APPENDIX 16: RURAL STRATEGY – SUPPLEMENTARY REPORT

MIDCOAST council

RURAL STRATEGY - SUPPLEMENTARY REPORT

Draft MidCoast Local Environmental Plan

November 2023

Contents

Introduction

The draft MidCoast Local Environmental Plan (referred to as the 'draft MidCoast LEP') has been informed by a range of background strategies and reviews undertaken over the last four years. Consultation on the draft MidCoast LEP was undertaken with various NSW Government Departments to inform and seek guidance prior to the lodgement of the draft MidCoast LEP with the NSW Department of Planning and Environment (DPE) for a Gateway determination.

The Department of Primary Industries – Agriculture (referred to as 'DPI') raised concerns regarding the proposed rural zones in the draft MidCoast LEP. These concerns included:

- reduction of the minimum lot size - the lack of strategic planning reasoning to justify the change
- incompatible land uses - there are a large range of permitted land uses that are incompatible with agriculture in the RU1 Primary Production and RU2 Rural Landscape zones in the Gloucester Basin. While Council removed some of the uses from being permitted with consent, there are still some land uses of concern
- potential impacts - a reduction of the minimum lot size and broad array of land uses will increase the risk of land use conflict. It is unclear what impact the changes will have on key agricultural industries, new and emerging and supporting agriculture infrastructure
- inconsistent application - the proposed rural approach being inconsistent with Ministerial Direction 9.1 – Rural Zones and the Hunter Regional Plan 2041 – Strategy 9.2.

It was noted that DPI supported the 100ha minimum lot size being retained over the western rural lands.

The purpose of this document is to provide supporting evidence to the application of the rural zones across the MidCoast in response to DPI feedback. To address the concerns outlined above, this report examines:

- the rationale for the 100ha minimum lot size around the Gloucester Basin, including understanding why it was originally applied and the effectiveness of this control from a productivity perspective
- the range and productivity of agricultural uses in the MidCoast in comparison to other regions of NSW and within the MidCoast
- the extent of land uses proposed in the rural zones and review these against recently approved Local Environmental Plans in regional NSW to ensure a consistent approach to managing conflicting land uses in the rural zones.

This report expands upon the findings of the MidCoast Rural Strategy – The Way Forward. Based on the findings in this report, changes are proposed to the allocation of rural zones and minimum lot sizes.

Current situation

Under the existing Gloucester Local Environmental Plan 2010, Greater Taree Local Environmental Plan 2010 and Great Lakes Local Environmental Plan 2014, the MidCoast is subject to inconsistent planning controls.

Table 1 shows the rural zones applied across these Local Environment Plans (LEPs).

Given the inconsistent approach to the application of zones across the three existing LEPs, land with near identical physical and environmental characteristics are in different zones. Often this is because they lie on the other side of the historic boundary former council areas (refer to Figure 1).

Table 1: Rural zones in the MidCoast.

Zones	Greater Taree LEP	Great Lakes LEP	Gloucester LEP
RU1 Primary Production	✓	✗	✓
RU2 Rural Landscape	✗	✓	✗
RU3 Forestry	✓	✓	✓
RU4 Primary Production Small Lots	✓	✗	✗
RU5 Village	✓	✓	✓
RU6 Transition	✗	✗	✗

