

**Mount Alexander
Rural Living Strategy**

2006

Mount Alexander Rural Living Strategy

**Prepared for
Mount Alexander Shire Council**

By
Research Planning Design Group
PO Box 2750, Bendigo DC, 3554

With
Isis Planning



2006

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1. Background and Process

Mount Alexander Shire Council commissioned Research Planning Design Group with Isis Planning to undertake the preparation of a Rural Living Strategy.

The brief for the task stated

1. Determine the supply of land currently available and zoned as Rural Living and Low Density Residential.
2. Assess the pattern of demand for Rural Living and Low Density land use needs in the Municipality.
3. Identify areas within the Municipality which might be suitable for rezoning to provide for future needs. These areas shall be prioritized and show number of lots potentially available.
4. Areas assessed should have regard to land ownership pattern, lot sizes, land capability of the area, the ability to restructure boundaries into usable lots, the potential to improve land management, the ability to provide basic levels of infrastructure to the area, proximity to existing townships which might be able to provide appropriate levels of support for such development etc.
5. Prepare restructure plans for those areas included in the Restructure Area and for which no Restructure Plan exists. The current planning scheme identifies some 13 areas which are included in the Restructure Overlay but for which no restructure plans have been prepared.
6. To undertake an assessment of current requests for rezonings to rural living or similar and to provide a recommendation to Council on these proposals. Council has received a small number of requests (currently less than 10) from land holders who wish to have their land rezoned for rural living or low density residential.
7. Prepare documents to enable an amendment to the planning scheme in accordance with recommendations made. Documents shall include any changes that may be necessary to the MSS.
8. Provide a new policy in the Local Section of the Planning Scheme that sets out achievable outcomes for all development in these zones. The policy is to ensure that development is dealt with in a consistent manner and that development is of a standard that enhances the image of the Shire and encourages innovative designs particularly relating to energy conservation and environmental issues.
9. Quantify any costs that the Shire of Mount Alexander might need to incur as a result of any recommendations made.
10. In the context of the above points, it is important that the study and its recommendations recognize and are in accord with the following underlying principle/parameters:
 - 10.1 Ensuring that important agricultural areas are protected.
 - 10.2 Recognising that there are large tracts of Crown Land with significant future logging yield and therefore with the potential to deleteriously impact on the rural living.

10.3 Recognising the need to, and the potential of, restructuring of the old and inappropriate subdivisions (some 13 in number).

The work towards the preparation and adoption of the Strategy has involved a number of stages

- Initial publicity and holding an information evening
- A public call for submissions and an opportunity for landowners and interested persons to meet with the consultants on a one to one basis
- Consultation with Councillors and Council staff
- Consultation with officers from relevant government departments and agencies
- Gathering of readily available information relevant to the study and preparation of the Strategy
- Investigative research about the extent of rural living development across the Shire
- Review of relevant reports and documents
- Examination of the State Government Policy context

A draft Strategy was publicly released in October 2003 for comment and submissions invited. A large public workshop attended by over 80 persons was held at which an extensive consultative exercise was conducted.

The Council as part of the Strategy process invited submissions but also invited proponents of rural living development proposals to submit those for consideration by Council. It was stressed in that invitation that Council expected proponents to demonstrate how their proposals met the criteria and goals set out in the draft Strategy. As a result of that call a number of separate proposals were submitted for consideration. Council has evaluated those and met individually with most of the proponents (in some cases a number of time to evaluate and refine proposals). As a result of that process and in response to matters raised at the community workshop and in submissions Council made a number of refinements to the draft strategy and detailed a number of criteria to be used.

An important element in the preparation of the Strategy has been to ensure a coordination process with other strategic planning work being undertaken by the Council. In particular 'The Urban Living Study' being undertaken by the consulting firm Planit. Council is working these two processes together to enable it to prepare a comprehensive Settlement Strategy.

The term rural living embraces a range of land use forms and functions, from small scale farms generally below commercial scale to bush blocks. Land used for rural living can be on the fringe of an urban area or in relatively isolated areas. This project has assessed the merits of these forms of land use as opposed to other rural land use opportunities. Rural living can provide opportunities for population growth, unique lifestyles, intensive agriculture and environmental management. Rural living can also be seen as an inefficient means of accommodating the population at the expense of agriculture, the environment and landscape and rural character. Rural living, particularly where it is dispersed can lead to community subsidy of infrastructure and services.

In terms of planning schemes rural living is specifically provided for by the Rural Living Zone. This zone provides for limited residential use and development of land in a rural setting. Generally what is termed rural living development takes place on lots in the lot size range of 2-8 hectares. However residential development on larger lots is also often associated with residential use rather than any commercially productive primary production. Rural living is not only equated with some form of agriculture, but is also associated with residential development in forested or bushland settings, as it is in Mount Alexander Shire.

Rural living development frequently occurs when it utilises existing lots in the Rural Zone and is not necessarily confined to development in areas zoned Rural Living. The Environmental Rural

Zone with its emphasis on the maintenance of environmental values can also be a zone where residential development on rural living sites occurs.

2. Overview and Summary of the Rural Living Strategy and how it is to be implemented

The purpose of this section is to provide an overview of the strategy and changes to the planning scheme provisions in respect to Rural Living. A more detailed explanation is provided in Sections 12 and 13.

Current Situation	Summary of Strategy
Areas zoned for Rural Living in the Planning Scheme, generally around Castlemaine	<ul style="list-style-type: none"> - Existing Rural Living zoned areas to remain except some areas close to Castlemaine to be rezoned Low Density Residential as part of the Urban Living Study - Two areas adjoining existing Rural Living Zone areas where the pattern of ownership and development reflects rural living and not further subdivision is possible - Council seeking proposals for rezoning providing key criteria can be met - see section 12.6 of the report
Most rural living development (residential dwellings in a rural setting) taking place using old Crown lots throughout the Rural Zone	<ul style="list-style-type: none"> - Council as a general principle do not support the use of old Crown lots in the Rural Zone (as distinct from lots approved as part of a planning permit) for a dwelling - Council to seek proposals from owners for rezoning to Rural Living providing key criteria can be met - see section 12.6 of the report
Substantial amount of rural living development occurring in lots serviced by gravel roads or old road reserves. Cost of maintaining roads and delivering services not generally covered so ratepayers are subsidising this form of development	<ul style="list-style-type: none"> - Council as a general principle do not support such development - Council to require upgrading of road infrastructure as a condition of development, larger scale rural living development will require high standard (generally sealed) roads
Increasing concern that ad hoc rural living development results in <ul style="list-style-type: none"> - Urban sprawl - Loss of landscape values - Impact on environment - Unsustainable development 	<ul style="list-style-type: none"> - Council as a general principle do not support as hoc rural living development. - Strategy and policy is to <ul style="list-style-type: none"> - maintain rural use and landscape between towns and not support linear development along major roads - require development of rural living lots to be linked to conditions that deliver environmental gains and improvements to the natural resource base
Council has not set criteria for considering	Introduce strategy and policy in respect to rural

<p>proposals for rural living development or rural living rezoning proposals other than planning scheme provisions</p>	<p>living development and rezoning proposals. Criteria to cover</p> <ul style="list-style-type: none">- Environment and site responsive design- Net gain in environmental and natural resource conditions in respect to key indicators- Sealed roads where applicable- Reticulated water where applicable- Buffer housing development from adjoining agricultural uses- Development meets all infrastructure and service costs
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3. The Characteristics of Rural Living in Mount Alexander Shire

The continuing demand for lots to be used for rural living purposes should be seen in the context of a range of societal changes and demands and attributes in the Mount Alexander Shire. These include;

- An ageing population
- An expressed lifestyle need by some residents
- Relatively cheap private transport
- The environmental, heritage and landscape attributes of the Shire
- Increased opportunities and reduced commuting times to Melbourne and Bendigo
- Increasing affluence, low interest rates, and perceived investment returns from housing
- The changing nature of full time commercial farming
- The desire by many farmers to cash in their agricultural assets
- The comparatively low agricultural productivity of much of the Shire's land
- Increasing interest in some forms of horticultural businesses
- Attractiveness of Castlemaine and the network of small towns in the Shire as a place to live and visit
- The existence of land owners who own 'rural living' style lots and who for a range of reasons want to subdivide these further

There are various factors that in a range of ways fuel demand for lots and continues to supply lots on the market. There is also a range of forces and changes which are either preventing or limiting the supply of lots. There is also a growing demand and requirement that rural living development be undertaken with regard to a range of factors. These include;

- Increasing concern and demand that development in rural areas be undertaken so that environmental qualities are not lessened or impacted, and that the natural resource base (in particular water quality and salinity levels are not increased and native vegetation and biodiversity is not lost)
- Growing realisation that ad hoc residential development in rural areas can significantly increase costs of road upgrading and maintenance and general Council and community services and that these costs are passed on to the general public through taxes and local rates.
- That the appearance of the rural landscape is part of the charm and appeal for the Shire's residents
- Rural living development has been associated with a number of land management and primary production impacts which have been difficult to manage such as; the spread of environmental weeds and pest animals, proliferation of dogs and feral cats, over grazing, complaints about standard farming practices, increased fire hazards, proliferation of dams reducing the environmental flows on streams and waterways, illegal vegetation removal and loss of understorey and habitat.

In contrast to the preceding set of issues rural living development has been associated with a number of 'benefits'. These include:

- Increased levels of native vegetation planting, the removal of stock from marginal country, improved land management practices due to the financial capacity of some rural living owners to subsidise environmental practices and undertake land restoration works

- Providing additional residents for local communities and township to increase local business viability, retain numbers at schools and organisations such as CFA units
- Reinvest in agricultural productivity particularly in intensive production of items such as grapes and olives
- Revitalise communities and townships with new ideas and entrepreneurial activities.

4. The Policy Context for Rural Living

While Council and the community will fundamentally determine an approach to rural living development, Council is required through relevant legislation particularly the Planning and Environment Act to implement the legislated objectives for planning including the State Planning Policy Framework. Successive State Governments have established a series of strategies and policies that provide an agreed framework in respect to settlement planning, agricultural development, rural land management, land and water resource management, environmental protection and economic development. Council is required to ensure that their planning scheme contents and the administration of the scheme in considering planning permit applications implements these State goals, strategies and policies.

As well as Government strategic policy framework, future planning is influenced by a range of factors such as government investment in improved road and rail infrastructure, designation of public land, agreements and requirements in terms of water and vegetation management and government support for increased investment, jobs and population growth in rural and regional Victoria.

5. The Role of a Rural Living Strategy

The role of the Rural Living Strategy is fundamentally to provide for four critical elements.

1. To establish a clear direction for rural living development, that is: what form, how much and where rural living development should be provided.
2. To establish the policies and conditions under which rural living development should take place
3. To ensure that whatever provision is made for rural living development that it is consistent with and supports other forms of development in the Shire – in particular urban development; e.g. rural living development should not be provided for in areas that are needed for future conventional residential development
4. To establish how the strategy is to be implemented. A primary means of implementing the strategy is through the planning scheme provisions and significantly how it is administered. However there are additional means to implement a strategy.

It should be noted that the planning scheme in itself cannot 'solve' all the issues associated with rural living development. The planning scheme can be constructed and administered to regulate the supply of lots available for particular forms of development and how certain forms of development are undertaken. But it should be noted that many land uses and developments on rural land do not require a planning permit.

6. Implementing a Rural Living Strategy

The strategy proposes a series of changes to the planning scheme. If Council agrees to proceed with those changes there is an open and transparent process set out by legislation which Council is required to follow. This process involves a series of steps.

1. Council resolves to amend the planning scheme
2. Council gives public notice of the changes including advising affected landowners and invites submissions
3. Council reviews submissions and if it decides to proceed with the amendment to the planning scheme asks the Minister for Planning to appoint an independent Panel to review the submissions – submitters can present their submissions to the Panel.
4. Panel reports and recommends on the submissions to Council
5. Council determines whether to adopt the amendment – in response to the Panel's report and recommendation. Council forwards amendments to the Minister
6. Minister considers amendment and determines whether to approve

It is anticipated that such a process will take up to a year

7. The Demand for Rural Living

Significant areas of Mount Alexander Shire have been undergoing a significant transformation over the last 15 years or so in terms of the function, structure and character of community. This change includes population growth, reduced average household size, reducing importance in traditional agriculture, increasing interest and activity in 'alternative' agriculture, giving environmental concern and awareness, increasing housing prices and trends in commuting to Melbourne and Bendigo. These changes can be associated with changes in local industry and job opportunities, improved accessibility to Melbourne and other centres (physically and through telecommunications), awareness character of the urban and rural environment and housing affordability in comparison to some other areas.

A critical issue facing the community is that there is a growing demand to live in Mount Alexander Shire and that this trend is expected to continue. Mount Alexander Shire includes sensitive urban and rural environments and population/household growth needs to be managed. Council is presently developing a settlement strategy to provide for the expected population growth. This settlement strategy has two elements; the Urban Living Study and the Rural Living Strategy.

The trend for rural living is a key element of the social, economic and environment change occurring in Mount Alexander. Rural living, itself, has contributed to the attraction of new residents through the opportunities for alternative forms of residential development it offers.

There is a relatively strong demand for rural living properties in Mount Alexander Shire. The population of the Shire is growing and housing in rural areas is a significant component of local development trends. The greatest demand is around Castlemaine, where land has been zoned for this purpose, and along the main roads and highways in the centre of the Shire.

This project seeks to determine the role rural living will play in the future growth and development of this Shire. This Rural Living Strategy needs to address whether rural living should continue to be accommodated as a land use; and if so, where it should be located, what form it should take and how much land should be dedicated to it.

