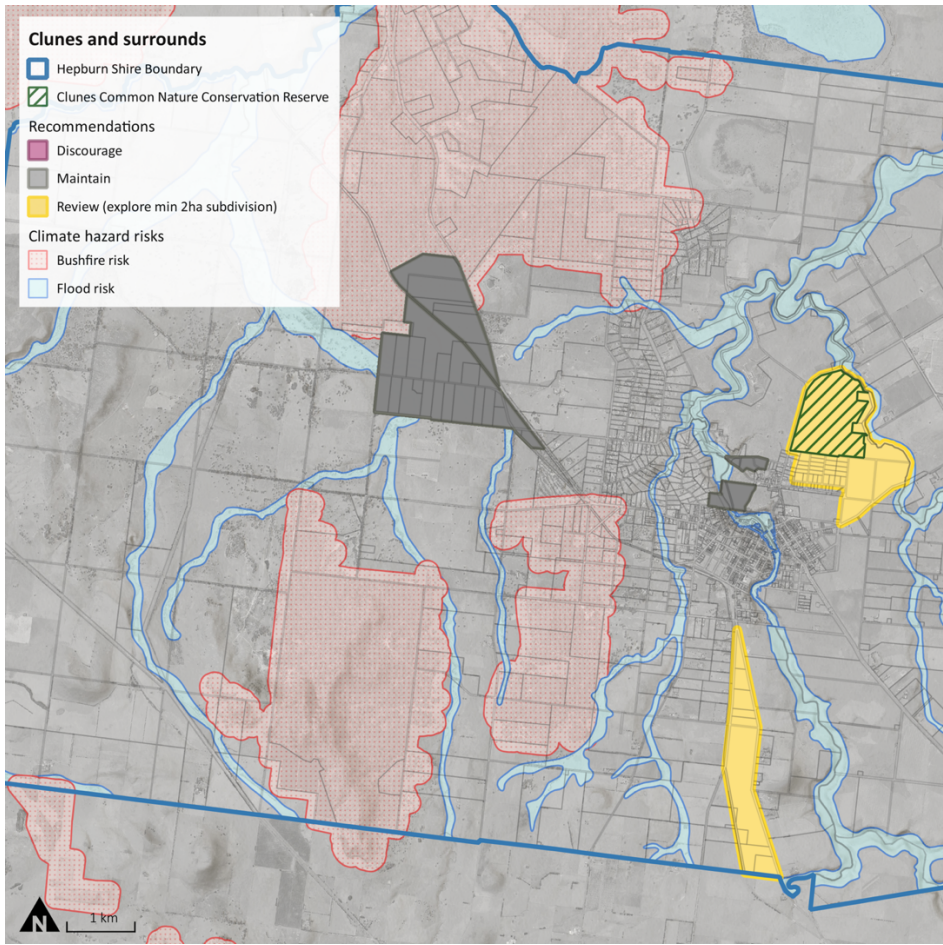


FIGURE 24: CANDIDATE AREAS FOR INTENSIFICATION IN CRESWICK

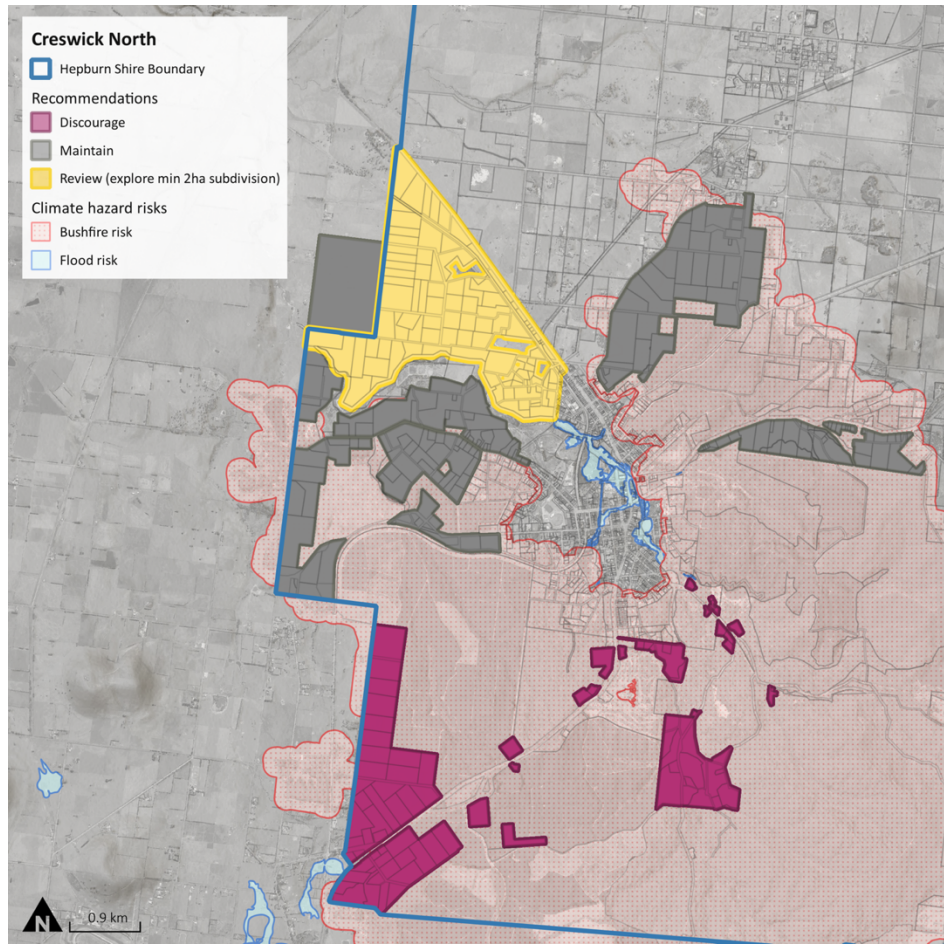
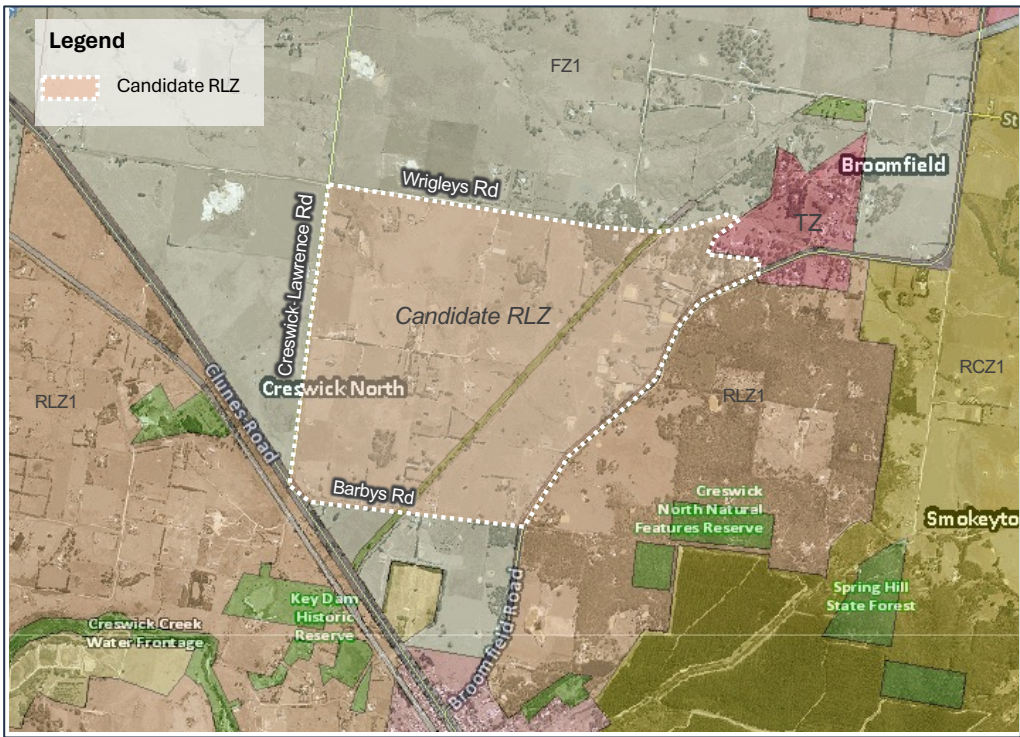


FIGURE 25: CANDIDATE RLZ, CLUNES



FIGURE 26: CANDIDATE RLZ, CRESWICK NORTH



12 Implementation

In addition to inclusion of relevant text from the Strategy to update the MPS, the following updates to the Hepburn Planning Scheme are recommended:

12.1 PLANNING SCHEME CHANGES

Farming Zone

- Introduce a new schedule to the Farming Zone to land in Policy Area 1 specifying a minimum lot size for subdivision of 40ha and a minimum lot size above which a planning permit for a dwelling is not required of 80ha.
- Introduce local policies or MPS to provide further guidance on assessment of planning permit applications with regard to:
 - Subdivision, including dwelling excisions and small lot subdivision, dwellings and rural workers accommodation in the Farming Zone.
 - Non-agricultural, uses including tourism uses, in the Farming Zone.

Rural Activity Zone

- Apply the Rural Activity Zone to land currently zoned Farming in Policy Area 2.
- Include a local purpose statement in a schedule to the Rural Activity Zone specifying the objectives of the zone and a minimum lot size for subdivision of 40ha.
- Update local policy to reflect the intent of Policy Area 2.
- Introduce local policies or MPS be prepared to provide further guidance on assessment of planning permit applications with regard to:
 - Subdivision, including dwelling excisions and small lot subdivision and dwellings in the Rural Activity Zone
 - Non-agricultural, uses including tourism uses, in the Rural Activity Zone.