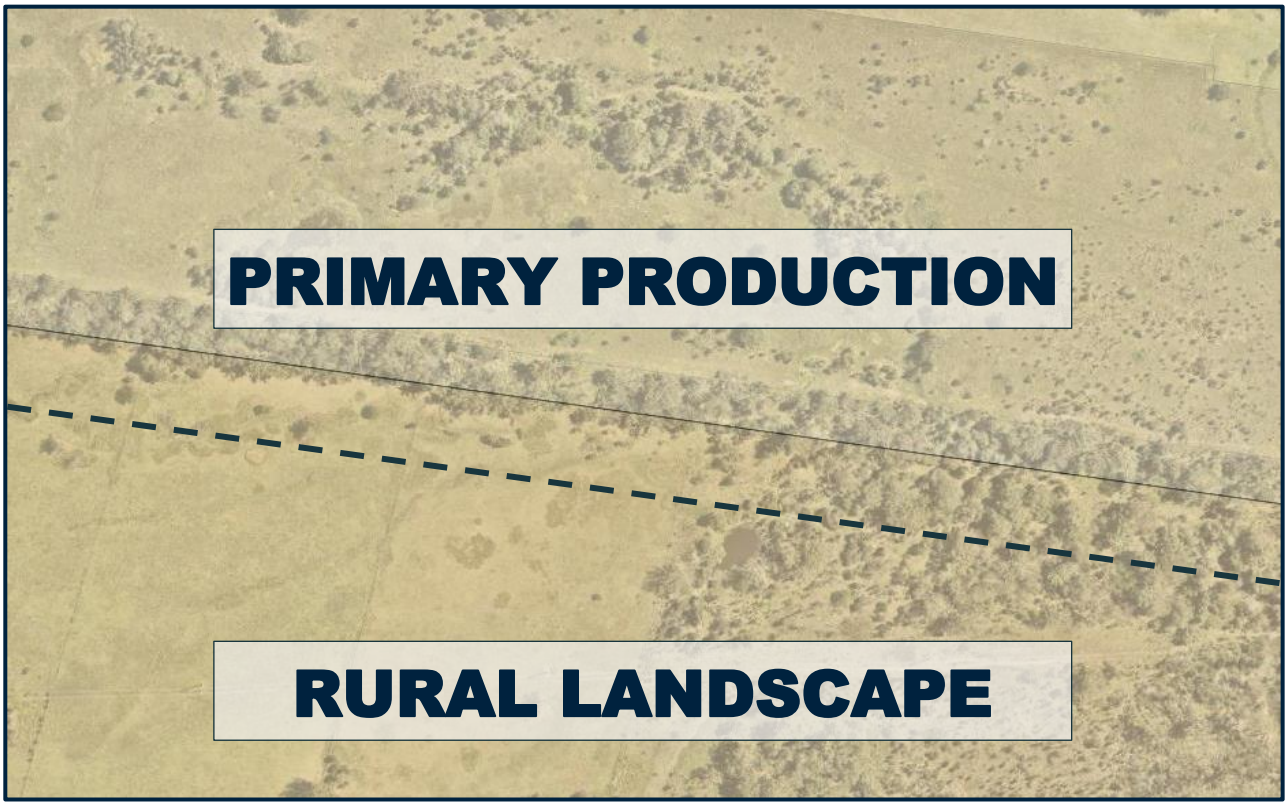

Figure 1: Near identical lots separated by the former council boundary

Even where the rural zone is the same, the land uses permitted with consent and the minimum lot size can differ between the existing LEPs. In the MidCoast this means that two rural neighbours, each in the RU1 Primary Production zone would not be allowed to do the same activities and have differing minimum lot sizes of 40ha and 100ha.

In terms of rural land, the draft MidCoast LEP aims to provide planning controls that are consistently applied across the MidCoast that reflect the rural values and agricultural uses of the land, and also ensure that the controls are applied through an evidence-based approach.

MidCoast Rural Strategy

The application of rural zones in the MidCoast has been subject to several studies. The draft MidCoast Rural Strategy released in 2021 (supported by ten technical studies) proposed the use of one rural zone, being the RU2 Rural Landscape zone with a minimum lot size of 40ha. The Department of Primary Industries – Agriculture lodged an objection to this approach, in which they were concerned that the viability of agriculture would be compromised by the reduction of the minimum lot size from 100ha to 40ha and that it was inappropriate to use one rural zone across a diverse rural landscape.