7.1 Population

"Population trends and changes in Mount Alexander Shire share the characteristics of many other areas just beyond the fringes of major cities in Australia. These characteristics include an ageing population, lifestyle driven growth coupled with decline in the proportion and number of young adults, changing household structures which mirror changes in the broader Australian population, and growth beyond the fringes of established urban areas and into rural landscapes."¹

At the 2001 Census, Mount Alexander Shire had a population of 16,173 people. This represents an increase of 243 people since 1996, or an average annual change of 1.1%. Although the population is concentrated in the Castlemaine area, a significant proportion of the population is located in the rural areas of the Shire.

¹ Mount Alexander Population Profile 2001, Andrew Butt and Planit, March 2003

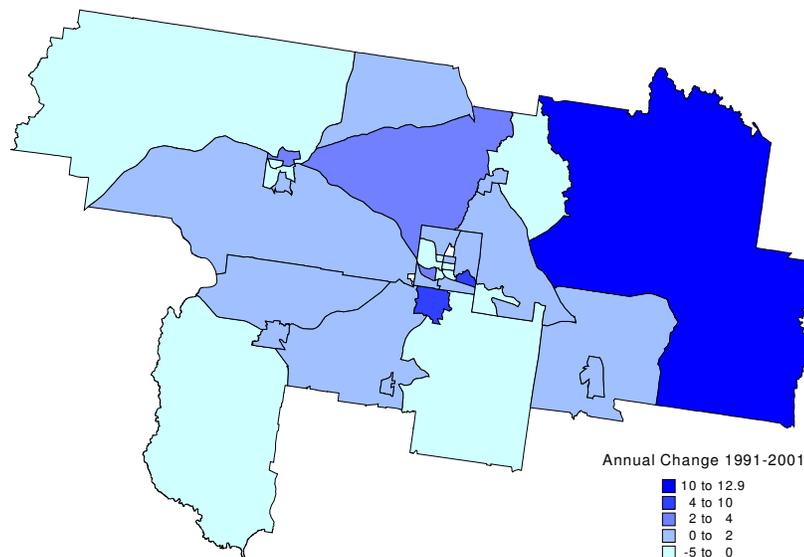
Enumerated Population, 2001

	<i>Male</i>	<i>Female</i>	<i>Total</i>
Campbells Creek	521	564	1,085
Castlemaine	3,346	3,489	6,835
Chewton	186	181	367
<i>Castlemaine Urban Area</i>	<i>4,053</i>	<i>4,234</i>	<i>8,287</i>
Guildford	97	95	192
Harcourt	206	216	422
Maldon	597	634	1,231
Newstead	269	258	527
Taradale	72	102	174
Other Areas	2,701	2,639	5,340
Shire	7,995	8,178	16,173

Source: ABS Census

In the decade from 1991-2001, the population in many of the smaller towns and rural areas grew more significantly than the rate for the Shire as a whole. In particular, the towns of Newstead, Harcourt and many of the rural areas in the Calder corridor increased in population. This characteristic of the Mount Alexander population profile differs from many of the rural Shires to the north of this municipality, where small towns and rural areas are losing population. A significant part of the population growth is in-migration, with a large proportion of these new residents coming from Melbourne.

Annual Change, 1991-2001: Census Collection Districts



Population Change, Towns and Rural Areas 1991-2001

	1991	1996	2001	Av. Annual Change 91-01
Castlemaine	7,955	7,916	8,287	0.4%
Harcourt	387	384	422	0.9%
Maldon	1,174	1,255	1,231	0.5%
Newstead	490	505	527	0.7%
Taradale	172	170	174	-0.1%
Other Areas	5,548	5,700	5,532	0.0%
Total	15,726	15,930	16,173	0.3%

Source: ABS Census

The number of households has also increased in the Shire, both in Castlemaine and in the smaller centres and rural areas. This is a reflection of both population growth, and of household size decline, a factor associated with an aging population. Although household sizes are declining across the Shire, the rural areas are associated with larger households.

Households and Household Size, 1991-2001

	Households			Average Size		
	1991	1996	2001	1991	1996	2001
Castlemaine*	3047	3121	3425	2.61	2.54	2.42
Harcourt	140	136	155	2.76	2.82	2.72
Newstead	190	197	217	2.58	2.56	2.43
Maldon	482	502	506	2.44	2.24	2.43
Balance	1,203	1,799	2,241	4.43	3.34	2.55
Total	5,062	5,755	6,544	3.03	2.77	2.47

*includes Chewton, Campbells Creek

The 2001 Census has also revealed that this municipality, like most others, is experiencing an aging population. Mount Alexander has an increasing proportion of the population in the 40-55 years age groups and a reduction in the proportion of the population in the 20-30 years age groups. This trend occurs in both the urban and rural areas.

Population and household growth in Mount Alexander is predicted to continue. Urban growth trends in Melbourne, road and rail improvements, and changing employment opportunities are expected to accelerate current growth trends. Growth rates of between 1.1% and 2.5% have been discussed. This growth will increase demand for rural land for residential use and this strategy needs to address the ongoing sustainability of rural living to accommodate population growth. The strategy also needs to consider the issues associated with the age structure of the population and the suitability of the housing provided.

7.2 Development Trends

Approximately 40% of all new dwellings constructed in the Shire over the past 7 years have been built in the rural areas. This is despite the fact there are only a few areas around Castlemaine zoned for rural living development.

Construction of New Dwellings – Mount Alexander Shire

Area	1995	1996	1997	1998	1999	2000	2001	2002	Total
Rural areas	29	41	44	39	53	57	46	53	362
Other areas	58	70	48	70	51	84	59	122	562
Total	87	111	92	109	104	141	105	175	924
% Rural	33.3%	36.9%	47.8%	35.8%	51.0%	40.4%	43.8%	30.3%	39.2%

Source: Mount Alexander Shire

New Dwellings in Rural Zones Per Year by Region

Region	1995	1996	1997	1998	1999	2000	2001	2002	Total
Baringhup	2	1	3	3	3	4	4	1	21
Maldon	2	5	2	1	1	4	3	2	20
Welshmans Reef	0	2	3	2	2	5	2	0	16
Newstead	3	0	2	8	3	4	1	5	26
Eberys	0	0	0	0	1	2	0	1	4
Porcupine Flat	0	0	1	2	0	1	0	1	5
Muckleford	1	4	3	1	3	1 2	1 2	2 2	22 (8, 14)
Harcourt	4	3	2	1	6	3	2	5	26
Barkers Creek	3	2 3	4 4	5	2 8	2 7	1 3	1 3	48 (15, 33)
Castlemaine	0	2	2 2	2	1 6	1 4	3 3	4 3	33 (11, 22)
Campbells Creek	0	1	1	2	0	2	3	0	9
Guildford/Yapeen	4	2	1	2	0	2	7	4	22
Vaughan/Fryerstown	0	0	1	2	2	5	3	2	15
Chewton/Faraday	3	5	3	4	5	3	4	4	31
Elphinstone/Taradale	7	6	5	2	5	4	2	6	37
Sutton Grange	0	1	0	0	2	0	1	2	6
Metcalfe	0	4	5	2	3	1	1	5	21
Total	29	41	44	39	53	57	46	53	362
	(28, 1)	(32, 9)	(35, 9)	(32, 7)	(39, 14)	(44, 13)	(38, 8)	(45, 8)	(293, 69)

Source: Mount Alexander Shire

Rural Zone

Rural Living Zone

As would be expected a significant proportion of the housing is in and around the defined rural living areas. The main concentration of rural housing is through the centre of the Shire, around Castlemaine, Maldon and Newstead, where good access to major centres is provided and small lots are provided. There is also housing activity in the more remote rural locations of the Shire.

Number of New Subdivisions in Rural Zones Per Year By Region

Region	1995	1996	1997	1998	1999	2000	2001	2002	Total
Baringhup	0	0	1	0	0	2	1	1	5
Maldon	0	0	0	0	0	0	0	0	0
Welshmans Reef	0	0	0	1	0	0	0	0	1
Newstead	0	1	1	0	1	0	0	1	4
Eberys	0	0	0	0	0	0	1	1	2
Porcupine Flat	0	1	0	0	1	0	0	0	2
Muckleford	1	1	0	1	0	0	0	0	5 (3,2)
Harcourt	0	2	1	2	0	1	1	1	8
Barkers Creek	0	0	1	1	1	1	0	1	8(3,5)
Castlemaine	0	0	0	0	0	0	0	1	1
Campbells Creek	0	0	1	0	0	1	1	0	3
Guildford/Yapeen	0	0	0	0	0	0	0	0	0
Vaughan/Fryerstown	0	0	0	0	1	0	1	0	2
Chewton/Faraday	0	1	0	2	1	1	0	2	7
Elphinstone/Taradale	0	0	0	0	0	0	0	0	0
Sutton Grange	0	1	1	1	0	0	0	1	4
Metcalfe	0	3	0	2	0	0	0	1	6
Total	2 (1, 1)	10	7 (6, 1)	12 (10, 2)	5 (4, 1)	6 (5, 1)	5	11(10, 1)	58 (51, 7)

Source: Mount Alexander Shire

Rural Zone

Rural Living Zone

Subdivision trends largely reflect housing demand, although there is some subdivision activity in the broadacre farming areas. There is fairly limited need for subdivision in most of the key rural residential / rural living areas due to the existence of small crown allotments. Relatively high numbers of subdivisions in the broadacre farming areas reflects the opportunity to subdivide provided by the larger lots of these areas.

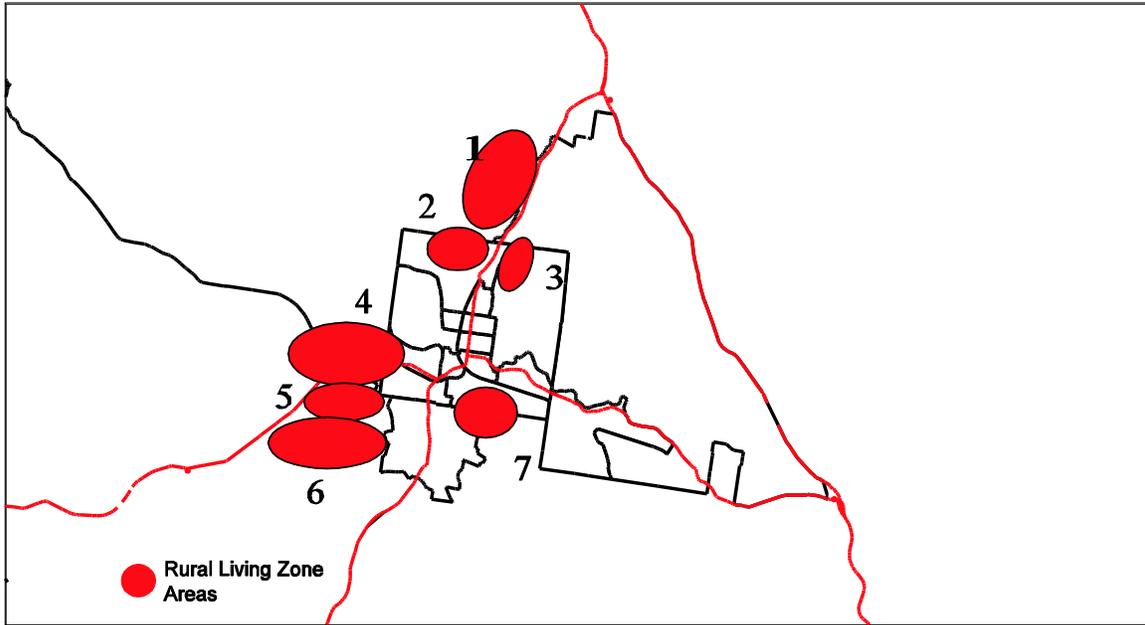
This assessment demonstrates there is a continuing demand for rural living development in the Shire. It is likely that this will continue although some consideration needs to be given to impact of the aging population.

7.3 Rural Living in Mount Alexander

Rural living has accommodated population growth and been a part of the rural landscape in the Mount Alexander area for many years. The attraction of this area for rural living is contributed to by its proximity to urban centres; Castlemaine, Bendigo and Melbourne, its attractive and variety of rural landscapes; undulating forest and farmland, low productivity values of much of the agricultural land and the prevalence of small lots throughout the rural areas as a result of the gold mining heritage of the area. Although there have been some areas specifically designated for rural living in the planning scheme, the land fragmentation pattern in the Shire has resulted in rural living activity being dispersed throughout rural areas.

7.4 Existing Rural Living Areas

Within the Shire, the only areas specifically designated for rural living under the Mount Alexander Planning Scheme are around Castlemaine. These areas are to the north of Castlemaine (Barkers Creek area), to the west of Castlemaine (towards Muckleford) and to the south of Castlemaine (Ross Drive area).



Existing Rural Living Zone Areas – Castlemaine

The above map provides an indication of the approximate location of the existing Rural Living zoned areas around Castlemaine. The Rural Living Zone has only been used around Castlemaine under the current planning scheme.

The following table provides details about the minimum subdivision size opportunities in each of the rural living areas.

Area	Minimum Subdivision Size (as set out in the planning scheme)
1	2ha with water / 4ha without water
2	1ha with water / 2ha without water
3	1ha with water / 2ha without water
4	2ha with water / 4ha without water
5	1ha
6	4ha
7	1ha with water / 2ha without water

In addition to these areas specifically set aside for rural living, there are many rural zoned areas in the Shire that have developed as rural living precincts. These locations have proved attractive for rural living development due to accessibility, landscape features and prevalence of existing small lots.