Rural Living Zone

- Introduce a new schedule to the Rural Living Zone specifying a setback of 100m of agriculture from a dwelling on adjoining land.
- Reduce the minimum lot size to existing RLZ around Clunes and Creswick.
- Backzone to an appropriate zone constrained RLZ land that is not suitable for development.

Rural Conservation Zone

- Rezone land in the Farming Zone to Rural Conservation Zone that has extensive and intact native vegetation cover.
- Local policies or MPS be prepared to provide further guidance on assessment of planning permit applications and consideration of environmental protection and enhancement.

Local Policy / MPS

- Include the Hepburn settlement hierarchy in local policy
- Local policies or MPS be prepared to provide further guidance on assessment of planning permit applications and consideration of landscape protection.

Township boundaries

Preparation of planning scheme amendment maps should reflect township boundaries as *per* structure plans for the townships of Clunes, Creswick, Daylesford-Hepburn Springs, Glenlyon, Trentham, adopted in September 2024.

Appendix 1: Consultation

Agricultural Land and Rural Settlement Strategy shire-wide community survey

Hepburn Shire Artisan Agriculture Project Steering Committee

One-on-one interviews with operators of agricultural enterprises

Presentation and discussion with operators of agricultural enterprises at Hepburn Agriculture Forum

Agencies and industry stakeholder including:

- Department of Transport and Planning

- Agriculture Victoria

- Victorian Farming Federation

- Goulburn Murray Water

- Coliban Water

- Central Highlands Water

- Dja Dja Wurrung

Council officers and Councillors

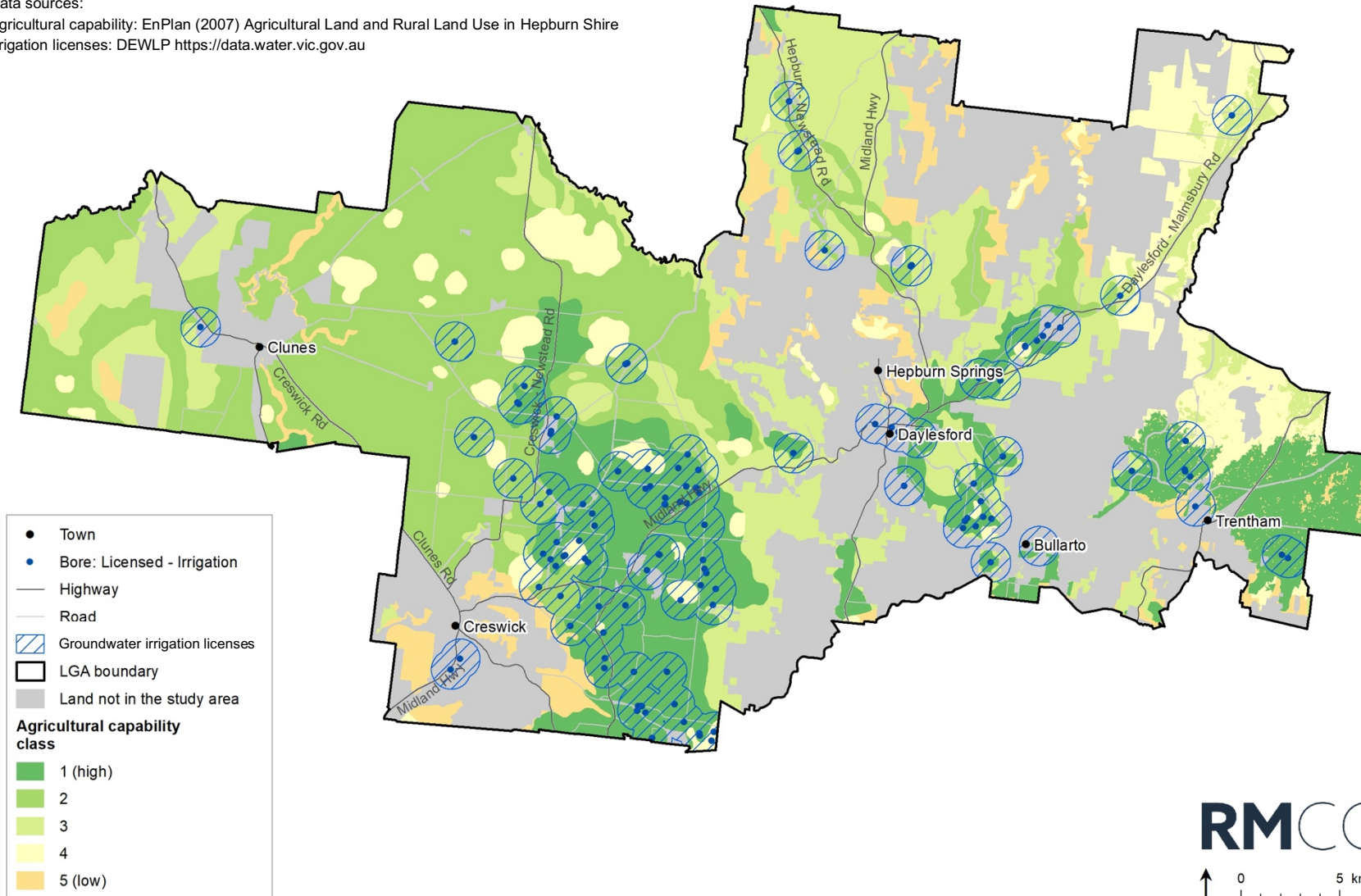
Appendix 2: Policy Area Input Mapping

AGRICULTURAL CAPABILITY AND IRRIGATION DEVELOPMENT

Data sources:

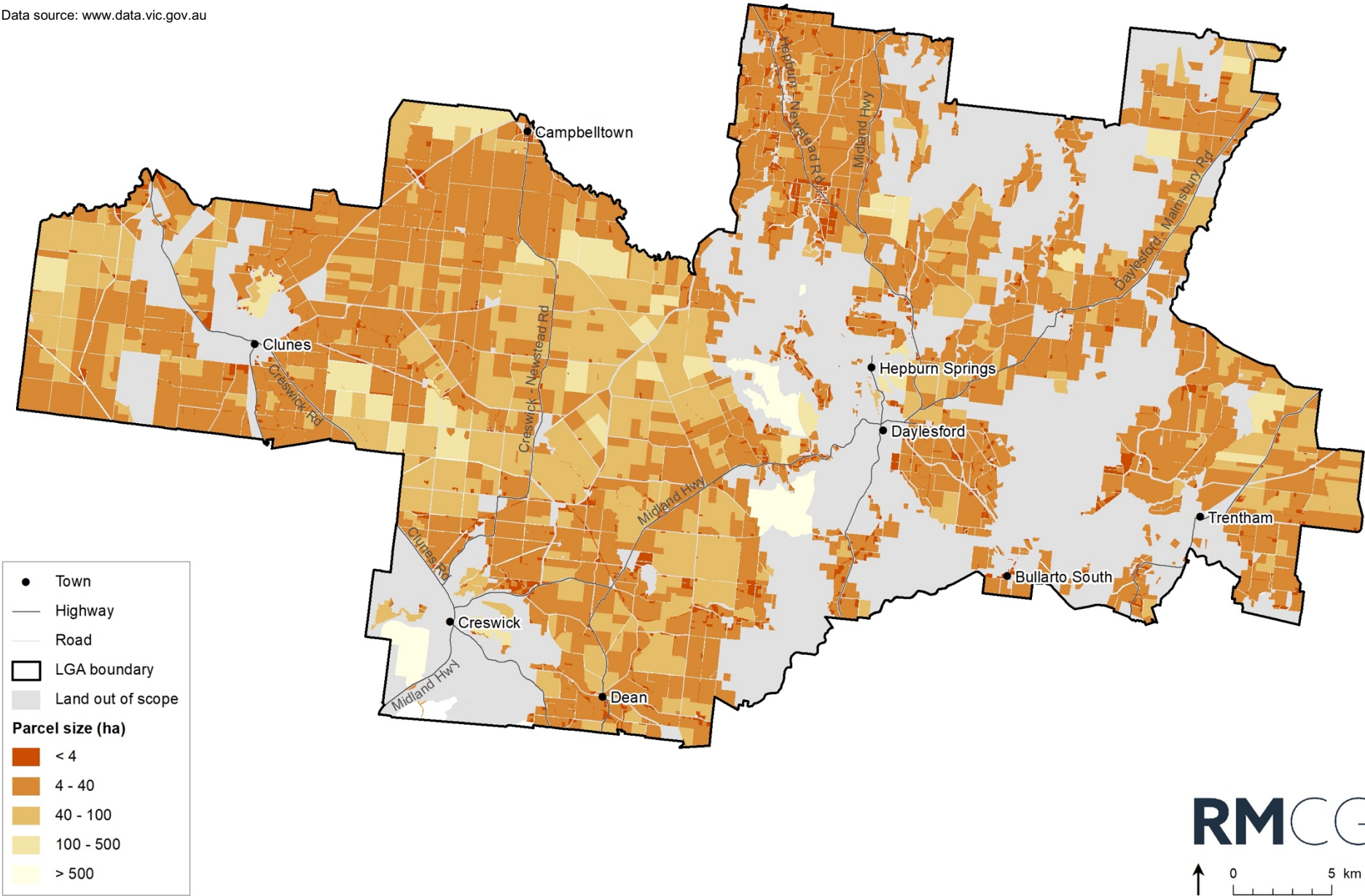
Agricultural capability: EnPlan (2007) Agricultural Land and Rural Land Use in Hepburn Shire