The MidCoast Rural Strategy – The Way Forward (referred to as The Way Forward) was prepared and adopted by Council in December 2022. This document re-examined the rural lands, using an evidence based approach to examine the range of values applying to the land, including soils, slope, the draft State Significant Land mapping, vegetation and water catchments. As outlined below and shown in Figure 2, The Way Forward proposed the use of three rural zones across the MidCoast:

- Western rural lands – RU2 Rural Landscape zone (minimum lot size - 100ha)
- Gloucester Basin – RU1 Primary Production zone (minimum lot size - 60ha)
- Eastern rural lands – RU4 Primary Production Small Lots zone (minimum lot size - 40 and small existing areas of 20ha)

The boundaries of these rural lands were further refined during the consultation with DPI prior to lodgement of the planning proposal for a Gateway determination. These changes were made to address DPI's rural land fragmentation concerns. The changes related to the reduction of the boundary of the Gloucester Basin.

In response to DPI's letter dated 18 September 2023, this supplementary report provides additional information to address the concerns raised. Based on the evidence in this report, it is recommended changes be made to the in the MidCoast Planning Proposal (October version) in terms of the application of the rural zones for the Gloucester Basin.

Figure 2: Proposed division of rural lands in the MidCoast

RURAL MINIMUM LOT SIZES

Rural minimum lot sizes

Rural minimum lot size provisions have been determined by planning legislation since the 1960s when they were first introduced. Throughout NSW, there have been a number of changes to minimum lot size. This included both increasing and decreasing the standard minimum lot size applied to rural areas, and this has resulted in the minimum lot size patterns that are evident in rural areas today.

Additionally, there have been a number of provisions such as the concessional lot provisions that have "resulted in the unplanned creation of rural residential lots" and "resulted in a range of unintended impacts e.g. fragmentation of rural land, land use conflicts and increased demand for infrastructure and services in remote areas".[1]

History of rural minimum lot size

Early controls

The first town planning legislation that provided planning powers was the *Local Government Act 1906*, and this act introduced controls relating to subdivision including the number of houses per acre. This Act has been amended numerous times resulting in the current *Local Government Act 1993*.

The first significant attempt to control land use and development in NSW occurred under the *Local Government (Town and Country Planning) Amendment Act 1945*[2], which was introduced to curb strong growth in the post-war 1940s. It provided comprehensive provisions to regulate land use and focussed on urban areas, with some provisions for rural areas. The Act allowed councils to prepare 'planning schemes' which contained provisions including subdivision requirements, building on the subdivision provisions provided in the *Local Government Act 1919*. The procedure for preparing planning schemes was difficult and by the 1960s only two planning schemes had been gazetted in NSW - the Cumberland[3] (1951) and Northumberland[4] (1955) County Planning Schemes.

Local regional planning outside the Cumberland and Northumberland County areas was simplified in 1962 when the *Local Government (Town and Country Planning) Amendment Act 1962* was introduced[5]. The amendment introduced Interim Development Orders (IDOs) which had the same planning powers as planning schemes. They were intended to be short term planning mechanisms in place of planning schemes. IDOs introduced development control measures through the establishment of zones and were the main form of development control used up until the introduction of the *Environmental Planning and Assessment Act 1979* (EP&A Act). In 1964, the State Planning Authority (SPA) was established to coordinate planning across NSW. One of the key responsibilities of SPA was to "promote and co-ordinate town and country planning and securing the orderly and economical development use of land"[6].

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[1] https://www.planning.nsw.gov.au/sites/default/files/2023-03/planning-circular-ps-08-002-sepp-rural-lands-2008.pdf
[2] Local Government (Town and Country Planning) Amendment Act 1945
[3] County of Cumberland Planning Scheme | Blacktown Memories (recollect.net.au)
[4] Lake Macquarie: Northumberland County District scheme map: Shire of Lake Macquarie, Sheet 7 [Lake], 1955: Community History - Lake Macquarie Libraries
[5] https://legislation.nsw.gov.au/view/pdf/asmade/act-1962-7
[6] AGY-424 | State Planning Authority (researchdata.edu.au)

In most initial IDOs, a rural minimum subdivision size of 25 acres applied (around 10.1ha). Interim Development Control (IDC) maps (for the area now covered by the MidCoast), were prepared containing rural zones comprised of two distinct “Non-urban” zone categories - Non-urban “A” and Non-urban “B”.