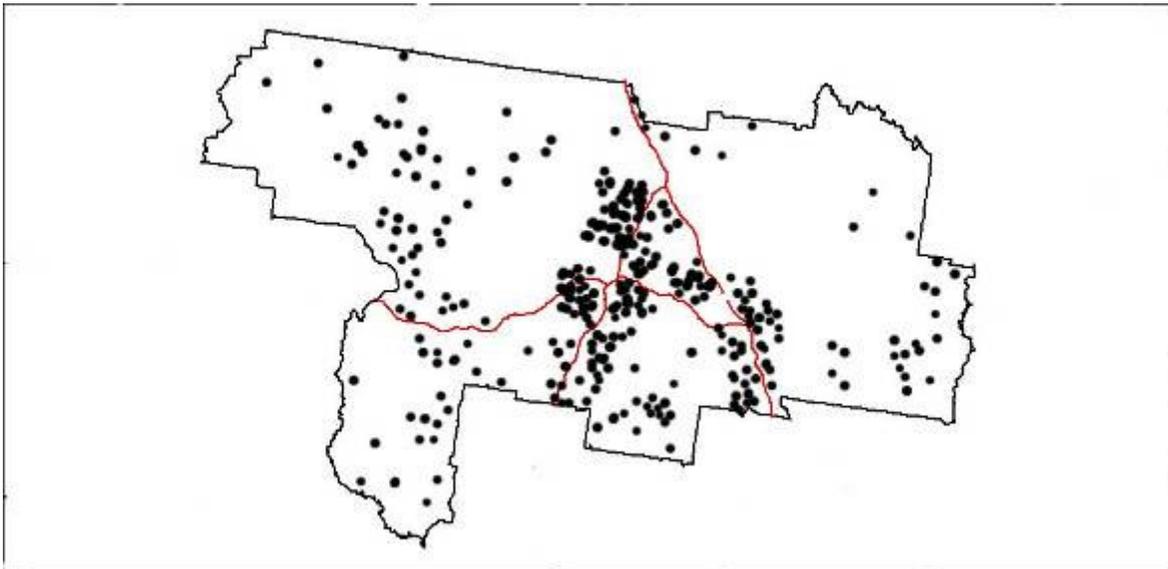
The prevalence of small lots throughout many areas of the municipality makes a substantial contribution to local supply and poses a significant land management issue. Unlike many agriculturally based rural municipalities, Mount Alexander Shire’s mining heritage means that the land subdivision pattern in the Shire is highly fragmented into small lots throughout the rural areas. In those areas where gold mining was the basis of settlement, small lots were created to accommodate these residents, unlike other parts of the municipality and other rural areas with larger rural lots where historical subdivision patterns reflect agricultural activity. There are a significant number of small rural lots in the forest areas around Maldon and Castlemaine.

In addition to these rural lots is land subdivided for towns that have never eventuated. Dotted across the rural areas of the Shire are a number of surveyed townships. These historical townships have left a legacy of sub standard sized lots, created for residential purposes, located in isolated locations in rural areas with limited access to services and infrastructure.

Development of these small rural lots and township areas poses a significant land use management issue for Council. Many of these small lots are owned individually, as opposed to being held in larger farm tenements. The opportunity for them to be used for rural pursuits is more limited on smaller lots and the risk of impacts from them being used for residential/rural residential purposes increases on smaller lots. The ability to dispose of effluent without compromising local water quality and the ability to catch sufficient water to service a dwelling is more difficult on smaller lots. There are also the issues of impact on native vegetation and surrounding agricultural activity.

Pseudo, or unplanned, rural living areas that have developed in the municipality are shown on the following map and described in the following section.

Mount Alexander Building Approvals - Rural Areas 1995-2002



This map shows the general location of building approvals in rural areas. Concentrations outside the rural living zones generally represent the use of small lots in the rural zone for rural living purposes.

Rural Living Development in Mount Alexander Shire

Areas used for rural living development are:

Ravenswood South

50% of small Rural zoned original lots, are developed in a rural living style, with this pattern extending along the highway down to Harcourt

West of Harcourt

A new subdivision exists of 18 lots from original 5 lots, in this rural zoned area, with 14 lots presently developed in a rural living style development pattern. Also many of the Rural zoned original lots extending from the Rural Living zoned area to the western outskirts of Harcourt are also developed at a rural living style density

South of Harcourt

Approximately 50% of lots between the southern edge of Harcourt and the northern edge of residential Castlemaine (all lots are original parcels) in this Rural zoned area are developed in a rural living style

***Rural Living Zoned land north of Castlemaine**

There are 323 lots of land here zoned for Rural Living, of which 204 are presently developed (63%) with only 10 of these developed lots being on newly subdivided land, the remainder are old parcels.

***Rural Living Zoned land west of Castlemaine along the Pyrenees Highway**

There are 202 lots of land here zoned for Rural Living, of which 89 are presently developed (44%) with only 22 of these developed lots being on newly subdivided land, the remainder are old parcels

South of Castlemaine

There are four pockets of rural living style development on Rural zoned lots in this region. One pocket sits north west of Yapeen (16 lots), one west of Guildford (5 lots), one north of Fryerstown (5 lots) and also south of Fryerstown (5 lots), all are the original allotments

***Pyrenees Highway between Castlemaine and Elphinstone**

In this region, there is one large Rural Living zoned area immediately south of Castlemaine's residential area with 124 (original lots) zoned for Rural Living, of which 90 are presently developed (73%). There are also small pockets of rural living style development on original Rural zoned lots along this stretch of highway

Faraday to Elphinstone

Through this region there is a large almost circular pocket of original lots zoned Rural, west of the Calder Freeway, of which the majority of lots are developed. There are also pockets of rural living style development along the Calder highway throughout this region

Elphinstone to Taradale

Much of this area is made up of small Rural zoned lots that surround and stretch between these two settlements. 184 lots exist with rural living style development, and approximately half of this development is on newly subdivided lots. Approximately one quarter of the land in this entire region is developed in this rural living style

Baringhup

A multiple small lot developed subdivision exists on Rural zoned land situated on the west side of the settlement

Maldon

There is some rural living type development north of the township on original lots in the Rural zone. South of township approximately 50% of Low Density Residential zoned lots are presently developed, with the same ratio for the eastern stretch of the township along the railway line

Walmer

East of Muckleford Creek on original lots in the Rural zone there has been a 30 lot rural living style subdivision, with 15 lots (50%) developed, along with another 4 lots adjoining this subdivision also supporting rural living style development

Welshmans Reef

Entire area zoned Rural and consisting of original lots, but much development at a higher density than this on these small lots in the central Welshmans Reef area. With approximately 1/3 of the lots developed in a rural living style

Newstead

Small 6 lot rural living style developed land on original lots in a Rural zoned area south of the township

*** Happy Valley Road**

Of this strip of Low Density Residential zoned land, ¼ is presently developed

Council already has a legacy of rural living development, both planned and unplanned. Through this strategy it must make decisions about whether there will be any more areas planned, but also recognise the unplanned areas and make decisions about the ongoing management of these areas. Rural land can play a number of roles in the future of this Shire; food and fibre production (agriculture), accommodating a growing population (through both conventional residential development of rural residential development) and natural resource management (preserving the Shires natural environment).

8. Urban Growth

The majority of the future population growth expected in Mount Alexander will be accommodated within the urban areas of the Shire and principally around Castlemaine. Rural living development should not be located in areas best suited to urban expansion. Areas best suited to urban expansion include those with access to infrastructure and services, those with limited environmental constraints such as vegetation and those close to existing residential areas.

Council has adopted a strategy to meet the demands for urban development. The strategy for rural living development must not compromise urban growth opportunities.

The Mount Alexander Shire Urban Living Study was conducted concurrently with this project to deliver a settlement strategy for the Shire.

Coordination between both studies and the development of complementary strategies ensures that they reinforce each other. Both strategies will be assisted by a coordinated approach to the review of the Municipal Strategic Statement and a joint amendment of the planning scheme to implement the required rezoning of land.

9. The Environmental and Natural Resource Base

The ability to plan for environmentally sustainable rural living will come from an understanding of the underlying environmental qualities and land capability of the Shire. This section of the report provides a review of the environmental factors that will influence the rural living strategy.

The natural resource base of the Mount Alexander Shire has the following characteristics;

- Significant areas of remnant Box Iron Bark Forest – both on public and private land around the townships of Maldon and Castlemaine;
- Eppalock (Campaspe River) and Loddon River Catchments;
- Fragile soils which are highly prone to erosion;
- Significant landscapes including Mount Alexander, Mount Tarrengower, Mount Consultation, Barfold and Muckleford Gorges, Vaughan Springs and the landscapes between Elphinstone and Castlemaine.

The natural resource base is facing a number of challenges, most related to settlement activity. Remnant vegetation is being compromised through clearing for dwellings and associated infrastructure. Water quality is very low in most local water bodies due to the impact of septic tanks, sediment runoff and animal effluent. There is increased erosion activity due to soil disturbance for development and vegetation removal. Finally, landscapes are being changed as a result of land use change.

Mount Alexander Shires rural areas are dominated by major land systems such as the undulating granite country which is dominant in the east and the south, the Mount Alexander range and the alluvial valleys of the Loddon River and its tributaries which dominate the western third. The complex nature and diversity of these landforms has been overlaid by the influence of gold mining, the provision of irrigation channels and the retention of extensive areas generally around and south of Castlemaine in public ownership which has retained extensive native vegetation coverage.

Mount Alexander Shire includes parts of the catchments of the Loddon and Campaspe Rivers. Water quality in the Loddon and Campaspe Catchments is poor.

At the heart of the Campaspe River Catchment is Lake Eppalock. Lake Eppalock is a key storage in this part of the State and supplies urban and irrigation water. The eastern half of the Shire is located within the Eppalock Catchment.

A recent project, "Lake Eppalock Catchment: Land Capability Assessment and Planning Project" has provided an understanding of the water quality of the Lake and threats to the Lake's water quality.

This project found that Lake Eppalock and its catchment are vulnerable to any increases in nutrients, sediment or salt. This catchment is already suffering from high levels of these pollutants, with nitrogen and phosphorus frequently exceeding agreed guidelines for ecosystem protection. Increases in these pollutants in local water bodies will occur through sub surface leaching and surface solute movement (nutrients), water erosion (sediment), and groundwater recharge (salinity). The project identified that the following land uses are a significant threat to water quality through the introduction of the pollutants of nutrients, sediment or salt and/or triggering the above processes to move them into water bodies.

Land Use	Water Quality Threat		
	Nutrients	Sediment	Salt
Intensive Agriculture	✓✓		
Poor Land and Agricultural Practices	✓✓	✓	✓
Urban Development	✓✓	✓✓	
Land Clearance	✓	✓✓	✓

Of particular relevance to this project, the Lake Eppalock research found that within the part of the Shire that is in the Eppalock Catchment;

- There is a high risk to water quality from septic tanks due to nutrient leaching, surface solate movement and groundwater recharge in all areas;
- There is a moderate and moderate high risk to water quality from gravel or earthen roads due to water erosion in most areas;
- There is a moderate and moderate high risk to water quality from intensive horticulture and extensive grazing due to erosion, leaching, surface runoff and groundwater recharge on steeper country;
- There is a high risk to water quality through vegetation removal due to water erosion and groundwater recharge on higher land in particular north west of Elphinstone.

Although similar level of study has not been conducted in the Loddon Catchment, there are similar risks and threats. The Loddon has the highest level of algal bloom and salinity in Victoria². Appropriate buffers to local waterways need to be preserved to minimize water quality threats regardless of catchment condition.

Much of the Shire is considered to be at high risk of soil erosion.

Agricultural activity in the Shire includes broad acre cropping and grazing, fine wool production and apple growing. The Shire is not well endowed with highly productive agricultural land in comparison to some other parts of the State, but does include a number of significant agricultural enterprises and some important agriculture related infrastructure.

Characteristics of the Shire’s agricultural industry include;

- The eastern and western extremes of the Shire are predominantly used for broad acre activities including cereal and fine wool production.
- Irrigation infrastructure, suitable soils and appropriate climate supports a valuable orchard industry centred on Harcourt.
- Consistent with trends in other parts of the State, a number of viticulture enterprises have also been established. Some based on access to irrigation water and some not.
- The fine, sandy soils of the east of the Shire are considered valuable for fine wool production and viticulture.
- The central parts of the Shire are used for a variety of cropping and grazing activities, both commercial and semi commercial.
- The majority of rural land in the Shire is classed as low and very low in terms of agricultural quality;

² North Central Regional Catchment Strategy

- There is some high quality agricultural land north west of Baringhup in the west of the Shire. The better quality agricultural land in the Shire is located in the far west, north of Harcourt, along the Loddon River and its tributaries and along the Campaspe River in the east of the Shire.

Primary Industry Gross Value of Production (\$)

Industry	1997	2001
Dairy	485000	1294846
Pastoral	9870000	11435042
Horticulture	11605650	11177580
Grains and Mixed Cropping	4292500	4376845

Source: Census 1997 & 2001

Pastoral and horticultural activities are the most valuable agricultural industries in the Shire. The value and size of most industries has remained quite consistent between 1997 and 2001. There has been a decline in the number of apple trees and the value of horticulture, and a growth in the area of land dedicated to grape production. Other industry changes generally relate to market fluctuations. There is an increase in the number of sheep and lambs and the increases in dairy would appear to relate to a couple of new entrances into the market. These figures do indicate that the trend of rural living does not appear to be significantly impacting on broad acre agricultural activity, although it may be displacing some apple orchards.