Irrigation licenses: DEWLP <https://data.water.vic.gov.au>



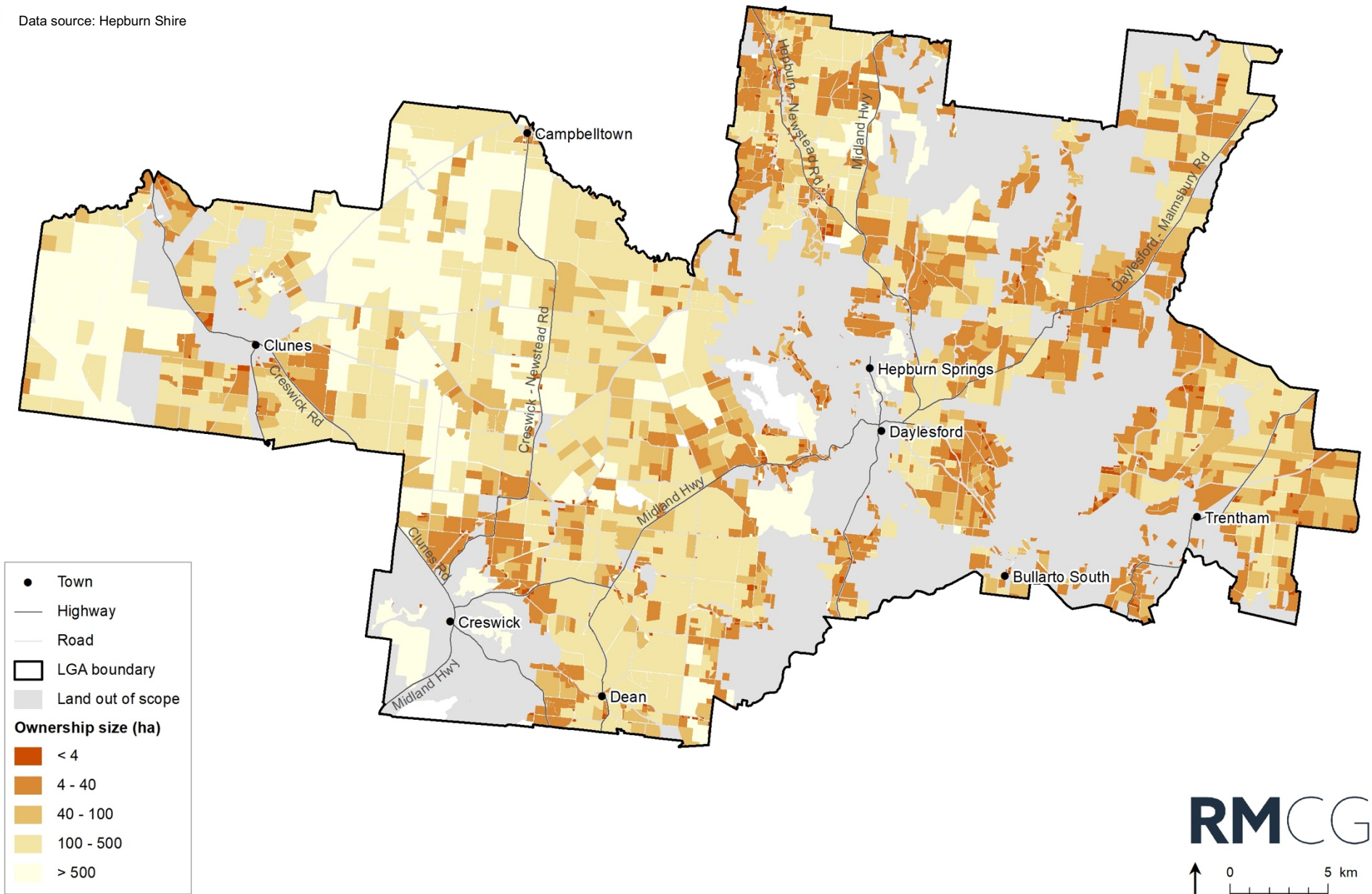
PARCEL SIZE – FARMING ZONE

Data source: www.data.vic.gov.au

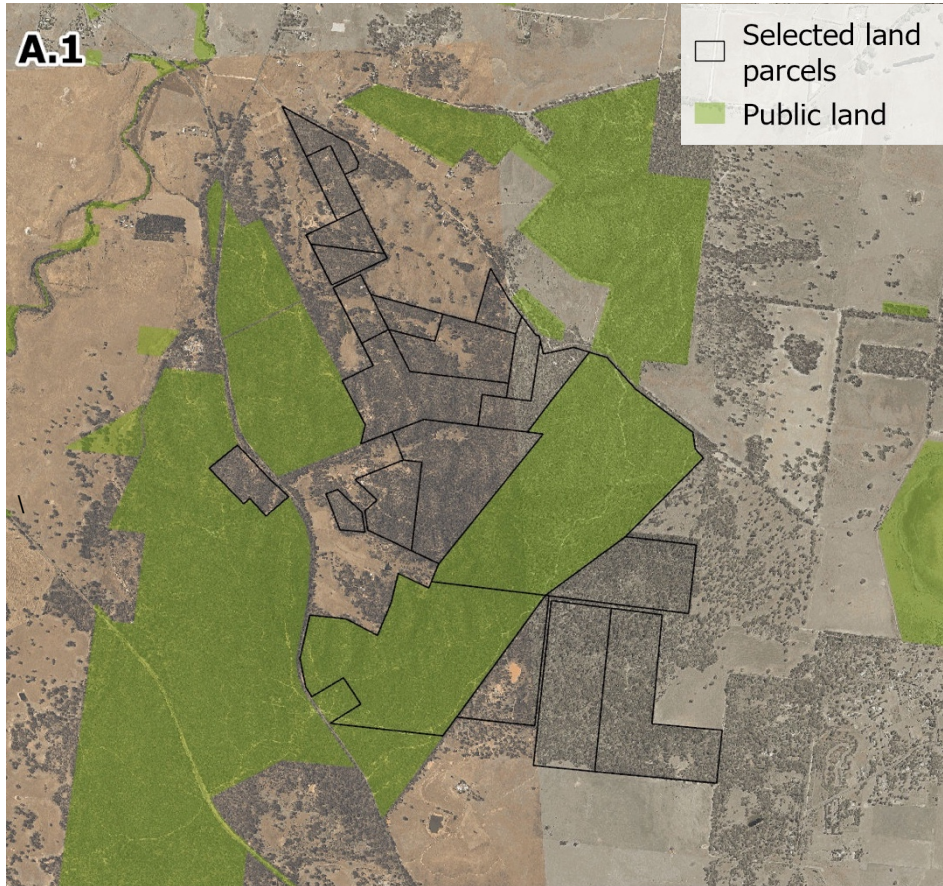


LAND HOLDINGS (LAND IN SINGLE OWNERSHIP) – FARMING ZONE

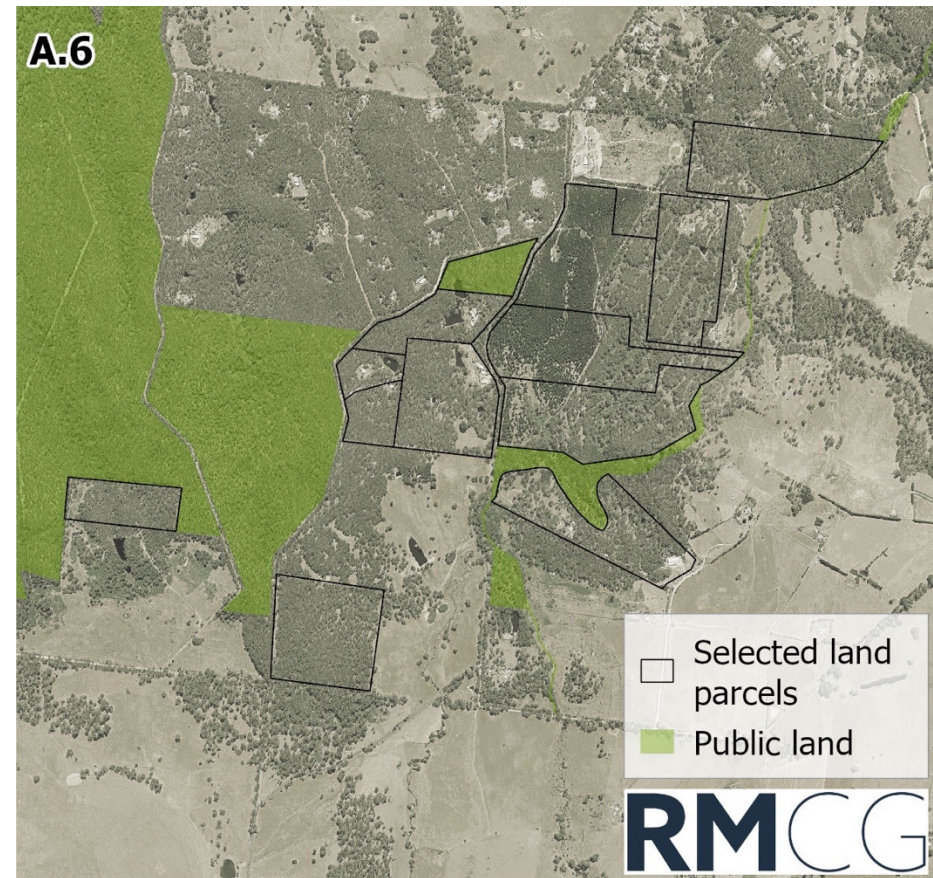
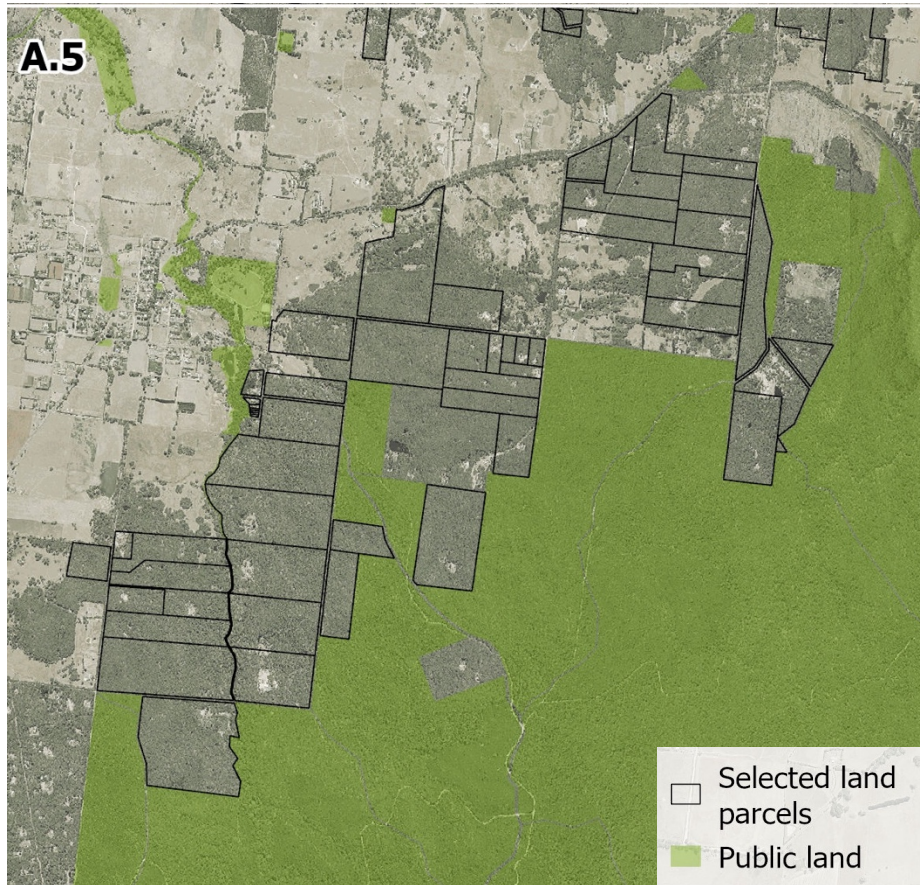
Data source: Hepburn Shire