Clause 11 of Interim Development Order No. 1 for the Shire of Gloucester was ratified on 17 October 1969, stipulating a minimum subdivision size of 25 acres[7].

There was no control over most rural activities through planning law up until the 1970s. No records of rural permits for dwellings and structures exist for the former Gloucester Shire prior to the early 1970s. During the 1970s, planning legislation began to specifically relate to rural areas and rural subdivision across NSW.

40 Hectare Policy

In 1973, the SPA established the ’40 Hectare Policy’, a key planning policy that has influenced the way rural subdivision applies today. The 40 Hectare Policy imposed a minimum 40ha subdivision requirement for a dwelling entitlement across all rural land in NSW. The Policy was released through ‘Circular No. 67 (April 1973) - Policy regarding subdivisions and residential development in non-urban zones’[8] and was further clarified later in Circular No. 74 (November 1973)[9]. By the end of 1973, 35 local government areas had a minimum lot size of 40ha, with the Manning, Great Lakes and Gloucester IDOs all following suit[10] [11].

The Policy in Circular 67 was established in response to the growing concerns about the spread of residential blocks in rural areas of NSW. It summarised the Planning Authorities concerns, which were to “ensure adequate planning controls to prevent the small residential type subdivision on the non-urban zones without, at the same time, restricting subdivision for genuine rural activities and modest provision of the genuine rural dwelling”.

The Authority considered current policies and practices and adopted the following to apply outside of the Sydney Region:

a) land zoned for non-urban purposes shall provide for a general minimum lot size of 40ha, with higher minimum being adopted where circumstances warrant
b) lots may be created, within such zones, without any limitation and as necessary, to cater for approved permissible uses in accordance with Columns III and IV of the related land use table
c) where a need can be established for smaller lots for economically viable agricultural or low density residential uses this may be provided by way of special zonings in appropriate localities
d) the term ‘country dwelling’ shall be deleted from planning schemes and interim development orders, and shall be replaced by the term ‘dwelling house’ as defined in the Model Provisions
e) dwelling houses may be erected on large rural holdings, by the owners, for occupation by persons specifically engaged for agricultural employment upon the property on a 1 per minimum lot size basis (generally 40ha). Provided that the basis of one dwelling per minimum lot size ma, with the concurrence of the Authority be varied

[7] 17 Oct 1969 - LOCAL GOVERNMENT ACT, 1919 - Trove (nla.gov.au)
[8] State Planning Authority NSW (1973)
[9] State Planning Authority NSW (1973)
[10] 04 Apr 1975 - LOCAL GOVERNMENT ACT, 1919 - Trove (nla.gov.au)
[11] 01 Mar 1974 - LOCAL GOVERNMENT ACT, 1919 - Trove (nla.gov.au)

f) as the proposed conditions are more restrictive than those existing, councils may approve of the excision, from existing parcels, of smaller sized lots, appropriate to the particular area, for agricultural purposes, or for the erection of a dwelling house by the owner of the existing parcel. Such provisions shall be limited to one lot per 10ha of existing parcel with a maximum of 3.

The policy set out that local governments should make preparations to amend their IDOs to comply with the policy.

As a result of the April 1973 policy, there was significant criticism of the 40ha minimum particularly from councils. There was confusion as to the effect of the policy and the introduction of an arbitrary 40ha rural subdivision minimum which did not consider the range of agricultural diversity throughout NSW and did not consider smaller hobby farm lot sizes.

Circular 74 (November 1973) clarified the original April 1973 policy. The following points are pertinent:

"4. The concept of a minimum rural holding which will support a viable agricultural activity has not as a general rule been adopted in IDOs and planning schemes. The reason for this is largely the diversity of agricultural uses throughout NSW, the variety of farming techniques viable and other reasons of a like nature. Rather, the practice has been to establish fairly arbitrary minimum areas for general subdivision, set high enough to discourage subdivisions that are speculative and premature or for other than genuine rural purposes."

