# **REPORT OF GENERAL MANAGER**

# **DEVELOPMENT COMMITTEE**

# TUESDAY, 5 JUNE 2012

# STRATEGIC PLANNING AND INFRASTRUCTURE

#### 1. Verons Estate Rezoning Investigations

File 1422E

# PURPOSE OF THE REPORT

This report summarises the known environmental and land capability issues as a result of the Verons Estate rezoning investigations and presents two rezoning options. Council's direction is now required on which of these zoning options should be pursued as a formal Planning Proposal (PP), via the gateway process.

#### **RECOMMENDED** that

- a) Council prepare and submit a draft Planning Proposal based on option 2 and the findings of the rezoning investigations; and
- b) A follow-up report be submitted when the Department of Planning & Infrastructure (DP&I) has made a Gateway Determination.

### **COMMUNITY STRATEGIC PLAN**

- **Objective:** 2.2 Population and urban settlement growth that is ecologically sustainable, carefully planned and managed to meet the needs of the community.
- *Strategy:* 2.2.1 Develop and implement land use zones and related strategies for future growth of the City, based on principles of connectivity, ecological sustainability, flexibility and accessibility.

### DELIVERY PROGRAM

Activity: 2.2.1.7 Implement the Planning Works Program to complete priority strategic planning policy initiatives.

### **OPTIONS AND IMPLICATIONS**

**Option 1:** 

- The minimum lot size overlay would allow one dwelling per lot on the land within the Badgee Lagoon catchment.
- Proposed zoning: Swan Lake catchment: E2, E3, and RU2. Badgee Lagoon catchment: E2, E3, and R5.
- Biodiversity overlay would be applied to high conservation value land within the RU2 and R5 areas.

#### Implications

The zoning would potentially allow more intensive agricultural land uses such as horticulture that are not considered appropriate given the potential implications on water quality in Swan Lake and Badgee Lagoon.

# Option 2:

- Minimum lot size and creation of dwelling entitlements as per Option 1.
- Proposed zoning (based on State Government's comments): Swan Lake catchment: E2 and E3. Badgee Lagoon catchment: E2 and E4, subject to addition of E4 to SLEP 2009 and extensive agriculture as a permissible use (in either the land use table or Schedule 1 - Additional Permitted Uses).
- No biodiversity overlay.

#### Implications

The same outcome in respect to a number of dwelling entitlements. Status quo would be retained in respect of Extensive Agriculture subject to listing as a permissible use in the Swan Lake catchment. Any existing use rights would not be impacted under either option. State Government concerns about water quality impacts in the Swan Lake catchment are more likely to be reduced if good water quality and environmental outcomes are achieved in the Badgee Lagoon catchment.

### **REPORT DETAILS**

#### Introduction:

# Verons Estate comprises 32 lots within DP 9897. The lots are all approximately 8 ha in size. The subdivision was registered in 1920. The land is currently zoned Rural 1(d) (General Rural) under Shoalhaven Local Environmental Plan 1985, except for two lots in the south west corner which are also partly zoned Environmental Protection 7(a) (Ecology). The subject land's location and current zoning are provided in Attachment 'A'.

The current zoning generally prohibits the erection of dwellings on the individual lots. Land in the Swan Lake catchment is identified as "land of ecological sensitivity" under SLEP 1985. Clause 21 requires that any development, including agriculture, requires consent on "land of ecological sensitivity". The Tree Preservation Order has applied to the whole of Verons Estate since 9 December 1989.

### Background:

Council resolved to investigate rezoning Verons Estate in 1993. However the State Government placed a moratorium on rezoning land in the Sussex Inlet area in 1994, pending the completion of a broader strategy. The moratorium was lifted in 2007 following completion of the Sussex Inlet Settlement Strategy (SISS). The SISS enabled a maximum of one dwelling per lot to be investigated.