Appendix 3: Proposed Rural Conservation Zone













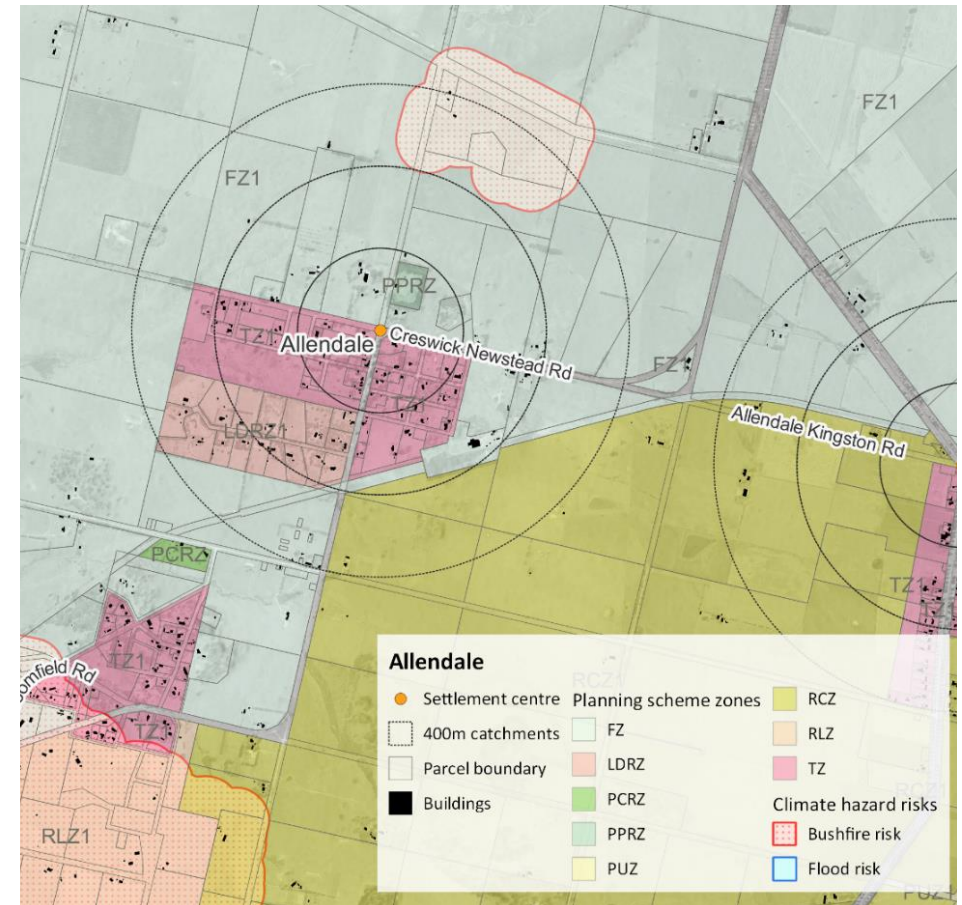
Appendix 4: Rural settlement assessment

ALLENDALE

Allendale is around a 5-minute drive north of Creswick, with Creswick-Newstead road running through the centre.

Allendale is determined to be a rural locality.

METRIC	FINDING
Primary Zoning	TZ, LDRZ
Community infrastructure / shops and services	
Access to major roads/other service centres	Located along Creswick-Newstead Rd
Constraints (bushfire, flooding, infrastructure)	None

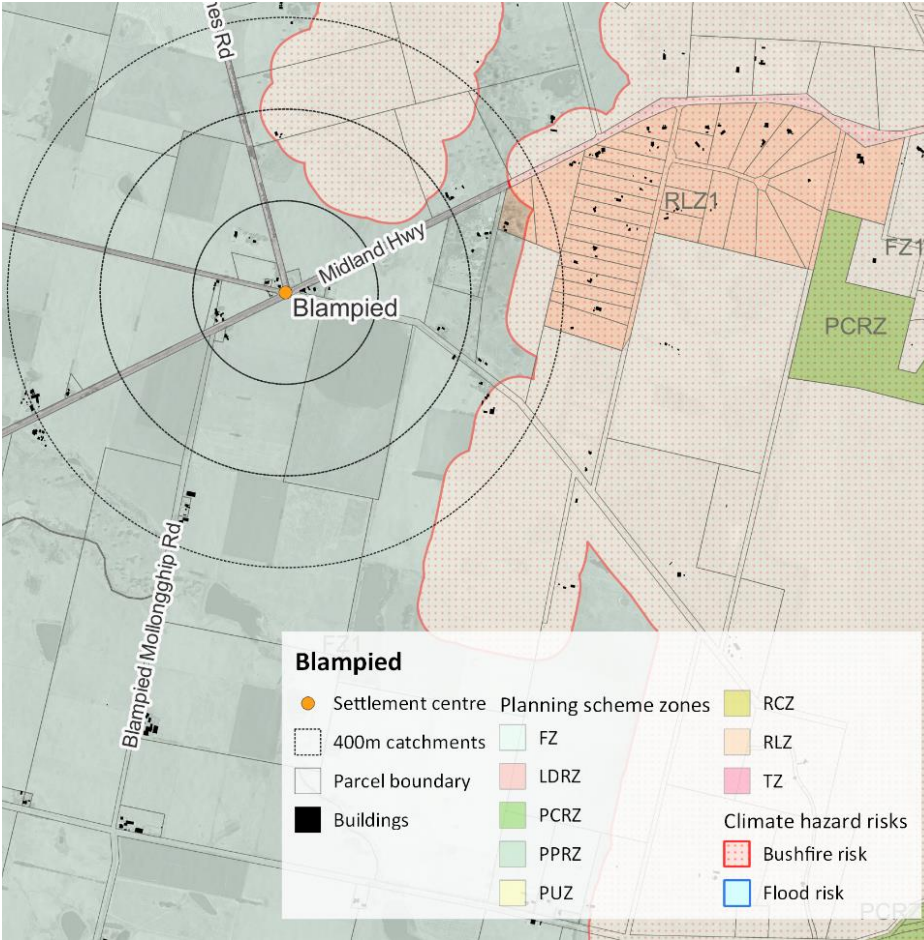


BLAMPIED

Blampied is located about a 10-minute drive west of Daylesford, along the Midland Highway. It has multiple farm stays, a hotel, rural tourism businesses and a Catholic church.

Blampied is determined to be a rural locality.