"11. A minimum subdivision size which is recommended generally for the whole State is bound to be arbitrary, i.e. related to some average concept of agricultural economics but not the needs of specific areas. Since one purpose of setting a minimum allotment size is to ensure that land remains in agriculturally viable parcels, the best solution would be to relate this size to agricultural, climatic, soil and economic characteristics of particular areas. This needs a great deal of research, but it is hoped that this method will be applied in future planning schemes. It must be noted, however, that the economics of farming change over time and what is an entirely viable farm size today may not be so in twenty years. It will therefore be necessary to review subdivision policy from time to time. In many areas, it may be appropriate to adopt a minimum area will in excess of 100 acres."

The 40 Hectare Policy was intended to be an arbitrary holding measure while councils determined more appropriate minimum lot sizes. Most councils didn't progress the development of more appropriate standards and the policy in many cases was often replaced with some arbitrary number.

Following considerable debate, in 1975 the Gloucester Shire Council voluntarily moved to increase the minimum subdivision size from 40ha to 100ha primarily to protect its then significant dairy industry. On 6 February 1976, the Gloucetser Shire Interim Development Order No. 1 was accordingly altered by the Minister for Planning and Environment[12].

The remaining areas of the current MidCoast retained the 40ha minimum lot size.

[12] 06 Feb 1976 - LOCAL GOVERNMENT ACT, 1919 - Trove (nla.gov.au)

1970s onwards

In 1974, the NSW Government introduced new legislation which established the NSW Planning and Environment Commission (PEC) constituted by the *NSW Planning and Environment Commission Act*. The PEC replaced the SPA and it was "concerned with the preparation of new legislation and re-evaluation of the Sydney Region Outline Plan, to cope with increased activity in residential and commercial development and extra responsibilities gained from the new environmental consciousness."[13]

In the late 1970s, the environmental concerns regarding rural subdivision were identified by the PEC and in 1978, guidelines were released to address some of the problems associated with rural subdivision.

In 1979, the NSW Government passed the *Environmental Planning and Assessment Act 1979*. This Act created the following Environmental Planning Instruments (EPIs):

- State Environmental Planning Policies (SEPPs)
- Regional Environmental Plans (REPs)
- Local Environmental Plans (LEPs)[14]

In 1982, the Hunter Regional Environmental Plan No. 1 was enacted and included the former Great Lakes and Gloucester Shire areas in the 'Upper Hunter' region. This plan inlcuded the following objective:

> *"To provide for the development and, where necessary, the expansion of the Region in physical, social and economic terms (and in particular to braoden its economic base), the improvement of its urban and rural enviroments, the orderly and economic development and optimum use of its land and other resources consistent with the conservation of important natural and man-made features, and in such a way that the likely needs and aspirations of the peoples of the Region and State will be provided for and realized, repectively, namely, by –*
>
> *(vii) the protection and effective development and utlization of the Regions reneweable and non-renewable resources inlcuding prime agricultural lands, water, coal, extractive materials, forest and other natural resources."*[15]

To guide local governments with preparation of Local Environmental Plans, the Hunter REP included the following Policy Direction[16]:

Symbol	Policies	No.	Strategies for Implementation	Authorities Involved
Q	Protect *prime, good or unique agricultural land*, and the users thereof, to ensure continuation of the viability and use of the most suitable land for rural purposes.	51	Prevent, through local environmental plans, the subdivision of prime, good or unique agricultural land into allotments less than 40 hectares in area, other than where agricultural requirements justify the creation of smaller allotments. In addition, avoid concentration of industrial, commercial, or urban development on those lands.	Councils, Department of Agriculture, Department of Local Government and Lands, Director Soil Conservation Service