Commodity Production

Commodity	1997	2001
Apple Trees (no.)	435129	320701
Sheep and Lambs (no.)	258483	303208
Meat Cattle (no.)	10567	12479
Broad Acre Crops (ha.)	3387	4462
Dairy Cattle (no.)	563	1050
Pigs (no.)	2642	3967
Grapes (ha.)	29	79

Source: Census 1997 & 2001

The following data also indicates there have not been significant changes in the agricultural sector of the Shire. Fruit property numbers have declined, broad acre properties have remained fairly consistent with a decline in cropping compensated for with an increase in pastoral properties. These changes are likely to be at least in part due to market changes, as opposed to a changing rural community. Grape production is following trends demonstrated elsewhere. The higher income producing properties are involved in fruit, pastoral and cropping.

	\$5k-\$50k		\$50k-\$100k		\$100k-\$200k		\$200k-\$500k		\$500k +	
	1997	2001	1997	2001	1997	2001	1997	2001	1997	2001
Dairy	2	2	1	1	2	4				
Flowers & Plant Nurs.		1	2		1			1		
Fruit	6	4	4	8	9	3	7	7	7	5
Grain & Mixd Crop.	8	5	10	3	8	7	6	5	2	1
Grapes	6	10				2		1		
Pastoral	87	94	35	35	18	28	8	9	1	1
Other Livestock	9	2	4		3	1	1	1		
Pigs	1	1		1	3	1				1
Poultry	3	1								
Vegetables	1									
Total	123	120	56	48	44	46	22	24	10	8

Source: Census 1997 & 2001

Overall, though, there has been a decline in income producing agricultural properties. This may be in part due to changing rural land use but also would be due to the trend of expansion and consolidation, a trend common across broad acre agriculture. It is important to note that these figures only relate to properties earning more than \$20,000pa, and would not pick up on small scale enterprises generally associated with rural living. Rural living can create opportunities for agricultural activity, but their contribution to the local economy and the production of food and fibre is limited.

Total Properties by Industry

	1997	2001
Dairy	5	7
Flowers & Plant Nurs.	3	2
Fruit	33	27
Grain & Mixd Crop.	34	21
Grapes	6	13
Pastoral	149	167
Other Livestock	17	4
Pigs	4	4
Poultry	3	1
Vegetables	1	
Total	255	246

Although the inherent values of the land for agricultural are generally low, it still makes a contribution to the local economy and provides opportunities for land management and landscape quality protection. Considerations of a change in land use must address the economic change through displacing this activity and the impact of an alternative land use.

Obviously, the future of rural living in the Shire needs to be considered within a context of environmental sustainability. This context arises from a policy setting at State and Local level that advocates protection of water quality, biodiversity and natural resources. This context also arises from the values of the local community.

Environmentally sustainable rural living is that which;

- Will not be detrimental to water quality;
- Will not be detrimental to air quality;
- Will not compromise native vegetation and habitat;
- Will not threaten fauna;
- Will not cause soil erosion;
- Will not cause salinity;
- Promotes efficient use of resources (eg. Water, power and fuel);

Threats that rural living may pose to the environment include;

- Pollution of water bodies with nutrients from septic tanks;
- Pollution of water bodies with sediment disturbed through earthworks for roads, dams and building sites;
- Alterations to catchment water flows due to additional dams;
- Air pollution through burning of wood for heating and cooking;
- Air pollution from motor vehicles due to greater car use/dependence associated with dispersed settlement;
- Removal of native vegetation for roads and building sites;
- Loss of fauna through presence of people and animals;
- Soil erosion due to earthworks and removal of native vegetation;
- Salinity due to removal of native vegetation and other activities that change natural water table levels including watering of gardens, construction of dams;
- Additional use of resources due increased car use and larger gardens.

Strategies to achieve environmentally sustainable rural living include;

- Appropriate effluent disposal;
- Avoiding significant water supply catchments;
- Avoiding areas that are of high erosion risk;
- Encouraging solar responsive designs;
- Clustering close to key service areas;
- Avoiding areas of significant vegetation and habitat;
- Preventing vegetation removal and encouraging revegetation as a component of land use change;
- Encouraging use of low water use plants in gardens and around properties;
- Encouraging use of alternative energy sources.

10. Quantifying the Cost of Rural Living Development

10.1 Introduction

A key component of the project brief is to quantify the costs that Council and in turn the community is likely to incur as a result of any of the recommendations of the study. Recommendations to provide for additional rural living development areas or to provide generally for such development should not transfer a cost burden to the general ratepayer. A full economic investigation including benefit cost and/or opportunity cost approaches is not an expected output. An investigation of costs will place the Council in a stronger position than it is now to appreciate the additional direct and indirect cost of further development in the rural areas on the services it provides. The other side of the financial implication is revenue from rates which has also been examined.

In addressing this, the methodology is based upon estimating the costs accrued from an existing rural living area and then using these costs as a basis to assess likely costs associated with any future rezonings. For this exercise the Odgers Road area north of Castlemaine has been used. This will provide a basis to make a number of assumptions for the apportionment of these costs between those the developer/landowner would reasonably bear and the costs Council would bear. These costs are defined as direct and/or ongoing. The costs have been examined into three key areas. These are:

1. Road infrastructure and maintenance
2. Waste management
3. Community services

The broader costs the Council and, therefore, the community will bear can be defined as indirect costs. These costs could relate to such matters as; the loss of agricultural land to non-agricultural development, the loss of vegetation and its effect on biodiversity, the cumulative impact of septic systems on the environment and the introduction of pest, plants and animals to the environment.

Reference is made to a Master's Thesis study completed in the mid 1990's. This study is titled "*Regional Economic and Environmental Costs of the Conversion of Farmland to Hobby Farming: a basis for supply, location and management criteria*" by Ross Lovell a former employee of the City of Greater Bendigo. The thesis covers many of the issues that are discussed in this report.

10.2 Road Infrastructure and Maintenance

The Council has a budget of \$18.78 million for the 2003/04 financial year. Council allocates 39.5% (\$7.42 million) of its annual budget to road construction and maintenance (Wallace, D 2003: interview). With any new rural living area there is invariably a requirement for additional road infrastructure, predominantly for internal networks. Therefore, road infrastructure is a key consideration in determining the economic impacts of rural living developments upon the community.

From inspections and interview material it is apparent that most existing rural living areas in Mount Alexander Shire are serviced with all weather gravel roads (direct network) and informal drainage. One cannot view these areas in isolation as they connect with the local sealed collector road (indirect) network. In turn this local road network will carry more traffic as a result of further intensive living of rural areas and require more frequent maintenance and possibly some form of upgrading over time. Therefore a key secondary consideration is the maintenance of the direct

(grading) and indirect road networks (general maintenance). Put simplistically the cost of maintaining a road is a function of the amount of traffic.

Lovell's analysis found *"the funding required to upgrade and maintain the larger subdivision roads and collectors in these localities will actually represent in many cases several times the rates income generated by the hobby farm estates they serve"* (Lovell; Page 64). Rural living development that fails to address the increased costs associated with the increased use of the road network can lead to a cost burden. There is potentially a subsidy from the community (generally urban ratepayers) to the ongoing maintenance of the road network serving rural living development and, in turn, those roads inherited by Council over time. The more isolated and further distances travelled to rural living areas potentially the greater the rate of subsidy paid by the community. Collector roads may require upgrading just for access to these isolated rural living communities.

In regard to the existing road network in the Shire the following table documents the urban and non urban road network. Council has a total road network of approximately 1177km. Of this, just over 80% are in the non-urban rural areas. In turn, in the non-urban areas 60% of the road network is unsealed or formed only. These figures correlate with the assertion that the majority of rural living areas are serviced by, at best, an unsealed road network.

ROAD TYPE	TOTAL ROAD LENGTH (metres)
Township/Urban	
Sealed	146,920
Unsealed	72,132
Formed Only	7,154
<i>Subtotal</i>	<i>226,206</i>
Rural/Non Urban	
Sealed	374,001
Unsealed	563,049
Formed Only	13,803
<i>Subtotal</i>	<i>950,853</i>
TOTAL	1,177,059

Typical road construction and maintenance costs used for budgeting purposes used by the Council are set out in the following table;

TYPE OF WORK	COST ESTIMATE (\$/km)
New gravel road	60-65,000
Gravel re-grade	155
Re-seal	18,000
Re-construction to bitumen	100,000

On current prices the cost of re-grading (maintenance) the entire unsealed road network (656km) once would be \$101,608 per year. However gravel re-grades of the roads that service the rural living areas around Castlemaine occur 4 times per year. For example the cost of this service for Odgers Road (3715m) would be \$2302.30 per year. To construct Odgers Road as part of a new development the cost would be \$241,475 based on its length of 3.715km.

The above figures have been used as a basis for the assessment of likely costs of future rural living developments. It is likely that these costs estimates underestimate the costs because they are derived on the basis of a development close to the Council depot and they do not consider the full impact on the collector road network.

In its governance role Council cannot withdraw from local road maintenance. Therefore it is imperative that Council imposes upon the developer a standard of road construction that will minimise the maintenance for Council in the long term. With this in mind Council should set a standard for road construction that requires a higher construction (perhaps to bitumen and formal drainage) when a certain number of lots is created in the subdivision. If there is a staged subdivision the planning permit can contain a Section 173 Agreement that sets the trigger for the road upgrade. This Agreement could also be used to require improvements to Council's existing road network, particularly if there is one point of access to this network. These works may require protected turn lanes, wider seals or more formal drainage.

Such a scenario is a relevant response to a new rural living development proposal. However as the research has shown most rural living development occurs through utilisation of existing lots in old subdivisions or historic titles. These have a cumulative effect on road construction and maintenance costs.

10.3 Waste Management

Council contracts the collection of waste to Cleanaway that includes the servicing of 6288 properties and 197 street bins shire-wide. In 2002/03 the budget for this service was \$220,082 for garbage collection and \$210,000 for recycling.. Waste is either collected at transfer stations in Maldon or Redesdale or disposed of at the Sluicers Road landfill in Castlemaine. Wheelie bins (140 litre) are collected weekly and 240 litre bins for recycling are collected every 4 weeks. Council also provides the option of 80 litre bins.

In order of activity the collection data for the areas in the Shire are as follows;

Castlemaine	3480 properties and	112 street bins
Newstead	1018 properties and	36 street bins
Maldon	941 properties and	37 street bins
Metcalf*	849 properties and	12 street bins

* includes other areas

Figures for the actual cost of servicing individual properties were not available however some assumptions can be made against the overall cost of providing the service against the contract price.

Assumption 1 - As street bins are usually located within commercial areas it has been assumed that the cost of servicing would be no greater than residential properties as the trucks would be in the area already servicing the commercial properties.

Assumption 2 - The Lovell thesis found that the cost of servicing the rural living areas for waste collection was about 4 times greater than the urban areas of the City. This is largely due to the greater distances travelled by contractors for the collection of the same number of bins. As Mount Alexander Council charges a uniform waste collection fee is highly likely that there is a considerable degree of subsidisation by the urban areas to support this service to the rural living areas.

The combined collection activity of 6485 sites across the municipality costs the Council individually \$66.32 per site per year. Council charges \$154.50 per year for the 140 litre bins and \$125 per year for the 80 litre bins. Whilst on face value it seems Council may be benefiting with this arrangement it should be noted the remainder of the charge accounts for the cost of maintaining the transfer stations and land fill and the State Governments Environment Levy.

The current policy for new collection areas is based on whether more than 50% of the residents in a defined area vote in favour of the collection. From an environmental perspective it is Council's expectation that this service would be provided to new estate style rural living developments.

Generally all residential or township properties have bin and recycling collection along with all of the current rural living areas surrounding Castlemaine (Odgers Road and Golf Links Road areas). Given this, it is expected that further developments would logically request this service.

10.4 Community Services

The Council approach to the provision of community services is that everyone deserves universal service. However this is generally not the outcome given the difficulties associated with funding shortfalls, dispersed communities and the rapid growth in the ageing population.

The services that are provided by Council include;

HACC – Home and Community Care

- Home care
- Personal care
- Respite care
- Meals on wheels
- Property maintenance
- Social support
- Trips away
- Dinners club
- 7 senior citizens areas
 - Castlemaine
 - Campbells Creek
 - Chewton
 - Newstead
 - Maldon
 - Metcalfe
 - Baringhup

DVA – Department of Veteran Affairs

- Domestic assistance
- Personal care
- Respite care
- House and garden maintenance
- Meals on wheels
- Social support

Council provides HACC and DVA services to 1500 people across the Shire. These services are heavily subsidised by external funding from the State and Federal governments. For instance, Council provides only 23-24% of the annual cost of providing HACC services – the rest is provided by external grants. Council allocates 1.7% of the annual budget to these services.

The Community Services Manager advised that some of the key issues are;

- The cost of providing these services to the community is apportioned equally irrespective of whether recipients are located in an urban or rural area. The majority of recipients are urban based.

- The ageing population will place increased pressure on the budget for the provision of these services on an ongoing basis.
- The lack of community and/or public transport exacerbates the isolation of communities for access to community services.
- Services are heavily reliant on external funding.
- As the rural population ages there is a tendency for people to relocate to nearby towns where properties are smaller (less maintenance) and there is greater and easier access to services and family support.
- If consideration was given to the real cost of providing services then the cost of the service plus the time taken to provide the service would need to be considered. Using this approach there would be higher costs in the rural areas due to fewer recipients and the longer distances travelled.

Where residents in rural areas are young to middle aged families groups that have the capacity to either seek an income from the farm or gain income from off-farm these services are not impacted. There may not be a major impact on community services over time if as the population grows, there is a drift of the elderly to urban centres. However large numbers of persons in rural living areas could impact financially.

From the three issues addressed, community services are the least significant cost for Council in the rural areas as the majority of recipients are located in urban areas and the provision of services to rural areas is limited and more heavily subsidised than urban areas.