METRIC	FINDING
Primary Zoning	FZ
Community infrastructure / shops and services	
Access to major roads/other service centres	Daylesford Clunes Rd and Midland Hwy cross through
Constraints (bushfire, flooding, infrastructure)	None

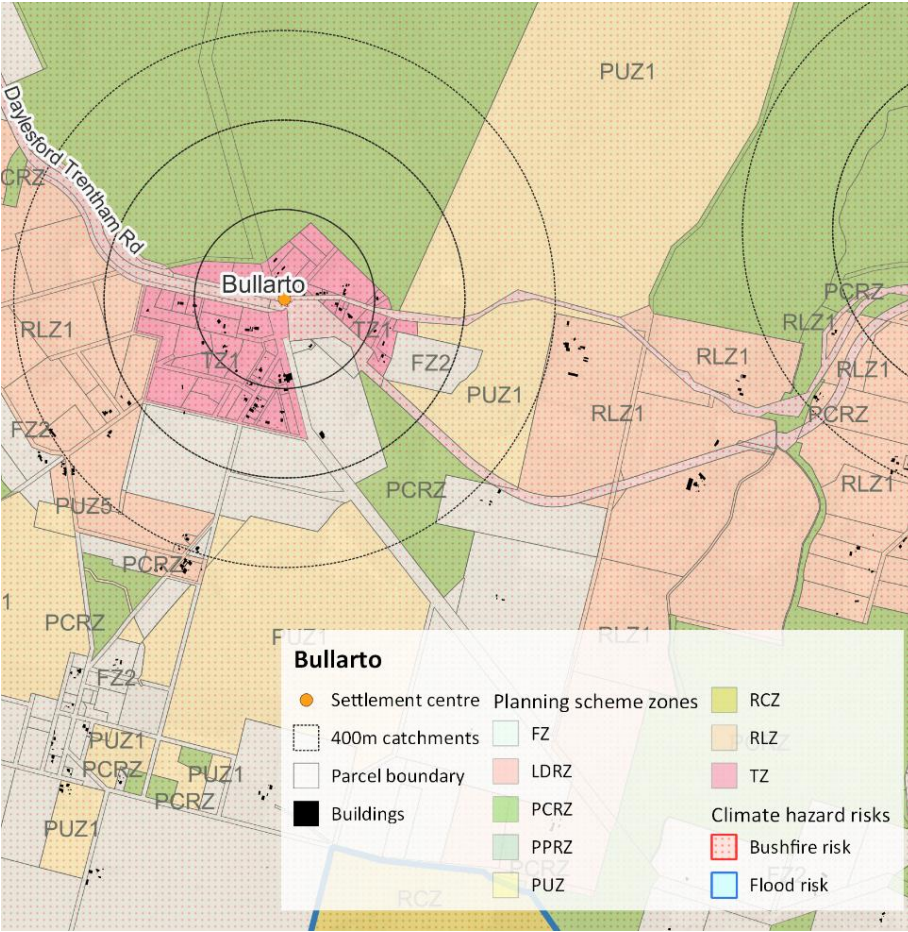


BULLARTO

Bullarto is approximately 10-minutes the east of Daylesford on the Daylesford-Trentham Road. It has some infrastructure, including a primary school and town hall.

Bullarto is determined to be a small rural settlement.

METRIC	FINDING
Primary Zoning	TZ, RLZ, FZ
Community infrastructure / shops and services	Bullarto Primary School, Bullarto Hall
Access to major roads/other service centres	Daylesford Trentham Rd
Constraints (bushfire, flooding, infrastructure)	Bushfire hazard

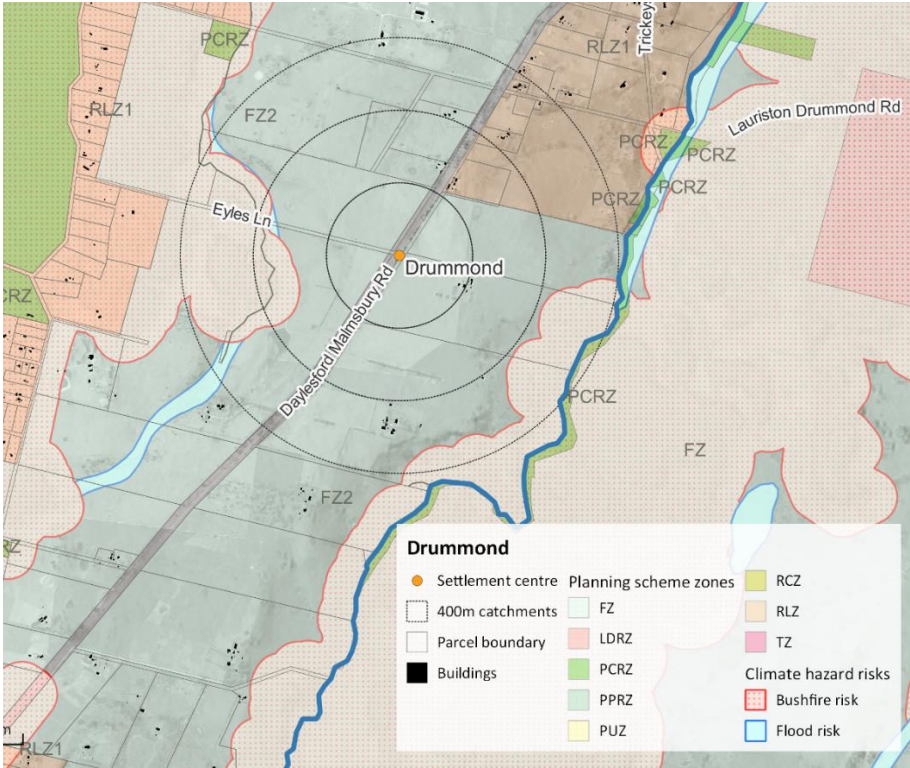


DRUMMOND

Drummond is around a 10-minute drive northeast of Glenlyon on the Daylesford-Malmsbury Road. In Drummond, there is a community hall and accommodation businesses.

Drummond is determined to be a rural locality.

METRIC	FINDING
Primary Zoning	FZ, RLZ
Community infrastructure / shops and services	Drummond Public Hall
Access to major roads/other service centres	Daylesford Malmsbury Rd
Constraints (bushfire, flooding, infrastructure)	Bushfire hazard

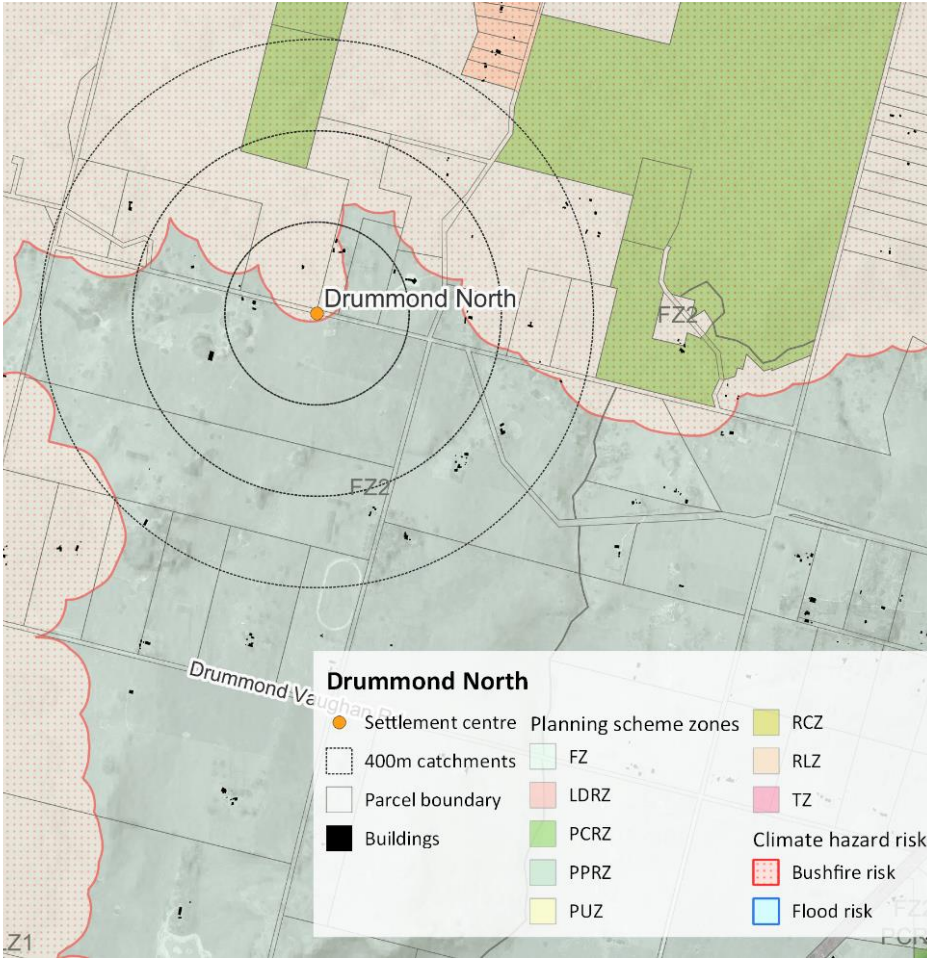


DRUMMOND NORTH

Drummond North is approximately 15-minute drive northeast of Glenlyon located off Daylesford- Malmsbury Road. Drummond North also has some accommodation businesses and a winery.

Drummond North is determined to be a rural locality.

METRIC	FINDING
Primary Zoning	FZ,
Community infrastructure / shops and services	
Access to major roads/other service centres	Daylesford Malmsbury Rd
Constraints (bushfire, flooding, infrastructure)	Bushfire hazard



EGANSTOWN

Eganstown is located approximately 5 minutes west of Daylesford and along the Midland Highway.

Eganstown is determined to be a rural locality.