Following a series of reports and landowner consultation on the requirements of the South Coast Regional Strategy in relation to Swan Lake, on 19 April 2011, Council resolved to "Accept that land within the Swan Lake catchment is unable to be rezoned for rural residential development, until a neutral or beneficial effect study (NorBE) is undertaken and demonstrated..." As a result the rezoning special rate was later removed from the 13 lots that are located within the Swan Lake catchment.

Under draft Shoalhaven Local Environmental Plan 2009 as exhibited, the subject land is proposed to be zoned RU2 - Rural Landscape and E2 - Environmental Conservation, reflecting a transfer of the existing zoning. The proposed minimum lot size is 40 ha, thus retaining the status quo in respect of dwelling entitlements, pending resolution of this rezoning proposal.

# Key Issues:

The results of the various environmental and land capability assessments completed so far are summarised below.

### Aboriginal & European Archaeological & Cultural Heritage

This assessment was completed by Australian Museum Business Services in June 2009, based on field survey undertaken on 12 March 2009.

Two Aboriginal sites were identified within the south-western part of the Estate. The site of most importance is located on land currently zoned Environment Protection 7(a) (Ecology) lots 24 and 25. It was recommended that the environment protection zone be retained over this area. The other site was located west of Wandra Road and south of the transmission line. Consent would be required under section 90 of the *National Parks and Wildlife Act, 1974 (NP&W Act*) if development is proposed at this location.

Other areas within and adjacent to swamps and creeks were considered to have archaeological sensitivity and potential for "substantial *in situ* archaeological deposit". These areas cover parts of lots 1, 2, 3 and 16. If development is proposed within these areas further archaeological investigation involving sub-surface excavation, would be required under a Section 87 permit (*NP&W Act*).

# The land affected by the above findings and recommendations is shown in **Attachment** 'B'.

# Riparian Land Mapping

This assessment was completed by GHD Pty Ltd in April 2009, based on field surveys undertaken in October and November 2008.

# The assessment provided more accurate mapping of the watercourses and riparian areas within the Estate than was available from the 1:25,000 topographic mapping. The results are shown in **Attachment 'B'**.

## **Threatened Biodiversity**

This assessment was completed in two stages by Ecological Australia Pty Ltd (Bushfire & Environmental Services) and finalised in July 2011. Stage 1 (vegetation mapping) was undertaken prior to the finalisation of the Sussex Inlet Settlement Strategy in August 2007. (Prior to finalisation of the SISS, Council's preferred rezoning outcome was unclear.) Stage 2 involved targeted surveys for threatened species that potentially occur on the land. The results of these assessments are outlined below.

### Findings:

- The land supports a mosaic of six vegetation communities: Scribbly Gum Bloodwood Forest; Scribbly Gum - Bloodwood Woodland/Open Woodland; Peppermint - Blackbutt Forest; Peppermint -Bloodwood Forest; Sandstone Sedgeland; and Woollybutt - Paperbark Forest.
- The vegetation communities within the Estate were not considered to constitute endangered ecological communities listed under the NSW Threatened Species Conservation Act 1995 or the Commonwealth Environment Protection and Biodiversity Conservation Act 1999.
- Eleven threatened fauna species were recorded in or near the Estate during the survey period: the Eastern Freetail Bat *Mormopterus norfolkensis*, Eastern Bentwing Bat *Miniopterus schreibersii*, Eastern False Pipistrelle *Falistrellus tasmaniensis*, Eastern Pygmy-possum *Cercartetus nanus*, Ganggang Cockatoo *Callocephalon fimbriatum*; Glossy Black-cockatoo *Calyptorhynchus lathami*, Greyheaded Flying-fox *Pteropus poliocephalus*, Masked Owl *Tyto novaehollandiae*, Powerful Owl *Ninox strenua*, Square-tailed Kite *Lophoictinia isura* and Yellow-bellied Glider *Petaurus australis*.
- All of the identified threatened fauna species are listed as Vulnerable on Schedule 2 of the NSW Threatened Species Conservation Act 1995. The Grey-headed Flying-fox is also listed as Vulnerable on the Schedules of the Commonwealth Environment Protection and Biodiversity Conservation Act 1999.
- Two threatened flora species were recorded in the study area. The Leafless Tongue Orchid *Cryptostylis hunteriana* is listed as Vulnerable under both the NSW Threatened Species Conservation Act 1995 and the Commonwealth Environment Protection and Biodiversity Conservation Act 1999. The orchid *Pterostylis ventricosa* has recently been listed as Critically Endangered under the Threatened Species Conservation Act 1995.
- One migratory species listed on the schedules of the Commonwealth Environment Protection and Biodiversity Conservation Act 1999 was recorded within the study area, the Rufous Fantail *Rhipidura rufifrons*.
- The study area does not contain any potential Koala habitat pursuant to NSW State Environmental Planning Policy No 44 Koala Habitat Protection.
- The study area currently has good habitat connectivity with the adjoining Conjola National Park to the west and south, and disturbed habitat linkages with larger areas of vegetation to the north. Riparian habitats in the study area are also connected to water bodies and wetland habitats of high conservation value. The protection of habitat for threatened species, maintenance of habitat connectivity and riparian/water quality are key considerations for maintaining ecological integrity with future development of the study area.