10.5 Rates

While the argument is often mounted that new development means increased rates it should be noted that rates amount to only about 40% of Council income the rest coming from various grants. Benefits of development linked to rates are only valid if the costs to Council are less than the income from rates.

The improvement in the rate base has often been used to support the rezoning of land to a higher or more intensive use. This issue in isolation can be fairly compelling however a truly balanced assessment of any rezoning of land requires a wide range of competing issues to be addressed, of which the improvement in the rate base is not a sound planning reason albeit that it may be economically attractive. Other components of the report present a balanced assessment of the issues.

In the Odgers Road area it can be assumed that Council is receiving significantly more rate revenue than prior to its development. However, against this must be costed the increase in services and particularly road maintenance. A decision to seal Odgers Road would mean that Council (the community) was subsidising the development.

10.6 Cost Apportionment

There are generally two methods of apportioning costs for new development. The primary and preferred method is via a Development Contributions Plan (DCP) administered by the Development Contributions Plan Overlay of the Victoria Planning Provisions. This would be geographically specific to the development area and cover both infrastructure, environmental and community costs. The costs would be apportioned on a unit or per dwelling basis for proposed

lots. The second method is to apply costs via conditions on the planning permit or via an agreement under Section 173 of the *Planning and Environment Act 1987*.

It is noted that only a few Councils in Victoria have Development Contributions Plans in place.

The choice between the two relies significantly on the existence of the DCP. A significant amount of work can be involved in the drafting of a DCP and for relatively small developments (<30-40 lots) Councils usually rely on the applications of costs via the planning permit.

The State Government has reviewed the development contributions system and began the rolling implementation of its recommendations on 15 May 2003. The new system provides for two approaches to development costs application. These are a Full Cost Apportionment (FCA) and Off The Shelf (OTS) development contribution plans. The OTS option provides a preset schedule of levies for infrastructure and community services. This option is available for rural housing in all rural zones. A sample schedule of rates for rural development on a per dwelling basis is provided in the table below.

Roads	Drainage	Development of Park/Open Space (excl. cost of land)	Community Facilities (excl. cost of land)
\$430	\$650	\$170	\$280

These rates are deliberately conservative and would not represent the full cost of services.

The FCA method relies on thorough strategic work on a specific site to accurately develop the overall cost of the development and the methods for apportioning those costs. A planning scheme amendment is required.

For the purposes of this study it is expected Council will apply costs as part of conditions on the permit or via a Section 173 Agreement. If this is the case, all internal road, drainage and environmental costs (landscaping and fencing) will be allocated via the planning permit. Waste management costs (secondary or indirect costs) will be applied by Council to the users of the service (purchasers) via the rating system as currently applies. It is unlikely for rural living areas that Council will apply any community service-type levies on the subdivision unless an OTS development contributions plan is used.

The greatest burden Council will bear is:

- ongoing maintenance of the public road system that it inherits from the land developer,
- cumulative environmental impact of the use of septic systems,
- tree removal, and
- any loss of agricultural land to non agricultural use.

The three latter issues are difficult to quantify and beyond the scope of the study, however they are discussed in other parts of this report.

The study has identified a significant and current potential in areas zoned Rural for new 'rural living developments' due to the large number of small lots. The progressive development of these areas for residential use will over time present Council with 'hidden' costs similar to those above but with no way of re-couping these from the developers. It is this type of development that is tantamount to rural living that will present Council with the most significant costs in the long term.

Using the Odgers Road example (58 properties), the following costs are relevant in today's dollars:

Odgers Road construction (incl. drainage)	\$241,475
Ongoing maintenance	\$2,300 per year
Waste Management	\$8,961 per year

Of these costs Council would be responsible for the ongoing maintenance of the road and may also contribute to the sealing of the road including formal drainage if a request was made. This would bring environmental benefits such as reduced erosion and tree impacts.

10.7 Conclusion

The area of costs assessment for rural living developments is difficult to quantify. Council does not keep records on specific areas or developments and the unit rates charged for road construction and waste collection have been used. Where these attempts have been made there is a range of underpinning assumptions. Generally costs are incurred in the areas of road construction and maintenance, waste management, community services to a lesser degree, and environmental and agricultural costs. These costs can be categorised as direct or indirect costs.

The greatest costs Council will bear are the indirect broader community costs of the loss of any agricultural land from production, dispersed communities, on-going environmental costs of vegetation impacts and septic re-use systems upon the environment. Through the approval process the direct costs of infrastructure (roads and drainage) provision are borne by the developer however ongoing maintenance of this infrastructure is borne by Council. There is a degree of subsidisation for ongoing road maintenance and waste collection. To limit its liabilities in this area it recommended that Council establish a clear set of guidelines for road construction standards and the trigger points for these standards.

Rural living developments that are dispersed or ad hoc and located significant distances from urban areas or other development and the existing sealed road network will require longer travelling distances for waste collection and Council delivered community services. These areas will be a greater burden for Council than rural living areas that are established close to urban areas. One method of controlling these costs for isolated rural living areas is the preparation of a Development Contributions Plan.

The Mount Alexander landscaped is characterised by many small rural lots that exist from the historical development of the area. The development of these lots for residential use over time will present 'hidden' costs to Council in the form of road upgrades and service provision that cannot be re-couped by Council through a planning permit condition. These costs will be borne by the community and place continuing pressure on the rate base.

The findings of this analysis of cost implications are three-fold.

1. Where rural living subdivisions/developments are approved Council should require a standard of road construction, drainage works, bridges that will absolutely minimise ongoing maintenance costs. Preferably Council should require that developments of a particular number of lots served from the new road network should be supplied with full bitumen constructed roads.
2. That the location of such rural living development should avoid isolated areas reliant on extended existing road networks for access particularly if these are substandard gravel or formed roads with bridges and other construction with limited life spans.

3. That Council should review its policy of approving one off house approvals in rural locations where those sites are accessed by gravel or unformed roads.

11. The Policy Context for Rural Living Development

The State Planning Policy Framework requires:

- The growth and redevelopment of settlements should be planned in a manner that allows for the logical and efficient provision and maintenance of infrastructure
- Management of land use and development in water catchments, especially domestic water supply catchments, to protect water quality
- Minimisation of wildfire risk to life and property
- Maintenance of native biodiversity
- Conservation of significant places of cultural and natural heritage
- Direction of rural living development to areas that are not environmentally sensitive, agriculturally valuable and that have access to appropriate services
- Protection of high quality productive agricultural land for agricultural use

The Local Planning Policy Framework set out in the Shire's Municipal Strategic Statement recognises that:

- There is a large amount of dispersed small allotments in shire have proven popular for hobby farming and rural lifestyle activities
- The Shire population is anticipated to experience a net gain in growth especially in the residential and rural living zones
- There is a need to protect agricultural and horticultural (particularly Harcourt irrigation areas) land uses from incompatible non-agricultural based development, including discouragement of the subdivision of agricultural land and of rural living type development in rural zones
- There is a need to identify areas appropriate for rural living so that;
 - agricultural areas are not restricted by incompatible uses,
 - demand for this form of development can be focussed into areas which will not conflict with established agricultural uses,
 - environmental sensitivities and conditions are respected

The Strategy and Policy Framework in the planning scheme establishes that:

- Urban development should not prejudice or limit agricultural use of land around towns, and the consolidation of existing townships should be encouraged
- Rural living and rural residential opportunities or demand is identified around a number of settlements in shire; Guildford, Fryerstown, Yapeen, Maldon along with areas around Castlemaine such as McKenzies Hill, Ranters Gully, Diamond Gully and locations north of the town

- To ensure the sustainable development of natural resources of soil, water, flora, fauna, air and ecosystems and the maintenance of ecological processes and genetic diversity. Consistency with, and application of, the regional catchment strategy and other natural resource management strategies is promoted
- Fragmentation of productive agricultural land by inappropriate subdivision is to be avoided to ensure the productive capacity of the land is maintained. A specific policy (22.22) exists providing a consistent strategic basis for considering permit applications for excisions of dwellings, use of lots smaller in size than the 40ha specified in the Rural Zone and the re-subdivision of existing allotments
 - Objectives are to; ensure lots smaller than the 40ha specified in the Rural Zone are consistent with the purposes of the zone; to limit subdivision of land that will be incompatible with the utilisation of land for sustainable resource use; and to ensure subdivision of land that excises a dwelling does not prejudice surrounding rural productive activities

Local Planning Policies

The Shire's Planning Scheme contains a number of local policies which address issues relating to rural land. In summary the intent of these are to implement the following goals:

Settlement

- New uses and development within and on the urban-rural edge of the towns will generally be consistent with the elements of the strategic structure plans for each major township area.
- To maintain an appropriate mix of rural lifestyle choices within the small townships.

Environment

- Ensure the long term sustainable development of natural resources and ecosystems including surface and ground water are not degraded by uses and developments.
- Ensure that uses and developments do not cause significant land disturbance and that vegetation loss and soil erosion are minimised.
- Areas of environmental and visual significance are protected from inappropriate development.
- Ensure that the use of steep land takes into account environmental constraints and fire hazards.

Residential Development

- Excisions of dwellings and the creation of lots smaller than specified in the schedule to the rural zone is consistent with the purposes of the zone, does not prejudice surrounding rural production activities, and to limit subdivision of land that will be incompatible with the utilisation of the land for sustainable resource use.
- Ensure that houses on existing allotments in the rural zone are only erected in conjunction with the agricultural use of the site, and to ensure that farming is not adversely constrained by the nearby construction of additional dwellings.

Economic Development

- To protect the natural and physical resources upon which agricultural industries rely.

- The use of rural areas for agriculture and associated rural activities will continue to be encouraged as the most appropriate management technique, while recognising that planning must be responsive to differing practices as the future of agriculture changes.
- Expansion of urban areas and development into high quality agricultural areas will be discouraged.

Infrastructure

- Ensure that all forms of residential development, including where practical rural residential development, are connected to reticulated water, sewage, power and stormwater facilities.

Following the review of strategy and policy in respect to Rural Living development and the release of a draft Strategy, the Council's consultation program and the call for submissions, the following factors were identified as drivers for strategy and policy development and reinforcement.

- The implications of the introduction of the State Government's new draft Rural Zones and the need for further work to define areas for application of the Rural Activity Zone.
- A recognition of the scope for Council to take the initiative with a number of landowners to facilitate the rezoning of areas of land with a number of individual holdings that could support a Rural Living Zone.
- Strengthen the Strategy provisions in respect to subdivision and housing development adjoining the recently proclaimed National Heritage Park and the other public land with box-ironbark forests and woodland and to acknowledge and minimise fire risks in these areas.
- That the criteria to be used by Council for dealing with proposals for rezoning of land to Rural Living particularly in regard to water reticulation, road construction standards and upgrading, and environmental improvements, be spelt out in greater detail (see attached document)

12. Strategic Directions

12.1 The Policy Framework

Councils have a statutory duty, prescribed by the Planning & Environment Act, to facilitate development through planning and to assist in the protection of the environment and the management of natural resources. The overall guiding principle is to ensure that decisions have a net community benefit and that they support sustainable development.

In respect to rural areas, the State Planning Policy Framework requires that Councils undertake planning so that:

- The growth and redevelopment of settlements is undertaken in a manner that allows for the logical and efficient provision and maintenance of infrastructure.
- It contributes to the economic well-being of communities and the state as a whole by supporting and fostering growth and development by providing land, facilitating decisions and resolving land use conflicts. This includes the encouragement of tourism development, forestry and timber industries and allow for extractive industries.
- Land should only be zoned Rural Living or for rural residential development where it is located close to existing towns and urban centres with access to necessary services but not in areas that will be required for fully serviced urban development.
- High quality productive agricultural land should not be encroached upon by zoning land Rural Living or for rural residential development and should be protected from permanent changes that would lessen its agricultural values.
- There is protection and conservation of biodiversity and the wise use of natural resources including the protection of water quality in water catchments should be an outcome of planning. Responsible authorities should coordinate their activities with catchment management authorities and consider any relevant management plans or works programs of these authorities.
- The range of physical constraints are managed and planned to ensure sustainable development over the long term through judicious decisions on the location, pattern and timing of development. These physical elements include floodplain management, salinity, soil contamination, protection of life and property from wildfire and the conservation of heritage values.

Mount Alexander Shire's Rural Living Strategy is required to be framed within this policy context.

12.2 The State Governments' Rural Zones Review

In 2002, the State Government commenced a review of the provisions of Rural zones in planning schemes.

Findings of the Review

- There is a mis-match between the existing zone purposes and the use and development controls

- There has been a misapplication of the current zones
- There has been insufficient strategic planning and application of strategy and policy to the issues
- Councils need to conduct a proper audit of their rural land that includes land capability and productivity analysis
- Farming should be properly identified as a business activity that has industrial like impacts
- Rural land is also being used for mixed use and rural living purposes
- The very liberal and broad ranging Rural zone is lacking in direction and has been used to facilitate a mix of uses
- The Rural zone has not enabled farming as a business or an industry to operate, unencumbered by other uses especially housing
- There needs to be a zone that elevates the role of farming

New Statewide Rural Zones

In November 2003 the State Government released 'Proposed New Zones for Rural Victoria' with an invitation for submissions by 20th February, 2004.

The proposed new zones were

- Farming Zone
- Rural Activity Zone
- Rural Living

These zones were designed to replace the existing zones and to complement two new rural zones already introduced as part of the Metropolitan Strategy's approach to the green wedge areas

- Green Wedge zone
- Rural Conservation Zone

In respect to the State's rural areas the explanatory report with the new zones envisages that where possible the approach will be the conversion of existing zones to the new zones.