METRIC	FINDING
Primary Zoning	FZ
Community infrastructure / shops and services	
Access to major roads/other service centres	Midland Hwy
Constraints (bushfire, flooding, infrastructure)	Bushfire hazard

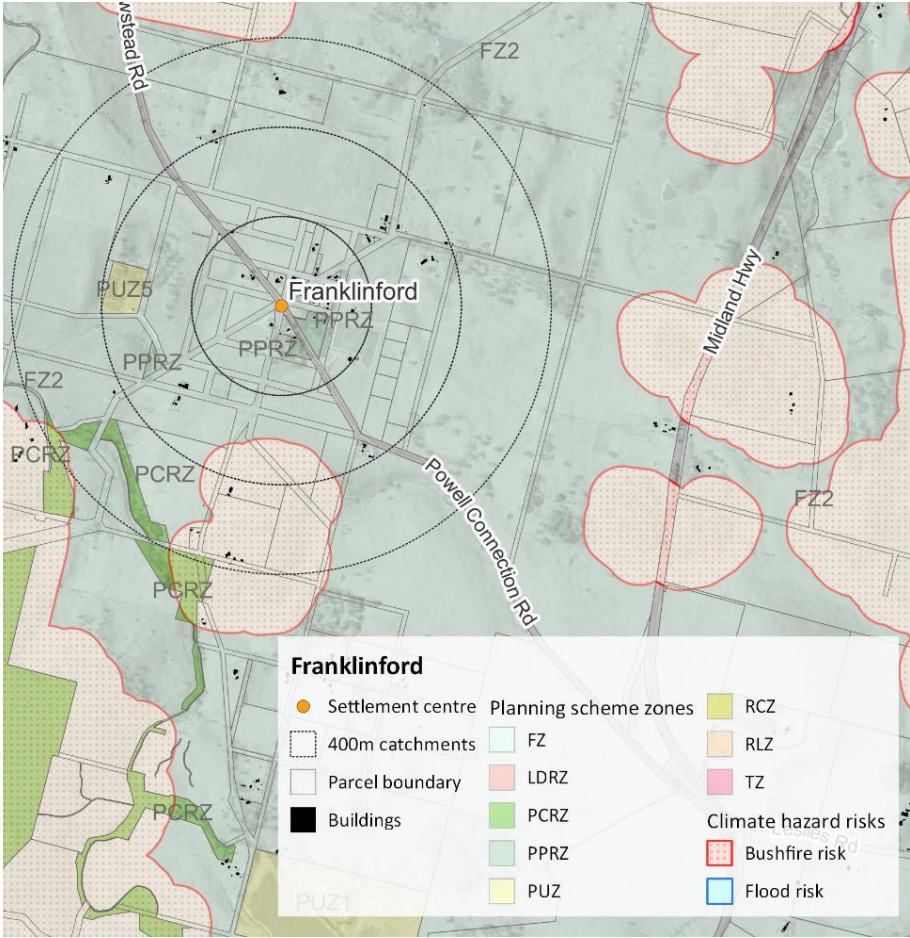


FRANKLINFORD

Franklinford is approximately a 10-minute drive north of Hepburn-Hepburn Springs, with the Powell- Connection Road running through its centre. It is also located near the intersection with Midland Highway. Services in Franklinford, including CFA fire station, community hall and cemetery.

Franklinford is determined to be a rural locality.

METRIC	FINDING
Primary Zoning	FZ
Community infrastructure / shops and services	CFA Fire Station, Franklinford Cemetery
Access to major roads/other service centres	Powell Connection Rd connect to Hepburn Newstead Rd, Intersection with Midland Hwy
Constraints (bushfire, flooding, infrastructure)	None

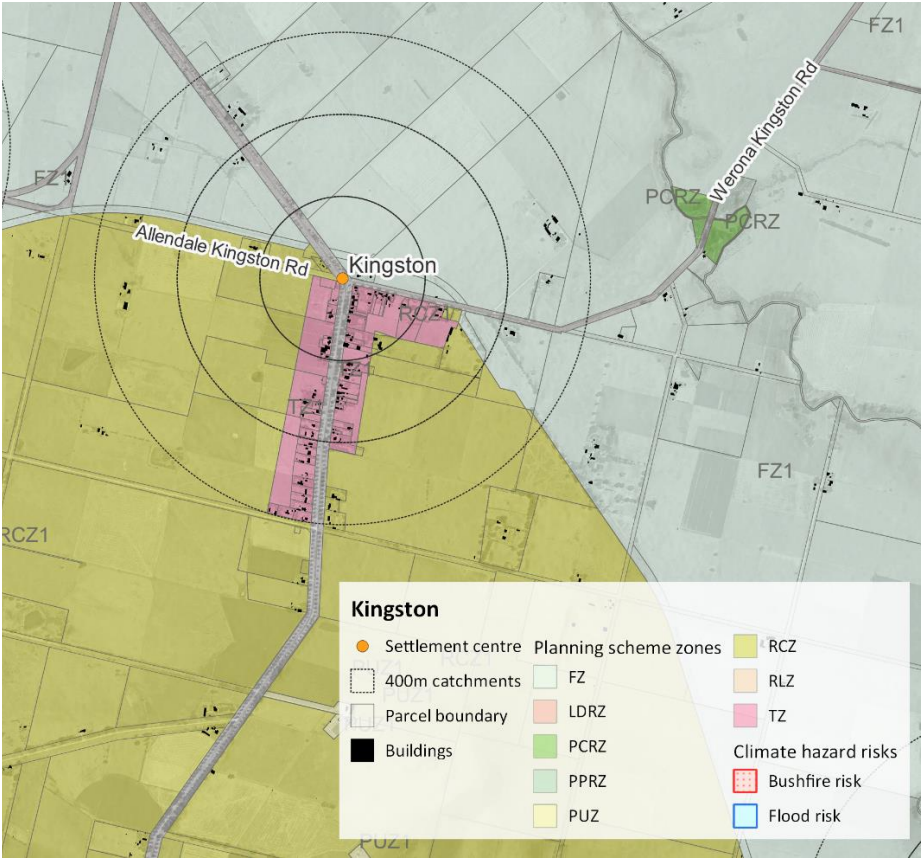


KINGSTON

Kingston is well-connected to Creswick-Newstead Road by Allendale-Kingston Road and Kingston Road, and only a 3-minute drive from Midland Highway via Kingston Road. There are several infrastructure facilities in the vicinity, including the CFA Kingston Fire Brigade.

Kingston is determined to be a rural locality.

METRIC	FINDING
Primary Zoning	TZ
Community infrastructure / shops and services	CFA Fire Station
Access to major roads/other service centres	Access to Creswick-Newstead Rd via Kingston Rd and Allendale-Kingston Rd Access to Midland Highway via Kingston Rd
Constraints (bushfire, flooding, infrastructure)	None

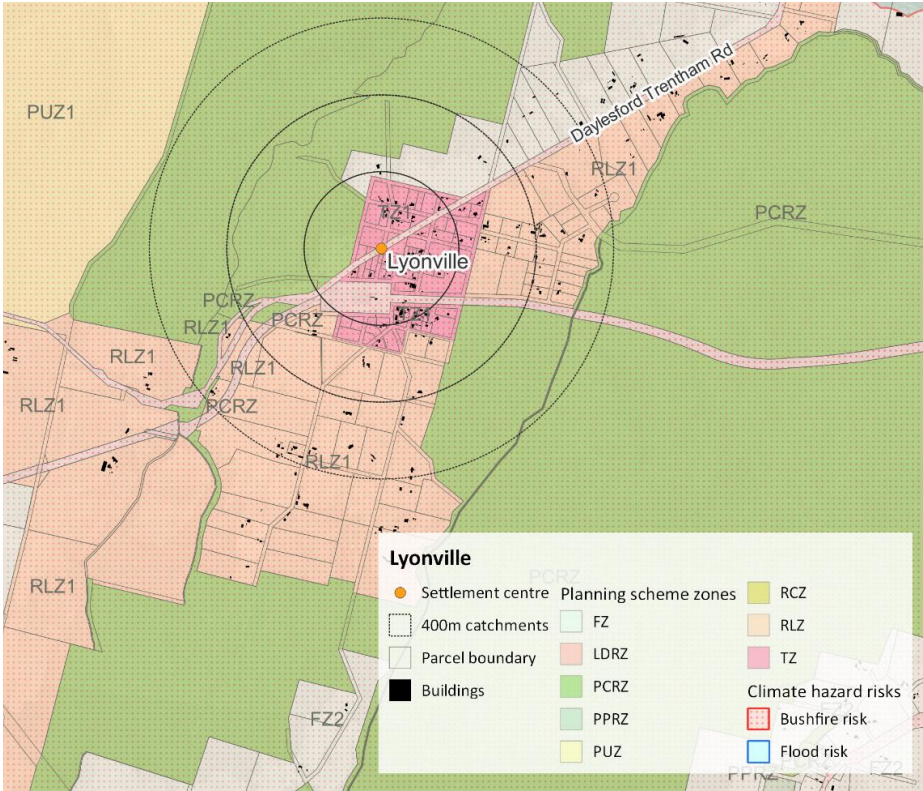


LYONVILLE

Lyonville is just under a 15-minute drive from Daylesford, and just under 10-minutes to Trentham. Daylesford-Trentham Road passes through its centre. Lyonville has a town hall, a hotel, parks and walking trails.

Lyonsville is determined to be a small settlement.