[13] AGY-425 | New South Wales Planning and Environment Commission (researchdata.edu.au)
[14] A brief history of Planning in New South Wales - Precise Planning
[15] 26 Mar 1982 - ENVIRONMENTAL PLANNING AND ASSESSMENT ACT, 1979 - Trove (nla.gov.au)
[16] 26 Mar 1982 - ENVIRONMENTAL PLANNING AND ASSESSMENT ACT, 1979 - Trove (nla.gov.au)

The 100ha minimum lot sizes remained throughout the former Gloucester Shire in Local Environmental Plan 1[17] and 2[18] and 3[19] which amended Interim Development order No. 1, Gloucester Local Environmental Plan No. 4 (gazetted 22 August 1984[20]), the Gloucester Local Environmental Plan 2000[21] and the current the Gloucester Local Environmental Plan 2010[22].

The 40ha minimum lot size remained in the former Greater Taree area since the inception in IDOs in the 1970s and remained in both the Manning Local Environmental Plan No 1[23] (1981) and Greater Taree Local Environmental Plan No. 3 (1982)[24]. The Greater Taree area introduced 100ha minimum lot sizes in western portions of the Council area in the Greater Taree Local Environmental Plan 1995[25]. The rural lot sizes were then retained in the current Greater Taree Local Environmental Plan 2010[26].

Planning controls in the Great Lakes retained the 40ha minimum lot size over all rural lands since it was first introduced in Interim Development Order 2 in 1974[27], and remains unchanged in the current Great Lakes Local Environmental Plan 2014[28].

Application across northern NSW

The history of the application of rural minimum lot sizes in NSW provides the basis for the current rural minimum lot sizes across northern NSW. As indicated in Figure 3, the majority of coastal councils have a minimum lot size of 40ha applying to their rural zones, being RU1 Primary Production and RU2 Rural Landscape zones.

The exceptions are indicated in red with Dorrigo, Bellingen and Dungog having some of their rural lands with minimum sizes greater than 40ha, which can be attributed to the values of the land.

It is acknowledged that as you progress further inland, the minimum lot sizes for rural lands increase.

Given Dungog neighbours the MidCoast, the application of the minimum lot size of 60ha in the Gloucester Basin was seen as a way of applying a consistent approach to rural lands with similar values and agricultural activities.