### **Recommendations:**

- In order to maintain the long-term viability of threatened species habitat and general biodiversity in the study area, key habitat linkages need to be retained, managed and in some areas rehabilitated or re-established. Priority species for connectivity include less mobile, resident threatened fauna (Yellow-bellied Glider and Eastern Pygmy-possum) and habitat for the orchids *Cryptostylis hunteriana* and *Pterostylis ventricosa*. Maintaining connectivity with Conjola National Park should also be given a high priority.
- Maintaining the key biodiversity values within the subject land whilst allowing one dwelling per lot
  outside of the Swan Lake catchment appears to be achievable, provided that development is located
  in specific areas of least ecological constraint and that substantial and strategic areas of habitat are
  retained, rehabilitated and managed for conservation purposes. Detailed recommendations were
  provided to assist in this regard.
- A range of planning strategies and development controls, coupled with education and enforcement strategies would be necessary to achieve biodiversity outcomes.
- Consideration should be given to seeking biocertification of any future local environmental plan over the subject land.
- # Figure 11 of the report is provided in **Attachment 'C'**. A copy of the report has also been placed on Council's website at:

http://shoalhaven.nsw.gov.au/PlanningampBuilding/Strategicplanning/Papersubdivisions.aspx

Note that Figures 7, 8 and 10 have been omitted given their level of detail having regard to Section 161 of the NSW National Parks & Wildlife Act 1974 & Clause 12, Schedule 1 of the Government Information (Public Access) Act, 2009.

# Agricultural capability and use

Verons Estate is mapped as Class 5 on the Huskisson Agricultural Land Classification map produced by the Department of Agriculture in 1986. According to the Department, Class 5 land is "...unsuitable for agriculture, or at best suited only to light grazing. Agricultural production is very low or zero as a result of severe constraints, including economic factors which prevent land improvement." Given the land's Class 5 Agricultural Classification, it is appropriate that "extensive agriculture" remains a permissible use on the less constrained land, but not "intensive animal agriculture" or "intensive plant agriculture" due to the potential impacts on water quality.

Some landowners have suggested that they have existing use rights in relation to agricultural uses but this has not been formally assessed or substantiated. The relevant "appointed day" in this regard is likely to be 9 December 1989. It appears that extensive agriculture is currently being undertaken on a number of properties within the Estate. Consents have been issued for viticulture and associated structures on two properties (lots 6 and 17) both of which are largely cleared and are currently used for grazing. As is normally the case, the onus is on the landowner to demonstrate existing use rights as required in the future.

### Soils

The soil profile across the Estate is a relatively uniform duplex (textural contrast) soil comprising a weakly structured shallow sandy loam over a clay subsoil. Samples from each soil horizon were collected in December 2011. Composite samples were sent to the Soil Conservation Service's Scone Laboratory for analysis.