- Rural Zone (existing) to Farming Zone (proposed)
- Rural Living Zone (existing) to a revised Rural Living Zone
- Rural Activity Zone (proposed) a completely new zone
- Environmental Rural Zone (existing) to a new Rural Conservation Zone

In terms of the purposes of the zones the explanatory report stated:

- The Farming Zone is intended 'where activities are predominantly of an agricultural nature'.
- The Rural Living Zone is intended to apply 'mostly to areas in the existing Rural Living Zone or other areas where residential use in a rural environment has been strategically justified.'

- The Rural Activity Zone , a completely new zone is intended 'to apply to some areas that are currently in the Rural Zone or other zones where the competing interests of agriculture, the environment and other rural activities need to be balanced'. The Rural Activity Zone 'should be strategically applied to areas where farming and other rural lifestyle activities can co-exist.
- The Rural Conservation Zone is intended to 'apply to areas currently in the Environmental Rural Zone or other areas that have been strategically justified as having predominantly conservation value.'

Some overall implications of these provisions are

- Areas that would be converted to the Farming zone lack some of the flexibility in the current 'Rural' zone. eg use of land for industry, use of large lots for 'rural living' are not a favoured option.
- Application of the Rural Living and Rural Activity Zones. The distinction between these two zones is a little unclear especially when applied to areas where there is a mix of residential, farm activities and environmental values. Councils are probably going to need to draw a sharper distinction between areas which are predominantly being used for very low density residential as against 'mixed use' areas or areas that have potential for a range of small scale commercial and sub commercial uses and/or environmental values.

Implications of the New Rural Zones for Mount Alexander's Rural Living Study

The State Government introduced the new Rural Zones in June 2004.

The new Rural Zones are consistent with and actually reinforce the position of Council's overall Rural Living Strategy.

In particular they provide for

- A clearer distinction between land for farming/agriculture and land for a mix of rural uses/ rural living development
- A stronger emphasis on site and environmental capability for subdivisions and new development

A significant implication is that the Council's position of not supporting housing development on ad hoc old titles in areas in the Rural Zone is reinforced. The new Farming Zone provisions mean that Council may need to examine whether some areas currently zoned Rural would be better placed in the Rural Activity Zone or the Rural Conservation Zone.

12.3 The Provisions of the Rural Living Zone

The purpose of the Rural Living Zone is

- To implement the State Planning Policy Framework and the Local Planning Policy Framework, including the Municipal Strategic Statement and local planning policies.
- To provide for residential use in a rural environment.
- To provide for agricultural land uses which do not adversely affect the amenity of surrounding land uses.

- To protect and enhance the natural resources, biodiversity and landscape and heritage values of the area.
- To encourage use and development of land based on comprehensive and sustainable land management practices and infrastructure provision.

12.4 Metropolitan Strategy

The State Government released the Metropolitan Strategy (Melbourne 2030) in October 2002. This includes significant provisions relevant to the future planning of Mount Alexander Shire and its rural areas. The M2030 Strategy provides for a State Direction on Regional Transport Corridors and provides for a Policy to be included in the SPPF which sets out the following:

- Recognise that towns on and around the improved regional transport network may come under more pressure for commuter or lifestyle-related development. That pressure will be focused on towns that are best able to accommodate increased growth, while also protecting conservation and heritage values and the surrounding natural resource base. These key towns will already have the necessary physical, social and cultural infrastructure to support expanded populations and provide local employment opportunities, or they will be able to accommodate it. The Government will work with local councils in the transport corridors to identify the key towns and plan for their future development.
- Control development in rural areas to protect agriculture and avoid inappropriate rural residential development.
- Maintain the long-term sustainable use and management of existing natural resource attributes in activities such as agricultural production.
- Protect existing environmental qualities, such as water quality, native vegetation, biodiversity and habitat.
- Minimise or avoid property servicing costs carried by local and State Governments.
- Discourage the use of existing small lots in rural areas where neighbouring uses are predominantly for extraction or production from agricultural uses and where uses such as rural living would be incompatible. Consolidation should be used to reduce the amount of these lots in existence.

These policies must also be seen within the context of the State Government's overall strategy to boost the population growth rate in regional Victoria so that it is comparable to that in metropolitan Melbourne.

To further assist in the implementation of M2030 in respect to rural areas, the State Government proposes in the strategy to:

- Complete the review of rural zones and amend the zone provisions to provide an improved framework to implement State and local policy for the management of agricultural and other natural resource based uses.
- Investigate ways to discourage development of isolated small lots in rural zones and to encourage consolidation of existing lots.

- Amend *Ministerial Direction No. 6 (Rural Residential Development)* so that it also applies to all proposals for rezoning of land that would create lot sizes greater than two hectares and less than eight hectares, and include improved performance standards for resource impacts, environmental impacts, and servicing and infrastructures requirements.

12.5 Setting a New Strategic Direction for Rural Living Development

This study, commissioned by the Mount Alexander Shire Council, is focussed on the issue of rural living in the context of the application of the Council's planning scheme. Rural living includes the use and development of land on lots in a range of sizes on land used for a variety of purposes: from intensive agriculture through to a house in a forest setting. Services provided to such lots can extend from virtually full urban services through to almost no physical infrastructure or Council provided services.

The planning scheme makes provision through zoning for such uses in a number of locations in the Shire, generally these are found in and around Castlemaine and other communities in and along the Calder corridor. The current zoning for rural living tends to reflect areas that have developed in this manner in the past and in some cases prior to the application of a planning scheme.

However, because of the proliferation of small areas throughout many parts of the Shire, in particular former gold mining areas, there are a large number of existing small lots dispersed throughout areas zoned Rural that can be used for rural living purposes if a permit for a house is granted on them. The evidence from the research indicates that this form of development is the substantial part of rural living development in the Shire. The evidence from past demand is that there are very few subdivisions specifically to create rural living lots. Most rural living demand is met by developing existing small lots in rural areas.

12.5.1 Values and Aspirations

In examining the whole issue of rural living and preparing a strategic position to take Council and the community forward, it has been realised that such a position cannot be developed in isolation from the aspirations of the community for the overall planning of the Shire and its communities. Mount Alexander Shire is a strong and vocal community that holds clear positions and values. While it is difficult to summarise and reflect these, the consultants have drawn on a range of material, including submissions to this study, meetings with submitters, the views expressed at various forums in the Shire and a comparative analysis of Mount Alexander and other communities with whom the consultants work.

Two observations stand out in respect to the community's views and aspirations:

1. There is very strong sense pride in the cultural and environmental setting of the Shire and its various communities. There is a strong desire to look after that heritage and to ensure that not only is the environment protected but that substantial actions should be taken to repair and restore the natural resource base.
2. There is a widespread recognition that the elements that make up the Mount Alexander Shire community and its cultural heritage landscape are a unique combination that is widely valued. There is little support for new growth and development that does not respect and celebrate that unique quality.

Any strategy, whatever aspect it is dealing with, must reflect and respect community aspirations. Without wishing to overstate the current situation, the consultants have assessed that Mount Alexander Shire and its community have reached a critical turning point in its development, not

only in respect to rural living development but in respect to the whole issue of the type and amount of development the community wishes to see.

For a long period the Shire as a whole had experienced comparatively little change. Population numbers and new housing had been relatively stagnant. While there was development it was at a rate that was relatively easily managed. This situation started to change about a generation ago, new residents and tourists began to 'discover' Castlemaine, Maldon, Newstead and areas such as the Harcourt Valley and the rural areas. This discovery has gathered pace and has been fuelled by a wide range of factors; improvements in transport (actual and projected), greater emphasis on quality tourism, development of vineyards, ageing of the population, the ambience of places like Castlemaine, the growth of Bendigo, improved telecommunications and housing affordability issues in Melbourne. All this has meant increased visitor numbers and demands for housing. The rate of interest in living in the Castlemaine region has gathered pace and all the indications are that the rate of likely future change, left to its own momentum, will be substantially greater than anything previously experienced.

Many of the newer residents have brought new values which have enriched the community, but generally new residents have reinforced the existing values about the environment and heritage of the area. Consequently, the demand for truly sustainable development that respects the heritage and natural environment has grown stronger and been more articulated.

It is evident from discussions with the land development industry, the real estate industry and individual representation that there is an unmet demand for small rural living holdings of all sizes in and around existing areas that currently have rural living development. While there are a myriad of existing lots on separate titles not all of these are available for sale or development. The questions that Council and the community need to ask themselves are

1. What area and how much land on the fringes of the existing urban areas that can be readily serviced needs to be kept for the future urban development of these areas? This is particularly an issue in and around Castlemaine.
2. What areas should be retained in reasonable sized parcels so that opportunities for agricultural diversification and more intense production such as horticultural development can be realized? This particularly applies to the areas that are serviced by rural channels.
3. What areas of rural living development can be reasonably serviced by infrastructure and Council services. It is increasingly evident that with an aging population it is no longer reasonable to expect that a range of Council services can be delivered on a heavily subsidized basis to dispersed rural living areas.
4. An immediate and longer term imperative exists to ensure that future urban, low density and rural living development minimizes its impact on the environment and the natural resource base. The condition of the Loddon River in respect to salinity demands for instance demands that future development actually makes a positive contribution to the overall quality of the water resource.

This review is not a review of the Shire's rural areas, agricultural production, farm viability and agricultural land management practices. However, it is not possible to review rural living and ignore the agricultural and rural land use scene. Rural living development impacts on and is impacted by the economic, social and environmental forces relevant to broad acre farming. Having said that the Shire's rural living review and strategy is not being conducted to provide a means by which small agricultural properties can realize increased value of their property by subdivision. From the consultation it is evident that there are a large number of existing farmers who have properties less in area than a full scale commercial property. That in itself is not an argument for the Shire Council to simply rezone their land rural living so that additional lots can be created. The Shire Council rural living strategy needs to be primarily based on what is of the

greatest benefit to the community as a whole. That means a strategically justified decision on environmental, social and economic considerations and net community benefit.

In order to address that need the review recommends that future rural living area must satisfy four criteria.

1. That there is a genuine community (not individual) benefit in providing additional rural living opportunities
2. That the existing fragmented – historical lot pattern does not provide the basis for future planned rural living development
3. That rural living development needs to fully meet the costs it incurs
4. That rural living development cannot have a detrimental impact on the environment

There are a series of pressures impacting on the short and long term future growth and development of Mount Alexander Shire.

These include

- Increased levels of commuting demand (not simply to Melbourne but all along the road/rail corridor between Melbourne and Bendigo. This level is being accelerated by improvements to the Calder Highway and the fast rail development.
- Lifestyle demands and a growing retirement population. The ‘sea change’ phenomenon is not just a coastal demand. Inland areas with quality heritage, lifestyle, strong environmental values and a cultural base are in strong demand. The Castlemaine area generally fits that profile.
- The State Government’s strategy is to grow regional Victoria at a faster rate of population growth than previously. The Melbourne 2030 Strategy identifies and promotes the regional transport corridor between Melbourne and Bendigo as one of those growth areas
- While housing costs have risen substantially in regional areas and particularly in and around Castlemaine in recent years, the reality is that housing affordability is still very high compared with Melbourne. Anecdotal evidence from the real estate industry indicates that there are substantial numbers of persons who are realizing the value of their Melbourne home and relocating at a considerably lower cost and pocketing the balance.
- Castlemaine and district without any overt promotion or publicity has become a highly desirable place to live and is able to attract new residents looking for a particular lifestyle. This does not mean that the exodus of young persons looking for work, study, training and greater social interaction has been arrested. The trend dominates all rural and regional communities. However, there is a substantial in-migration looking for a particular lifestyle and community attribute that the Shire is able to provide.

12.5.2 How Much Development and What Form?

The critical issue facing the Council and the community is; how much future development should there be and how can that development be controlled and managed so that it doesn’t destroy the very values that have attracted it? Broadly speaking the range of options extend from ‘doing nothing’ about managing the change - that is basically approving most development proposals on face value, exercising the minimum level of control and with Council just basically meeting its statutory obligations. This option means setting no real plan of where development should be, what form it should take, it is essentially a market led form of planning. It is the consultant’s assessment that the community totally rejects this as the way forward. The other extreme to

doing nothing is to essentially reject further development and seek to minimise the further growth and development of the Shire. This would be difficult as a strategy. It would mean refusing to zone further land for development and rejecting proposals that sought to intensify development in existing zoned areas. While there is some reflection of that view in the community, it is generally seen as unworkable and unrealistic in the extreme.

There appear to be four elements in determining a course of action in respect to the amount, and type and form of development that the community supports. These elements include the concept of rural living but they are not confined to it.

1. The community wants a lot more say in establishing the framework and values that will shape the form and type of future development.
2. The community realises that much of the past and current form and type of development that they have seen approved over the last two decades is not what they want to see repeated and they want the future approval process to reflect the community's values and aspirations.
3. There is a demand that the type and form of future development should reinforce the cultural heritage of the area and should only be approved if it is making a positive contribution to environmental values and the restoration of the natural resource base.
4. That the rate of development and the conditions under which it takes place, particularly in sensitive areas, needs to be very closely managed.

The consultants reading of the community's aspirations is that there is broad support for tightly managed and controlled growth within the scope of a plan that delivers tangible benefits to the Shire. Such an approach would see real environmental and natural resource gains, not just a maintenance of the status quo. Such an approach would truly deliver on sustainability objectives by demonstrating real gains and ensure that the cultural and landscape heritage of the Shire is protected.