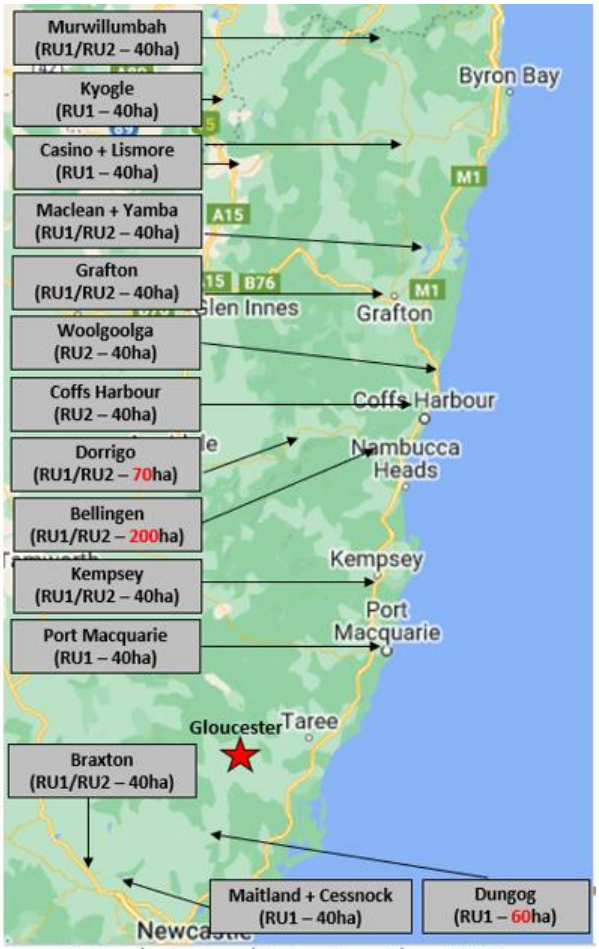


Figure 3: Rural minimum lot sizes in northern NSW

[17] 21 Nov 1980 - ENVIRONMENTAL PLANNING AND ASSESSMENT ACT, 1979. - Trove (nla.gov.au)
[18] 06 Mar 1981 - ENVIRONMENTAL PLANNING AND ASSESSMENT ACT, 1979. - Trove (nla.gov.au)
[19] 04 Sep 1981 - ENVIRONMENTAL PLANNING AND ASSESSMENT ACT, 1979 - Trove (nla.gov.au)
[20] 28 Sep 1984 - ENVIRONMENTAL PLANNING AND ASSESSMENT ACT, 1979 - Trove (nla.gov.au)
[21] Gloucester Local Environmental Plan 2000 - NSW Legislation
[22] Gloucester Local Environmental Plan 2010 - NSW Legislation
[23] 12 Jun 1981 - ENVIRONMENTAL PLANNING AND ASSESSMENT ACT, 1979. - Trove (nla.gov.au)
[24] 08 Apr 1982 - ENVIRONMENTAL PLANNING AND ASSESSMENT ACT, 1979 - Trove (nla.gov.au)
[25] Greater Taree Local Environmental Plan 1995 - NSW Legislation
[26] Greater Taree Local Environmental Plan 2010 - NSW Legislation
[27] 01 Mar 1974 - LOCAL GOVERNMENT ACT, 1919 - Trove (nla.gov.au)
[28] Great Lakes Local Environmental Plan 2014 - NSW Legislation

Application in the MidCoast

The application of the minimum lot size for rural lands in the MidCoast used an evidence-based approach that looked at all available attributes of the land as outlined in the Rural Strategy – The Way Forward document. The attributes considered included draft State Significant Agricultural Land mapping, slopes, soil, vegetation and water catchments.

As outlined below, The Way Forward proposed the use of three rural zones across the MidCoast:

- Western rural lands – RU2 Rural Landscape zone (minimum lot size - 100ha)
- Gloucester Basin – RU1 Primary Production zone (minimum lot size - 60ha)
- Eastern rural lands – RU4 Primary Production Small Lots zone (minimum lot size - 40 and small existing areas of 20ha)

The aim was to provide a transition from 40ha up to the 100ha applied in the western rural lands. The 60ha applied to the Gloucester Basin was also consistent with the minimum lot size applied to the neighbouring Dungog rural lands.

The primary concern raised by DPI was around the reduction of the minimum lot size of rural lands in the Gloucester Basin from 100ha to 60ha, in terms of the impact on the viability of agricultural activities.

As outlined above, the history of the rural minimum lot sizes provides the ‘why’ behind the application of 100ha in the Gloucester Basin. In 1975, the Gloucester Shire Council increased its minimum lot size from 40 to 100ha primarily to protect its then significant dairying industry.

Prior to 1980 there were up to 207 dairies operating in the area. In 1980, 121 dairies were operational, and this fell to 49 in 2001. In 2013, there was just thirteen operational dairies remaining.

While it is acknowledged that dairy operations have changed significantly over time, the application of the 100ha in the Gloucester Basin did not necessarily protect the dairy industry as demonstrated by the remaining thirteen operational dairies.

The following section of the report looks at the agricultural activities and productivity in more detail across NSW and in the MidCoast.

AGRICULTURAL ACTIVITIES AND PRODUCTIVITY

Agricultural activities and productivity

The following examines the productivity of rural lands in the context of coastal NSW and within the MidCoast.

Coastal NSW

Agriculture in coastal NSW is diverse, both in intensity and form. Figure 4 shows the gross value of agricultural production (GVP) per km^2 for NSW coastal councils. Coffs Harbour which is known for its significant banana and thriving blueberry production, has the highest gross value of production of $219,918 per km^2. Of the 39 coastal councils reviewed for this report, the MidCoast ranked 13 out of 39, with a return of $24,145 per km^2.[29]

It is important to note that many of the northern NSW coastal councils that are achieving a high GVP per km^2, have a minimum lot size of 40ha.