The topsoil is strongly acidic, has a low nutrient holding capacity and may be prone to crusting and surface sealing if cultivated/disturbed when wet. The indicators of this include:

- the Exchangeable Sodium Percentage (ESP) is in the 'marginally sodic' range for the topsoil indicating that it is potentially dispersive;
- Emmerson Aggregate Test (EAT) results showed soil dispersion occurred after 'remoulding' of the topsoil sample; and
- the dispersion percentage is high in the topsoil and moderate in the subsoil.

Furthermore, there is evidence of soil dispersion where the soil profile is exposed within sections of the road reserves.

In terms of onsite effluent disposal, the high clay content and imperfect drainage of the subsoil precludes primary treatment (i.e. septic tank) and disposal via absorption Secondary treatment, such as an aerated wastewater treatment system trenches. (AWTS) with an appropriately designed irrigation system would be required as a minimum. The application of gypsum and organic matter (e.g. a commercially available organic soil blend that meets the relevant Australian Standard) to the effluent disposal area is recommended to improve soil structure and reduce soil erosion. These measures should also be considered in any works that will disturb or expose the soil profile across the Estate.

#### Rezoning option 1 - prepared by staff for comment by State Government

# Option 1 was prepared by staff to enable the State Government to provide comment on possible zones. A map showing the proposed zoning for Option 1 is provided in Attachment 'D'. Key aspects are summarised in the following table.

#### Table 1 - Key aspects of zoning option 1

#### Swan Lake catchment

E2 - Environmental Conservation over riparian areas & associated buffers + existing 7(a) zoned land (as recommended by the Aboriginal Archaeology & Cultural Heritage Assessment)

- Zones E3 - Environmental Management: Areas where threatened orchids occur.
- RU2 Rural Landscape: Remaining areas.

#### **Badgee Lagoon catchment**

E2 & E3 as above.

R5 - Large Lot Residential in remaining areas.

The lots range in size from 7.66 ha to 8.09 ha. As dwellings are proposed to be Minimum lot permissible in all of the above zones, the minimum lot size map will be used to size determine whether individual lots have dwelling entitlements. The intention is to allow one dwelling per lot on the Badgee side by applying a minimum lot size of 7 ha but only in the proposed R5 areas. The 40 ha minimum lot size will be retained on the Swan Lake side.

Biodiversity overlay would apply to all of the RU2 and R5 excluding land identified as "low level ecological constraint".

Overlays?

#### **Explanation and Discussion**

An "E" zone has been proposed around the "high level" ecological constraint areas mapped by BES. These areas include occurrences of the threatened orchids: *Cryptostylis hunteriana* (vulnerable on the TSC Act and the EPBC Act) and *Pterostylis ventricosa* (critically endangered on the TSC Act) and the Eastern Pygmy Possum capture. The proposed "E" zone areas generally incorporate a buffer of at least 50 metres to these features as recommended in the BES report but in some cases, a narrower buffer has been identified in an attempt to rationalise the zone boundaries.

Agriculture was initially not listed as permissible in R5 in draft SLEP 2009 as exhibited. However Council has resolved to make extensive agriculture and horticulture permissible with consent in R5 (MIN12.392). In light of the Agricultural Capability and soil characteristics already discussed and the land's location within sensitive coastal catchments, horticulture is not supported as a permissible use in this location zone. As such the R5 may now not be appropriate.

Similarly to above, RU4 is not a suitable alternative to R5 because "intensive plant agriculture" is mandated as a permissible use (either with or without consent).

# If land in the Swan Lake catchment is zoned RU2, an alternative zone would need to be used in the Badgee catchment to enable the minimum lot size to be applied as shown in Attachment 'E'. This is because the minimum lot size can only be varied along cadastral boundaries or zone boundaries.

### **Rezoning Option 2 - based on State Government advice**

- # A joint response from the NSW Environment Protection Authority (now Office of Environment & Heritage) and the Department of Planning & Infrastructure (DP&I) dated 23 January 2012 is summarised below and provided in full as Attachment 'F'.
  - The zoning should be defined more broadly along the catchment boundary.