To move to such an objective and deliverable outcome will require a considerable change in approach. It will require the application of new ways of dealing with all forms of development including rural living. It would mean that most planning permits that have been issued in recent years would be refused because they simply do not deliver on such objectives. The bar would be raised with improved applications, improved outcomes and tougher enforced conditions. The standard of application would have to be sharply lifted, the scrutiny increased and the following through on implementation increased. Applications would be assessed against a new set of strict criteria.

A reading of the directions of the State's approach in terms of sustainable development and planning policy and the application of that policy approach to specific proposals would indicate that such a repositioning by Council would be in line with the emerging state direction. Reference to the Department of Sustainability and Environment's recently released Discussion Paper 'Sustainability in the Built Environment' provides the framework the State is working towards. The consultant's assessment is that the community is prepared to give its Council a mandate to pursue such an agenda on its behalf. In the consultant's experience we have not come across a community that appears to have such a strongly held view to support such an approach.

12.5.3 The Application of a New Approach

What are the implications of such a new approach? They are numerous. Planning must move away from a concept that it is simply about allocating land uses through zoning and that future household numbers can be simplistically allocated spatially. The community wants the forms and types of development that will be supported to be clearly articulated and implemented. These

values are built firmly around some core elements these have got to be expressed in all forms of development not just rural living. Future development both in its overall form and its expression in particular areas and individual developments must demonstrate and achieve greater levels of sustainability. The loss of environmental qualities and values must not only be avoided but new proposals for development should only approved if they can demonstrate that there can be substantial gains to the environment and the natural resource base. That criterion alone is not sufficient, new development must be clearly implementing an agreed overall strategy.

What does such a plan mean in terms of an approach by Mount Alexander Shire to rural living?

Critically, it needs to be recognised that virtually all rural living development in the Shire as currently provided for and is currently being approved is totally contradictory to the values that are being espoused. Dispersed ad hoc rural living development with minimal reference to the environment and the natural resource base is just another form of urban sprawl that is damaging to the environment. It is energy inefficient in terms of car access, services have to travel further, it frequently results in the clearance of some vegetation, it consumes larger quantities of limited water resources and often it alters the natural resource base to its detriment.

Ironically, substantial changes to the rural environment occur within minimum control through the permit process or by conditions on permits. Contrast this with urban areas where many developments are only approved on the basis of an extensive set of conditions that often go down to the micro detail.

13. Rural Living Strategy

13.1 Principles Underpinning the Rural Living Strategy

The following over-riding principles will guide consideration of all future rural living development – both in the selection of areas for such development and in the type and form of development to be approved.

1. Rural living represents a form of residential development in the Shire which has been consistently sought by a proportion of the population. There are opportunities to provide for this form of development in locations in the Shire which are within close proximity to services and settlements and in locations which do not compromise existing land uses and values and future needs of the community. The provision of land for future rural living does not have to be on the basis necessarily that a continuing supply must be available. There are constraints to the supply of suitable land.
2. Rural living development shall not be provided in areas which are required to be set aside for future urban development. Such areas need to be identified and able to be comprehensively planned and developed in a manner which makes best use of their attributes and infrastructure. It follows that rural living development needs to be closely integrated with the Shire's residential development strategy.
3. Rural living development needs to be economically sustainable. Each development must meet its full costs. This particularly applies to the provision of roads and drainage. The full impact of each development in respect to road infrastructure, services and the management of storm water is to be met by the development and its off site impacts are to be provided for by the development.
4. The net impact of each and every rural living development on the environment is to be at least neutral and preferably positive. However, Rural living development is not to be encouraged or provided for simply because it can be undertaken and have a positive impact on the condition of the environment. Rural living development will only be supported where it is appropriate given a range of issues, including location, access to services and facilities, off site impacts, respect for the local environment, land capability, achieves a substantial reduction in the number of small lots in rural areas, safety and fire protection, and opportunities to provide for sustainable rural land use which strengthen the local economy. Given the unique cultural heritage and landscape values of Mount Alexander Shire it is critical that rural living development respect that character and particularly the recent declaration of a National Heritage Park. Given that these factors have been considered and that the proposal can satisfactorily address them the over-riding consideration is that the land use development will not detrimentally impact on the on site and off site environmental condition. Proposals will be required to demonstrate that they have considered the full environmental impact and can preferably evidence a net gain in the environmental condition.
5. That rural living development does not detrimentally impact on adjoining or nearby productive agricultural uses.
6. Old and inappropriately townships (identified in the planning scheme by the use of the Restructure Overlay) will have specific provisions and requirements applied which will form the basis of any further development of these areas. These principles are
 - consolidation of lots into existing tenements or land holdings wherever practicable

- requirement for lots to be of a size such that all effluent and household stormwater can be contained on site
 - requirement for lots to be serviced by an all weather road
 - net environmental gain in respect to any development of a lot
 - siting of residential development so as to minimise the impact on adjoining or nearby productive agricultural uses.
7. Council will make a periodic call for proposals for rural living that proponents believe can meet the over-riding principles forming the Rural Living Strategy. These will be assessed and where appropriate and justified by the application of Councils criteria will be supported as an amendment to the planning scheme.
 8. Council recognises that the application of the State Government's new Rural Zones will mean that significant areas in the Shire will be transferred to the new Farming Zone from the existing Rural Zone. In a number of instances this will result in minimum lot size provisions that do not reflect the productive capacity of land and full time farming operations. Also there is a large number of peripheral urban areas where existing small lots in individual ownerships are zoned Rural but cannot reasonably be developed. Council therefore foreshadows that as part of the ongoing review of the planning scheme they will give high priority to review the zoning and the application of a schedule to these areas or the rezoning of land to the Rural Activity Zone.

13.2 Implementation of the Rural Living Strategy through the Planning Scheme and the Consideration of Planning Permit Applications

The Rural Living Strategy will be implemented through the planning scheme by the following processes.

1. No further rezoning of land to Rural Living unless a proposal is developed by a proponent in accord with the Rural Living Strategy principles. Exceptions to this relate to a small number of areas which are effectively functioning as rural living areas now by virtue of their lot pattern and dwelling development and rezoning the land would not provide for any additional existing development that would be achieved under the current provisions.
2. A number of areas currently zoned Rural Living should be rezoned Low Density Residential to reflect their existing lot pattern and development and access to services as identified in the Urban Living Strategy
3. Use of existing old Crown allotments in the Rural Zone for rural living purposes is not to be supported. Proposals for rural living should be subject to evaluation for a Rural Living rezoning based on meeting the criteria forming part of the Strategy.
4. Proposals for new development and for the rezoning of land to Rural Living will only be supported where they are consistent with the strategy and policy. Areas that can demonstrate a net community and environmental benefit by being rezoned will be supported. Rural living must demonstrate that it is sustainable and there is a net benefit for the natural resource base. Proposals will need to demonstrate that they are not adding to fire hazard or the difficulty of fighting fires and should facilitate fire fighting operations.
5. The type and form of Rural living development that will be supported will be clearly articulated in Council's strategy and policy in both a revised Municipal Strategic Statement and Local Policies in the planning scheme. Scope must be provided for

innovative forms of development that involve net gain outcomes for the environment and new forms of land management arrangements.

6. Areas which could be supported as a rezoning to Rural Living are more likely to be found in close proximity to Castlemaine and other service centres such as Maldon and Newstead. A critical issue is to maintain, through zoning and the application of restructure development policies the clear separation between towns and communities. The interface between urban and rural living needs to be coordinated. There is a clearly expressed view in the community to avoid linear sprawl along major roads linking the towns and settlements. Proposals for rezoning can be undertaken under Section 96A of the Planning and Environment Act which combines the rezoning and the permit in one process.

Satisfying a new set of criteria for Rural Living rezoning or development will be hard to achieve and demonstrate. It will require proposals to be of a much higher standard than the past. Candidate sites for rural living development have two choices; they can prepare a proposal that Council could support and be incorporated in an implementation schedule relating to this strategy or they can apply for a rezoning at a later stage.

Council invites landowners and prospective developers to prepare proposals for rezoning to Rural Living that satisfy the criteria set out in the Strategy and to provide these in a form that Council can consider and incorporate into comprehensive amendments to the planning scheme.

7. The Strategy requires a new coordinated approach to dealing with rezoning proposals and applications for housing in rural areas. A policy is needed in the Planning scheme as the basis for assessing whether proposals for the rezoning of land to Rural Living will be supported. Such a policy will need to be based on the need to demonstrate that a range of criteria has been satisfied. The criteria for additional areas to be rezoned to Rural Living is based on conclusively satisfying the following six elements:

7.1 That the lot layout and subdivision plan is based on an environmental and resource management assessment of the whole site and its surrounds. That the lot configuration and all development of the land including dwellings are nominated on that plan and that the development takes place in compliance with the plan. The preferred method will be compliance with a Development Plan Overlay forming part of the planning scheme.

7.2 That it is demonstrated that the result of undertaking the development will be net improvement in the environmental condition and natural resource base of the land and that environmental gain targets can be met. As a minimum these targets will be likely to include a substantial net gain in native vegetation cover, fencing off and revegetation of water courses and salinity recharge and discharge areas, improvements in environmental flows to watercourses (generally this will mean no further provision for dams and reduction in pest plants and animals and erosion.

7.3 That a sealed road built to Council's standards services all lots once a threshold number of lots is achieved.

7.4 That lots are supplied with reticulated water particularly once a threshold number of lots is achieved.

7.5 That all development is buffered from adjoining agricultural uses and developments.

7.6 That the proposal can demonstrate that it meets all the costs imposed by the development in line with an infrastructure and services provision policy.

These criteria set out in section (7) above are in addition to those set out for developments in the standard provisions of the Rural Living Zone that currently apply in the planning scheme.

8. In respect to road upgrading/construction, water reticulation and environmental gain the following requirements will apply.

- Road upgrading/reconstruction/construction standards.
 - All proposals need to provide a schedule setting out the existing number of houses/businesses served by the road and the proposed number of lots to be serviced, the existing construction standards of the road and the proposed standard.
 - All proposals need to be referred internally within Council to the engineering department for comment.
 - As a general principle rural living developments should be sited on an existing sealed road or a road which is proposed to be upgraded to a sealed quality that satisfies Councils engineering standards for a road to carry the expected volumes of traffic
 - As a general principle any new road which is designed to serve more than 100 vehicle trips per day (average generation rate 10 vehicle trips per household) should be constructed to a sealed standard to the satisfaction of Council.
 - As a general principle any proposed development (or accumulated series of developments) which will increase the amount of traffic on an existing road by more than 100 vehicles per day will require the road to be reconstructed to a sealed standard to the satisfaction of Council

- Water reticulation
 - As a general principle all new rural living lots will be serviced with reticulated water.
 - Exceptions can be made where the following circumstances apply
 - Extensions to an existing pipeline or capacity require works to be undertaken at a scale and cost not commensurate with the number of lots to be supplied
 - The number of lots created does not warrant such an extension to the services
 - The water authority has identified that extension of water services to the site is impracticable or that insufficient capacity exists in the system
 - The inability or unwillingness to supply reticulated water to all lots will not be used as a means to refuse a rezoning proposal or a resubdivision application. However, the applicant will be required to demonstrate that they have identified the cost of reticulation against the likely financial return if lots are serviced with water and that all options for servicing the lots have been investigated further that the CFA has identified that the lots and housing development have sufficient water resources for fire fighting purposes. Council's requirement is for a 45,000 litre tank to be provided.

- Environmental gain
 - Proposals are required to demonstrate a net environmental gain. Proponents are expected to identify a range of actions that are proposed as part of the development such as
 - Tree planting
 - Erosion rehabilitation
 - Protection for historic sites

- Strengthening of wildlife corridors
 - Better alignment of lot boundaries to topography and drainage patterns
 - Fencing off gullies and reestablishment of riparian vegetation
- As a minimum requirement applicants are required to provide an assessment of the current environmental condition and to provide a plan showing works to be undertaken as part of the development.
 - All proposals must be accompanied by an Environmental Management Plan. An approved Environmental Management Plan will form part of the planning approval.
9. Approvals for new dwellings in the Rural Zone, that are essentially rural living developments, need to be scrutinised in the same manner as any other form of rural living development.

To implement this provision the following policy would apply.

9.1 All new dwellings in the Rural zone unless exempted by the provisions of the zone would require a planning permit subject to the full application of the criteria for a rural living development. Where a lot is on a title created by a planning permit granted by the Mount Alexander Shire Council or by a former Council, then it will be accepted that an entitlement exists for a dwelling permit, subject to compliance with the criteria set out in the current provisions of the planning scheme.

9.2 Where a lot predates a planning permit, there will be no presumption to grant a planning permit for a house. It must be clearly demonstrated that the house is directly related to a use consistent with the purpose of the zone and such development will be subject to the full application of the criteria for a rural living development similar to a rezoning. Where applicants hold numerous existing old titles, the provision in the current Rural Zone for a rearrangement of those titles will only be supported where full compliance with the new Rural Living Policy can be demonstrated or the applicant is seeking a re-zoning of the land to Rural Living.

9.3 In all cases new dwellings and any other uses or developments subject to a planning permit in the Rural and Rural Living zones will be subject to the preparation by the proponent of an environmental management plan.

9.4 In respect to proposals for subdivision at densities relevant for rural living, it has become common practice to set minimum lot sizes. The outcome of such an approach is that generally all proposals for development are at the minimum lot size. It is not the subdivision that is critical it is the use and development of the land. The lot size should relate to the intended use and the layout of the use. Flexibility should be provided in the lot size to meet the environmental and natural resource capability and the specific needs of the intended use. Lot layouts and minimum sizes in Rural Living areas will not reflect a density based on the minimum lot size to meet the requirements of the Septic Tank Code of Practice but will reflect a diversity of lot sizes.