METRIC	FINDING
Primary Zoning	TZ, RLZ
Community infrastructure / shops and services	Lyonville Hall
Access to major roads/other service centres	Daylesford Trentham Rd
Constraints (bushfire, flooding, infrastructure)	Bushfire

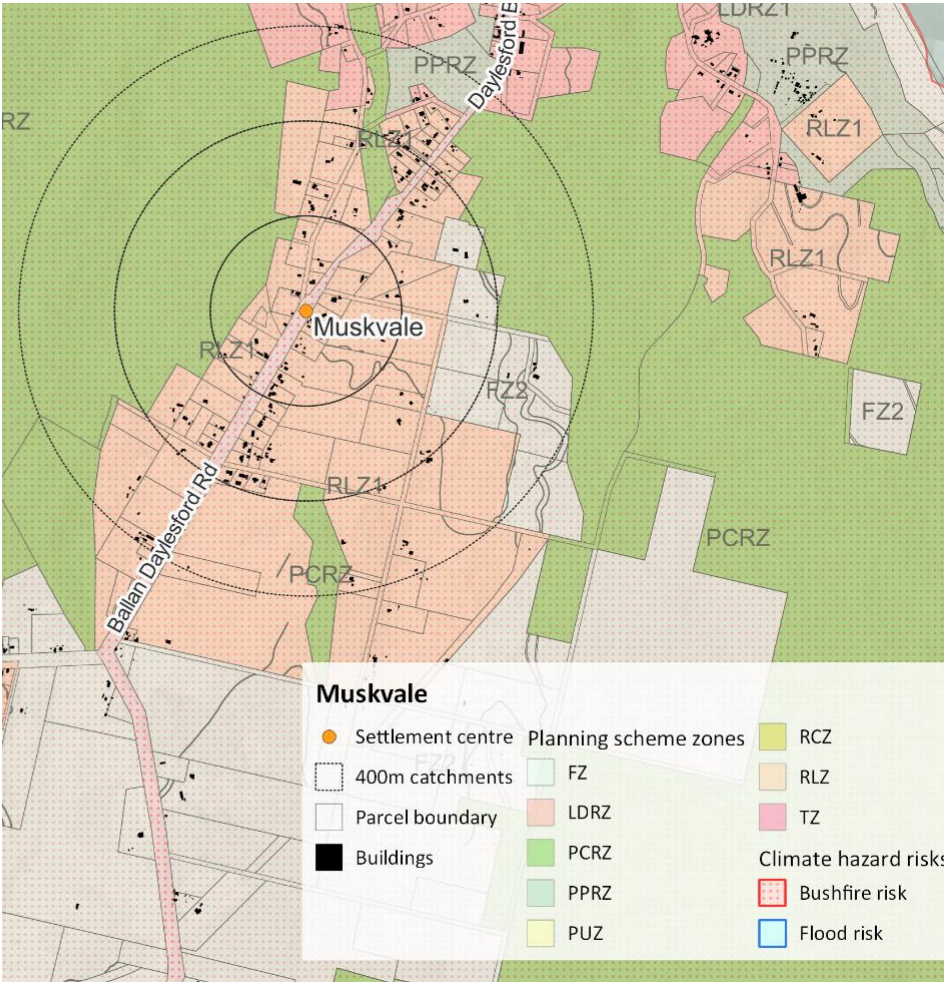


MUSKVALE

Muskvale is located on the southern edge of Daylesford, with Ballan-Daylesford Road running through its centre. There is some commercial activity such as small businesses in Muskvale.

Muskvale is determined to be a small rural settlement

METRIC	FINDING
Primary Zoning	RLZ
Community infrastructure / shops and services	
Access to major roads/other service centres	Close proximity to Daylesford to the north on the Ballan Daylesford Rd.
Constraints (bushfire, flooding, infrastructure)	Bushfire

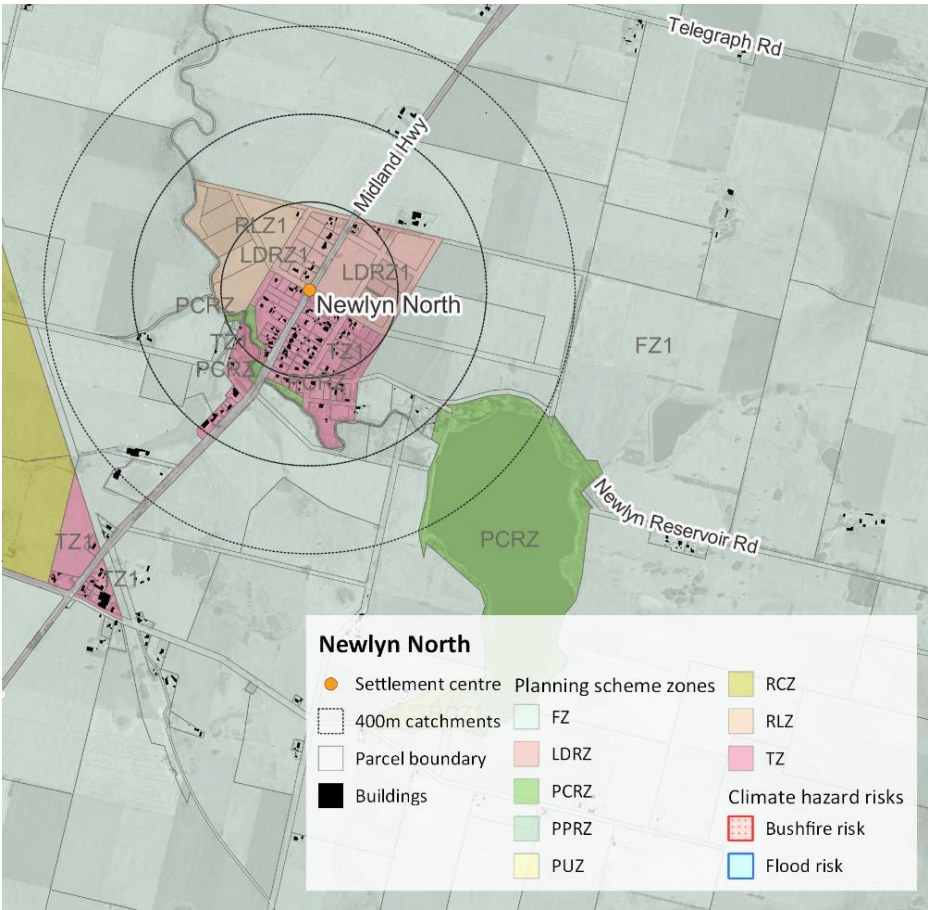


NEWLYN- NEWLYN NORTH

Newlyn - Newlyn North is located roughly halfway between Creswick and Daylesford, with the Midland Highway running through its centre. There are several infrastructure facilities located in the area, including a primary school.

Newlyn - Newlyn North is determined to be a small settlement.

METRIC	FINDING
Primary Zoning	TZ, LDRZ, RLZ
Community infrastructure / shops and services	Newlyn Primary School Newlyn Recreation Reserve
Access to major roads/other service centres	Ballarat-Daylesford Road
Constraints (bushfire, flooding, infrastructure)	None



SMEATON

Smeaton is just under a 10-minute drive northeast of Creswick, and approximately a 15-minute drive west of Daylesford-Hepburn Springs. It is well-connected to these towns via Creswick-Newstead Road and Daylesford-Clunes Road. There is a hotel and community centre in Smeaton.

Smeaton is determined to be a rural locality.

METRIC	FINDING
Primary Zoning	TZ, LDRZ
Community infrastructure / shops and services	Community centre,
Access to major roads/other service centres	Located on Creswick-Newstead Rd
Constraints (bushfire, flooding, infrastructure)	None

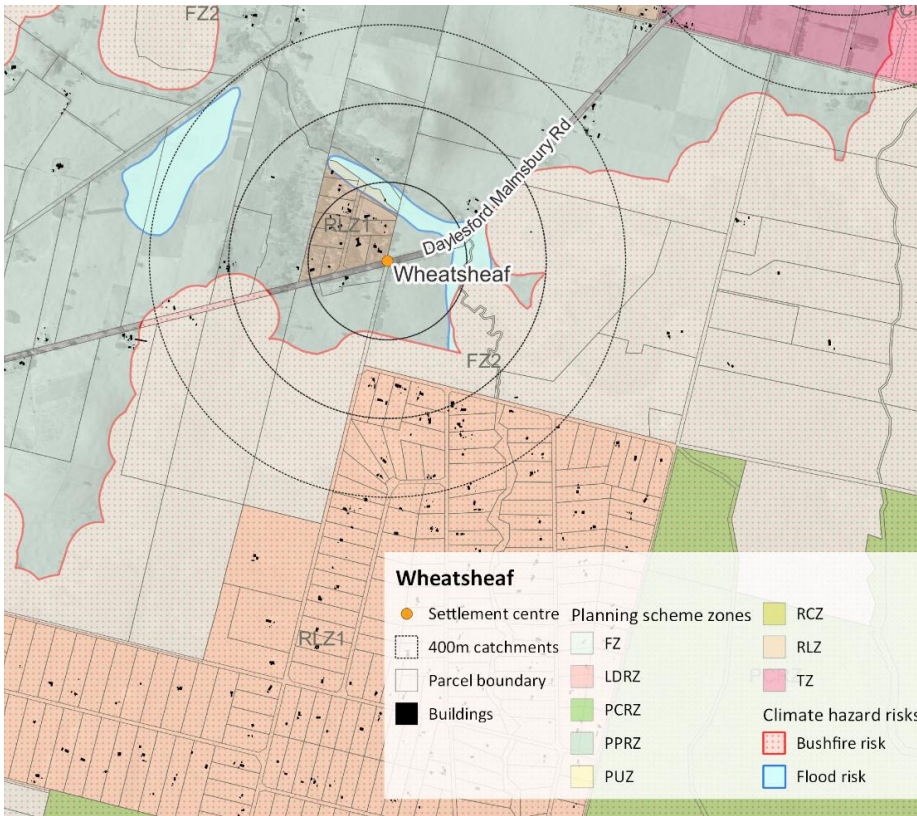


WHEATSHEAF

Wheatsheaf is approximately a 5-minute drive northeast of Daylesford on the Daylesford-Malmsbury Road. There are several studios located in Wheatsheaf, as well as accommodation businesses.

Wheatsheaf is determined to be a rural locality.