**Comment:** Option 1 is defined in part by the known distribution of the threatened orchids giving it a 'patchwork' appearance. Further explanation of this suggestion is provided below.

- The application of the E2 Environmental Conservation zone in the riparian areas and the area currently zoned Environment Protection 7(a) Ecology is supported (as recommended by the Aboriginal Archaeological & Cultural Heritage Assessment).
- E3 Environmental Management is considered more appropriate (than RU2) for the remaining areas in the Swan Lake catchment. This zoning would:
  - potentially retain the status quo in respect that extensive agriculture would be permitted with consent (as currently required via Clause 21 of SLEP 1985);

- be consistent with the findings of the threatened biodiversity assessment; and
- would potentially allow the land to be subject to Clause 5.9(9) of the Shoalhaven LEP 2009, which would be equivalent to the Tree Preservation Order that currently applies.
- Land in the Badgee Lagoon catchment which is not proposed to be zoned E2 should be zoned E4 -Environmental Living. This applies to the areas shown on Option 1 as R5 - Large Lot Residential and the patches of E3 - Environmental Management. Any existing use rights would be retained and extensive agriculture could be added to the list of permissible uses for the E4 zone (i.e. the Standard Instrument LEP does not mandate that it be prohibited).

**Comment:** Staff would recommend that extensive agriculture be made permissible by addition to Schedule 1 of SLEP 2009 (if not made permissible in the landuse table) if Council supports the State Government's suggestion of E4.

- Council should consider pursuing the addition of any land identified as high conservation value (HCV) land to Schedules 4 and 5 of the State Environmental Planning Policy (Exempt & Complying Development Codes) 2008. A separate approval process to the rezoning process is required for this.
- # Option 2, shown in Attachment 'G', is consistent with the State Government's comments. This option achieves the same outcome in respect of the number of dwelling entitlements that would be created (all on land outside of the Swan Lake catchment) in Option 1. Subject to the inclusion of extensive agriculture as a permissible use in the E4 Environmental Living zone (either in the landuse zone or via Schedule 1 Additional Permitted Uses) this option more closely achieves the status quo in terms of the permissibility of extensive agriculture.

# Resourcing Implications - Financial, Assets, Workforce:

In 2006/2007 Council borrowed \$150,000 to fund the Verons Estate rezoning investigations and a rezoning investigations special rate was introduced to repay this loan over a period of 10 years. As at 31 December 2011, \$181,882 had been spent on the rezoning investigations. A total of \$25,000 has now been transferred from the Strategic Planning Consultants' budget which will need to be recouped, of which \$8,657 remained unspent. There is a strong financial imperative to bring the rezoning investigations to a conclusion as soon as possible.

# Community, Environment (ESD), Economic and Governance Impact:

Both options seek to create a dwelling entitlement for each of the lots within the Badgee Lagoon catchment. Option 1 would potentially allow some land uses such as "intensive animal agriculture" and "intensive plant agriculture" which are considered inappropriate given the site constraints and potential impacts on water quality in both Swan Lake and Badgee Lagoon. Option 2 is more straightforward and is more likely to achieve good environmental and water quality outcomes whilst achieving the primary objective of allowing one dwelling per lot within the Badgee Lagoon catchment. Furthermore, any prospect that the State Government might reconsider its position on residential development in the Swan Lake catchment in the future is likely to depend on good environmental and water quality outcomes within the Badgee Lagoon catchment.

# CONCLUSION

Council's direction is required to finalise and submit a draft planning proposal as part of the 'gateway' planning process. Should the proposal proceed through the gateway, work on finalising the proposal will continue in consultation with the relevant agencies and the landowners, and it will be publicly exhibited for comment as soon as possible.

Development Committee 5 June 2012 - Item 1 - Attachment A





# Figure 11: Ecological constraint categories





ects/City/LEP/DLEP167/WorkingMapsOct2011/Zoning&Biod





Mr Russ Pigg General Manager Shoalhaven City Council PO Box 42 NOWRA NSW 2541

Dear Mr Pigg

#### **RE: Verons Estate Rezoning Options**

We refer to your letter of 11 November 2011 to our respective agencies requesting advice on appropriate rezoning options for Verons Estate. We appreciate that Council's request comes from its ongoing work to resolve the development potential of this 'old paper subdivision'.