10. It is recommended that the Rural Living Strategy be implemented by three means
1. Inclusion of the Strategy in the Municipal Strategic Statement
 2. Inclusion of a local Planning Policy that assists with implementing the Strategy when considering planning permit applications
 3. Nomination of suitable areas for rezoning to Rural Living based on the application of the criteria and requirements set out in the Strategy and based on linking the

proposal layout and requirements for the use and development of the land to a Development Plan Overlay incorporated within the provisions of the Rural Living Zone in the planning scheme

13.3 The Nomination of Areas for Rezoning to Rural Living

Rural Living constitutes a demonstrated form of residential development in the Mount Alexander Shire and should be provided for. As a form of residential development it should not compromise core elements of the Shire's strategic approach to land and resource management, environmental management and sustainable development.

Accordingly the choice of areas for Rural Living development should not be undertaken and provided for in areas or developed in such a manner which will

- Compromise on-going productive use of farmland
- Impact negatively on areas of native vegetation, on watercourses and water quality or on other environmental and natural resource qualities
- Impact negatively on heritage or cultural landscape values
- Limit the planned future development of residential areas
- Impose a cost to the rest of the community
- Increase the risk of fire or compromise fire safety
- Require or provide for the construction of additional dams on properties

Rural Living development will be supported where it can be demonstrated that it will be undertaken in such a manner that it will be

- Result in a net environmental gain for the site
- Reduce the number of small and inappropriately located lots
- Provided with sealed roads where reasonable and practicable to a standard approved by Council
- Provided with a reticulated domestic water supply
- In locations that can be readily serviced by the facilities of a nearby urban area or town
- In locations which minimise traffic demands on the existing unsealed road network
- In locations and a layout which meets the requirements of relevant authorities in respect to the delivery of services and fire fighting
- Able, where relevant and practicable, to provide opportunities to add to the diversity of the Shire's productive agricultural sector
- Able to reduce the number of existing inappropriately sized and located small lots which exist in many parts of the Shire

In order to ensure a continuing and regulated supply of serviced and developed Rural Living land that meets the above criteria support for the rezoning of land to Rural Living will follow the following process.

- Council continues to invite landowners who hold parcels of suitable land to propose a rezoning to Rural Living on the basis of an agreed layout plan and entering into arrangements to provide for
 - Sealed roads to service the lots
 - A reticulated domestic water supply
 - A net environmental gain for the site through improved land and watercourse management and revegetation
- Council will continue to support amendments to the planning scheme on a regular basis to provide for the rezoning of areas to Rural Living providing that the monitoring

of supply and demand demonstrates a continuing need. Land that is rezoned will be tied to a Development Plan to be referenced in the planning scheme. At any Panel Hearing considering the rezoning of such land and any development plan Council will expect that the relevant landowners will provide the detailed justification for the proposed layout and design.

- As a result of the initial call for expressions of interest from landowners to rezone their land to Rural Living in accord with this Strategy Council has determined to support a number of proposals. These are set out in Appendix One.
- Consistent with this overall Strategy and process Council will not
 - Support or approve proposals for dwellings in the Rural Zone unless provided for explicitly by the provisions of the Rural Zone and Clause 22.22 of the planning scheme
 - Support or approve proposals for dwellings in the Rural Zone that result in the creation or development of areas that result in a pattern of development that is effectively a form of rural living development
- Consistent with the overall Strategy and as a result of the introduction of the revised Rural Zones provisions in the Victoria Planning Provisions Council will review the application of the Rural Zone and the potential use of the Rural Living and new Rural Activities Zone in areas located in close proximity to urban areas and where the existing lot pattern, lot sizes and ownerships indicates that the Rural Zone is ineffective and inappropriate.

13.4 The Inclusion of a New Schedule in respect to the application of the Restructure Overlay

- Consistent with the Rural Living Strategy and in respect to the existing application of the Restructure Overlay in the Rural Zones to old and inappropriate subdivisions in locations in the Shire the following approach is to be applied
 - Old and inappropriate subdivisions located in the Rural Zone in sites and areas isolated from existing urban areas and townships and adequate road access and where the development of sites would compromise agriculture will not be supported for further development.
 - The provisions in the planning scheme will include a requirement providing for one lot only to be developed for a dwelling where there is contiguous vacant land in separate lots.
 - Old and inappropriate subdivisions located in sites and areas that can be readily accessed by towns or urban areas and where residential development will not compromise existing agricultural practices or the environmental condition of the area, the following requirements will apply. Existing lots or groups of lots can be developed for a dwelling where the following requirements can be met.
 - The lot on which the dwelling is located can contain all effluent on site
 - The lot is serviced by an all weather road to the satisfaction of the responsible authority
 - The requirements of Clause 35.01-2 of the planning scheme can be satisfied

The Revised Application of the Restructure Overlay

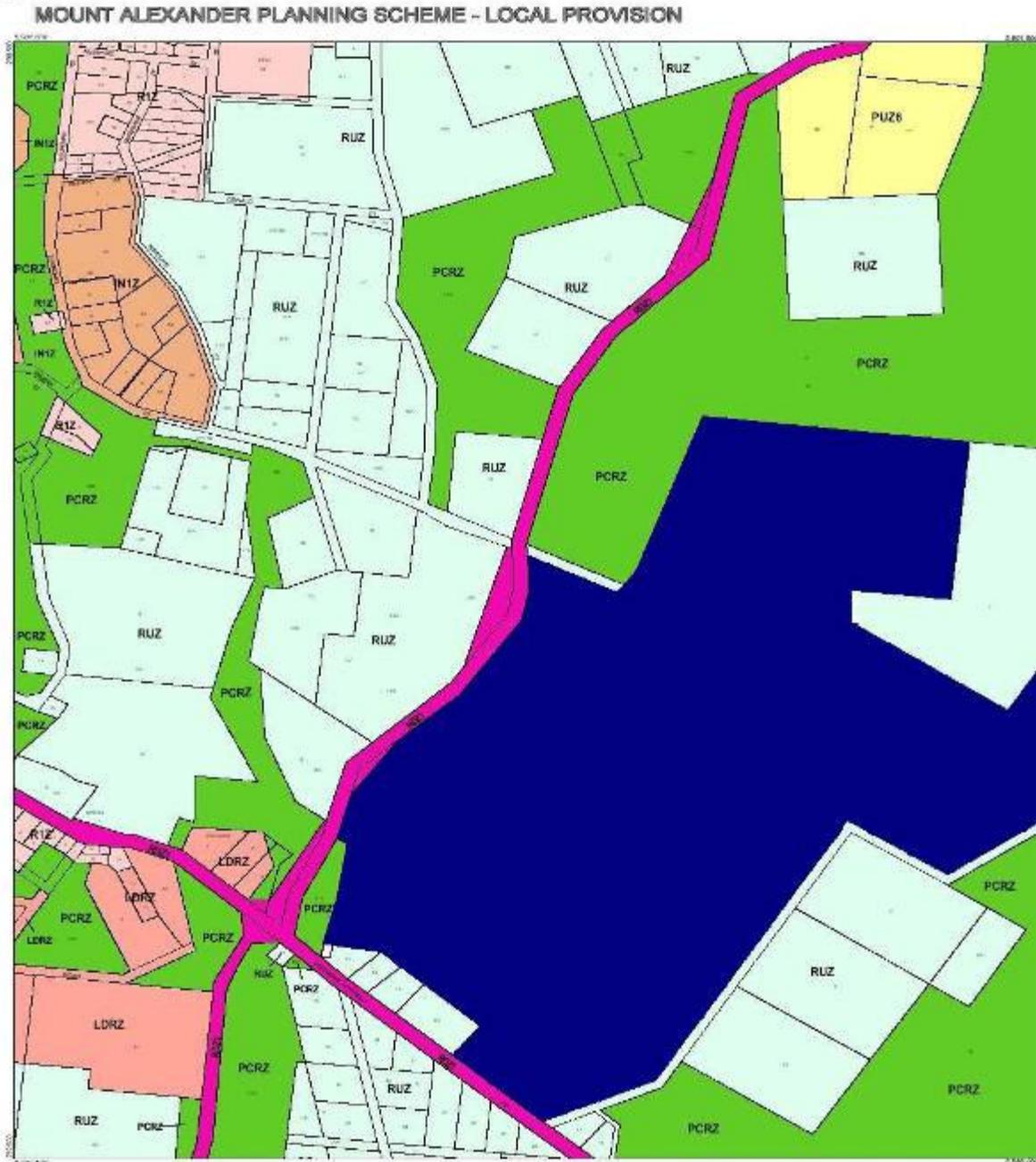
Planning Scheme Land Map Reference	Land	Restructure Plan Requirements
		A single lot only for a dwelling can be created for those vacant contiguous lots located within the area covered by the Restructure Overlay provided that the requirements of Clause 35.01-2 can be met
Map 3	Pollard	
Map 4	Walmer	
Map 5	South Ravenswood	
Map 10 and 11	Moolort	
Map 14 and 15	Maldon North	
Map 18	Gower	
Map 32	Tarilta	
Map 31	Muckleford South	A lot for a dwelling on titles can be utilised or created provided that the requirements of Clause 35.01-2 can be met

14. Recommended Rural Living Areas

The list of sites proposed to be rezoned Rural Living should be read in conjunction with the following maps

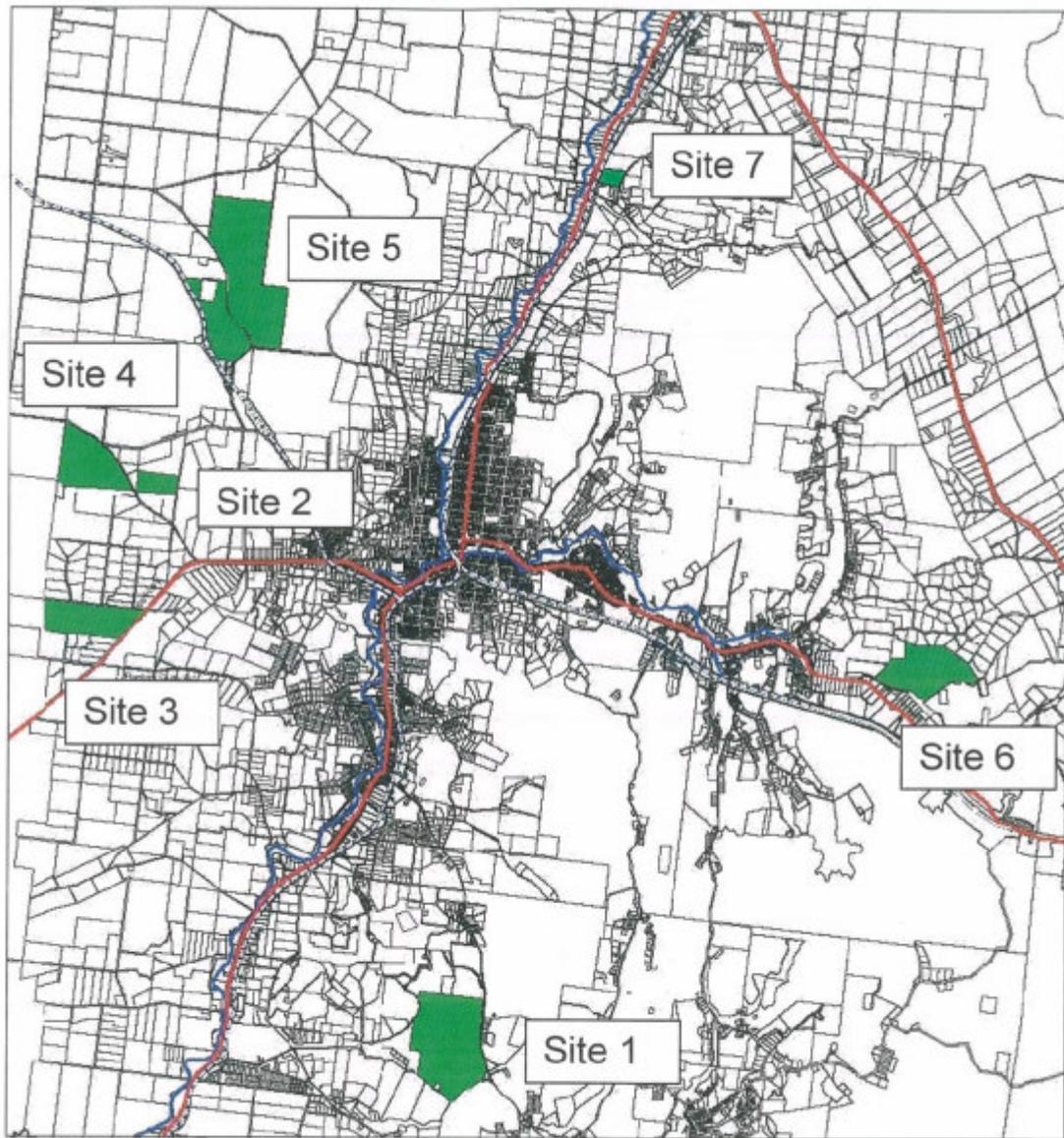
Note that any proposed subdivision into lots of 2ha or less will have to be assessed against the requirements of Ministers Direction No. 6, and the Net Gain requirements of the Native Vegetation Framework.

Map 1	Site 1	In accordance with an approved development plan
Map 2	Site 1	No further lots to be created
	Site 2	No further lots to be created
	Site 3	In accordance with an approved development plan
	Site 4	In accordance with an approved development plan
	Site 5	In accordance with an approved development plan
	Site 6	In accordance with an approved development plan
	Site 7	In accordance with an approved development plan



Map 1

Site 1



CASTLEMAINE & ENVIRONS

Map 2