METRIC	FINDING
Primary Zoning	RLZ
Community infrastructure / shops and services	
Access to major roads/other service centres	Daylesford-Malmsbury Road
Constraints (bushfire, flooding, infrastructure)	Flooding and bushfire hazard

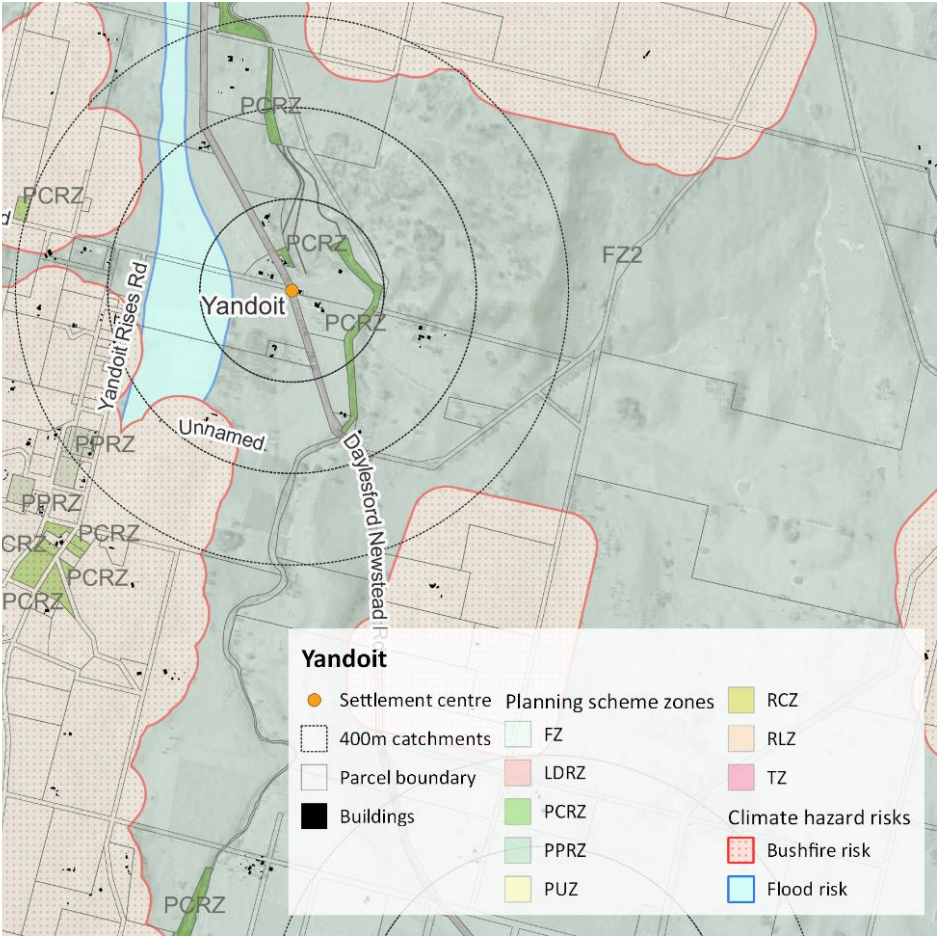


YANDOIT

Yandoit is about a 15-minute drive north of Hepburn-Hepburn Springs, and is located at the intersection of Yandoit Creek Road and Hepburn-Newstead Road. As well as a primary school, CFA station, community hall and Yandoit Cultural there are several reserves and accommodation businesses located in the area.

Yandoit is determined to be a rural locality.

METRIC	FINDING
Primary Zoning	FZ
Community infrastructure / shops and services	Primary School, CFA Fire Station, Mechanics Institute, two churches (one currently hosting ‘Yandoit Cultural’) and a recreation reserve with marked and sealed sports courts.
Access to major roads/other service centres	
Constraints (bushfire, flooding, infrastructure)	None



Appendix 5: Draft Policy

SUBDIVISION – FARMING ZONE AND RURAL ACTIVITY ZONE

This policy will apply to all land in the Farming Zone in Policy Area 1 and the Rural Activity Zone and Rural Conservation Zone in Policy Area 2.

When considering a permit application for any subdivision, it is policy that:

- The subdivision will enhance farm consolidation or trading of lots between farms.
- The subdivision will not adversely impact on the ability to use the land for agriculture.
- The subdivision must not increase the potential for future dwellings.
- The subdivision must be conditional on entering into a Section 173 Agreement under the Planning and Environment Act 1987 prohibiting further dwellings on the land if it is less than the minimum lot size specified in the schedule to the zone.

When considering a planning permit application to excise a lot containing a dwelling, it is policy that:

- The purpose of the excision is to facilitate farm consolidation.
- It can be demonstrated that farming can be continued on the balance lot unhindered.
- The dwelling is not required for the farming use of the property.
- The benefit of removing the dwelling from the land outweighs the risk of having a residential land use adjoining a farming property in terms of supporting agriculture.
- The balance lot should meet the minimum lot size requirement specified in the schedule to the zone.
- The dwelling is in a habitable condition.
- The dwelling and immediate surrounds should be a maximum of 1ha.
- The excised lot should not include significant farm infrastructure.
- The dwelling is at the front of the property and long narrow lots or battle axe lots are discouraged.
- The dwelling is serviced by a sealed road or a rural gravel access road.

- A Section 173 Agreement under the Planning and Environment Act 1987 must be entered into that prevents the construction of a dwelling on the residual lot other than if it meets the requirements specified in the schedule to the zone.

When considering a planning permit application to realign boundaries, it is policy that:

- Proposals for re-aligning boundaries are only permitted for the purpose of making minor adjustments such as responding to topographical or public infrastructure features, except where the re-alignment will support more productive agricultural outcomes (particularly through farm consolidation).

DWELLINGS

POLICY AREA 1

This policy will apply to all land in the Farming Zone in Policy Area 1

When considering a planning permit application to construct a dwelling in the Farming Zone, the following requirements should be met:

- The dwelling should be necessary to support the ongoing or planned farming activity on the land and any adjacent land.
- A Section 173 Agreement under the Planning and Environment Act 1987 should be applied that:
 - Prevents the subdivision of the lot containing the dwelling if it is less than the minimum specified in the schedule to the Farming Zone; and
 - Prevents the development of further dwellings on other contiguous lots in the same ownership which are less than the minimum dwelling lot size requirements of the Farming Zone. The permit application for the dwelling should include all such lots including lots that may or may not be directly adjoining the primary lot and the agreement should be applied to each lot.
 - Ties the proposed new dwelling to an agricultural use on the land
 - Requires the use to be established or the management plan implemented before the dwelling is constructed.
- An application to use a lot for a dwelling to support an agricultural use must be accompanied by a Farm Management Plan which provides details of the proposed enterprise and explains how the proposed dwelling responds to the policy framework and the decision guidelines for dwellings in the Farming Zone.
- An application to use a lot for a dwelling to support an environmental outcome must be accompanied by an Environmental Management Plan which provides details of the proposed and explains how the proposed dwelling responds to the policy framework and the decision guidelines for dwellings in the Farming Zone.

POLICY AREA 2

When considering a planning permit application to construct a dwelling in the Rural Activity Zone, the following requirements should be met:

- The dwelling should be necessary to support the ongoing or planned farming activity on the land or support a net environmental benefit.
- An application to use a lot for a dwelling to support an agricultural use must be accompanied by a Farm Management Plan which provides details of the proposed enterprise and explains how the proposed dwelling responds to the policy framework and the decision guidelines for dwellings in the Farming Zone.
- An application to use a lot for a dwelling to support an environmental outcome must be accompanied by an Environmental Management Plan which provides details of the proposed and explains how the proposed dwelling responds to the policy framework and the decision guidelines for dwellings in the Rural Activity Zone
- Incorporate a condition on any permit for a dwelling that requires a legal agreement under Section 173 of the Planning and Environment Act 1987 that ties the proposed new dwelling to an agricultural use or environmental benefit on the land that requires the use to be established or the management plan implemented before the dwelling is constructed.
- Incorporate a condition on any permit for a dwelling that requires a legal agreement under Section 173 of the Planning and Environment Act 1987 to prevent the subdivision of the lot containing the new dwelling.

Appendix 6: Farm Management Plan

FARM MANAGEMENT PLAN EXAMPLE

- A description of the current or proposed farm business including:
 - business goals
 - the enterprises (livestock, cropping, hay making, horticulture etc) including the scale of the enterprise (land area, number or livestock)
 - farm labour, including owner/manager(s), full time and part time employees and seasonal labour
 - Ten year financial projections.
- Property description including:
 - Proposed and existing structures (dwellings, sheds for shearing, machinery etc, livestock yards,
 - Waterways
 - Native vegetation
 - Local road network
 - Dwellings and other development on adjoining properties
 - Location of wind energy or extractive industry facilities within 1km of the property boundary
 - Location of intensive animal husbandry within 1km of the property boundary
 - Land capability
 - Water supply for stock, cropping or horticulture
- Risk assessment - Undertake a land use conflict risk assessment to assess:
 - The risk the development will be impacted by surrounding land uses
 - The risk the development will be impact operation of surrounding land uses.
- Provide details on why a dwelling/rural farm worker accommodation required including:
 - Why a 24 hour presence is required
 - Why rural workers accommodation is required,
 - The duration of the use of the land for rural worker accommodation.

References

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Plan 2 Place (2020) Hepburn Planning Scheme Audit and Review Report

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Plan2Place (2020) Hepburn Planning Scheme Audit and Review Report (Final)

DELWP and Planisphere (2013) South West Landscape Assessment Study,

This report has been prepared by:

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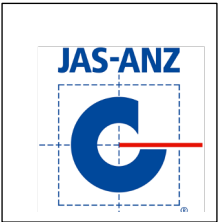
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1.0	5.12.2023	S McGuinness (RMCG) D Leyden (SGSEP)	S McGuinness	S McGuinness	Hepburn Shire
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