Staff from the Environment Protection Authority (EPA) and Department of Planning and Infrastructure (DP&I) have been working closely with Council officers to determine the investigations required to address vegetation, biodiversity and other environmental issues for the rezoning of Verons Estate.

Overall, the draft rezoning and biodiversity maps address the main issue of avoiding the creation of additional dwellings in the Swan Lake catchment. Swan Lake and its catchment have been identified as a coastal lake requiring comprehensive protection by the Independent inquiry into Coastal lakes by the Healthy Rivers Commission in 2002. The South Coast Regional Strategy recommends that no new residential development be located in the catchment of such lakes.

To achieve this outcome it is considered that there is scope to refine the zoning boundaries more broadly along the catchment boundary between Swan Lake and Badgee Lagoon and to rely on the environmental assessment process to protect the more fragmented High Conservation Value (HCV) areas in that part of the Estate within the Badgee Lagoon catchment.

The following comments are provided on specific issues and questions raised in Council's letter:

#### Zoning Matters

The application of the E2 zone boundaries as proposed is supported. These apply the findings of the BES Environmental Study regarding the need to protect riparian areas & associated buffers, and the existing 7(a) zoned land (as recommended by the Aboriginal Archaeology & Cultural Heritage Assessment).

It is considered that an E3 Environmental Management zone would be more appropriate for the remainder of the Swan Lake catchment. An environmental zone is warranted given the catchment values and sensitivity of the lands. This is considered to be consistent with the findings of the BES Environment Study to protect broader biodiversity attributes found in this area. This zoning potentially retains the "status quo" of extensive agriculture being permitted with consent.

The application of an E3 zone would be consistent with other paper subdivisions within the Shoalhaven local government area and would also allow the lands to be subject to Clause 5.9(9) of the draft Shoalhaven LEP 2009. This effectively maintains the status quo of the application of the current Tree Preservation Order under the Shoalhaven LEP 1985 provisions and Clause 21 overlay and "paper subdivision" inclusive in the TPO application.

For the Badgee Lagoon catchment, it is recommended that an E4 zone be applied to the land identified on the Zoning Option 1 Map as R5 and the isolated, disturbed patch of E3 on lots 3 and 14. There is scope on the eight hectare lots, many of which have cleared sections, to allow for additional dwellings. The existing agricultural uses would still have existing use rights, and even in the E4 zone the Standard Instrument does not mandate that "extensive agriculture" be prohibited. It could be added to the list of land uses requiring consent.

Council should also consider the need to pursue options to add areas of HCV as identified by the biodiversity overlay, to Schedule 4 and 5 of the State Environmental Planning Policy (Exempt and Complying Development Codes) 2008. A separate approval process to the rezoning is required for this and is also being sought for the Jerberra Estate proposal.

#### Lot Sizes

The selection of appropriate Minimum Lot Size (MLS) is one for Council, provided that the lot sizes result in no additional dwelling houses in the Swan Lake catchment and a maximum of one dwelling per existing lot in the Badgee Lagoon catchment. If a lot area meets the MLS for a zone, then the lot may have a dwelling within the area zoned for that MLS. The Department of Planning and Infrastructure is presently formulating a clarifying local clause for a dwelling where a spilt zoning applies.

The Environment Protection Authority and Department of Planning and Infrastructure look forward to working in collaboration with Shoalhaven City Council to resolve the investigations required to achieve a rezoning of Verons Estate and acknowledge Council's desire to seek a balanced and equitable planning outcome for this area. Should you wish to discuss the above issues further then please contact Miles Boak (EPA) and Lisa Kennedy (DP&I).

Yours sincerely

MICHAEL SAXON A/Director South Environment Protection Authority

Whitehat

BRETT WHITWORTH Regional Director Southern Region Dept. of Planning & Infrastructure

23 January 2012.