Note: the Agricultural Gross Value of Agricultural Production (referred to as gross value of production - GVP) is the measure often used to value agricultural commodities. The ABS definition of GVP is the value of production at the point of sale, usually wholesale. The figures do not include additional profits made from value adding components such as meat manufacturing; or producers that have small herds valued at less than $50,000 per annum, which are not considered to meet the criteria of 'commercial' production.

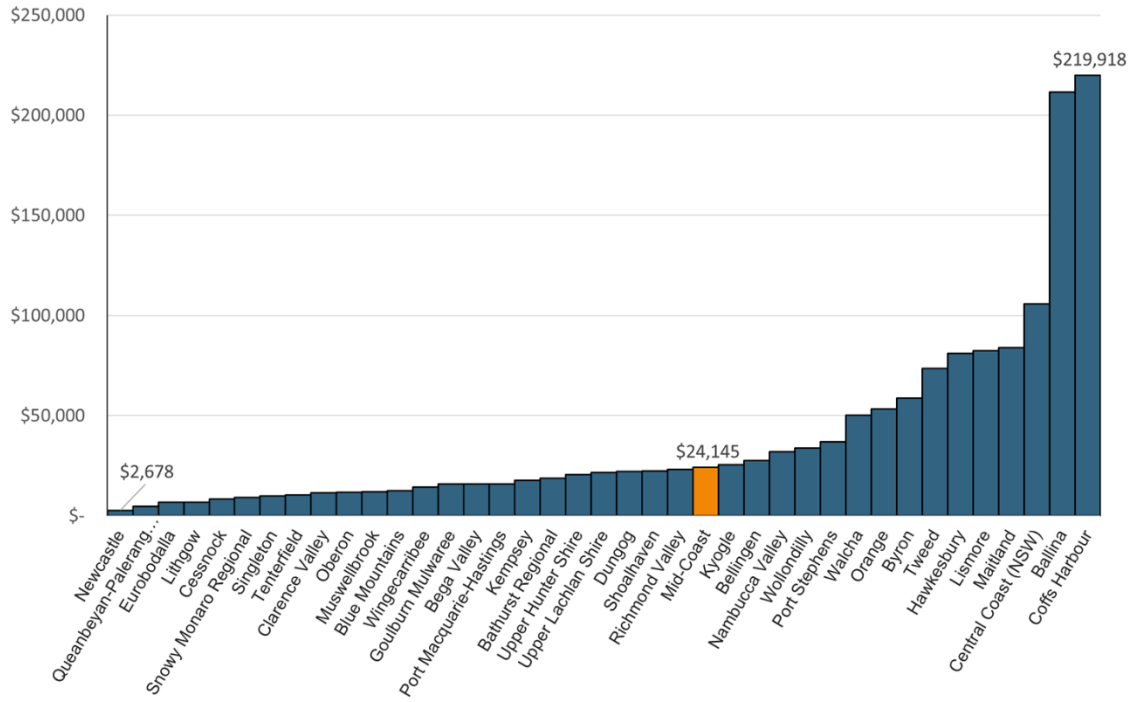


Figure 4: Gross value of production per km^2 in NSW coastal councils

Highly productive coastal councils leverage their prime biophysical characteristics to generate a high GVP through cropping. Of the ten councils with a GVP per km^2 greater than $50,000, nine attribute at least 32% to cropping, with six of the ten generating over 60% of their GVP through cropping. The only exception is Walcha, with a GVP per km^2 of $50,071 with less than 1% from cropping. Walcha generates 84.92% of its value from livestock, 68.36% of which comes from cattle and calves, and 16.5% from sheep and lambs.

[29] Australian Bureau of Statistics – Value of Agricultural Commodities Produced, Australia, 2020-21

Figure 5 demonstrates that in general, the higher the GVP generated through cropping, the more productive the council area is in terms of GVP per km^2. The presence of productive broadacre cropping is an indication of the presence of productive agricultural land.

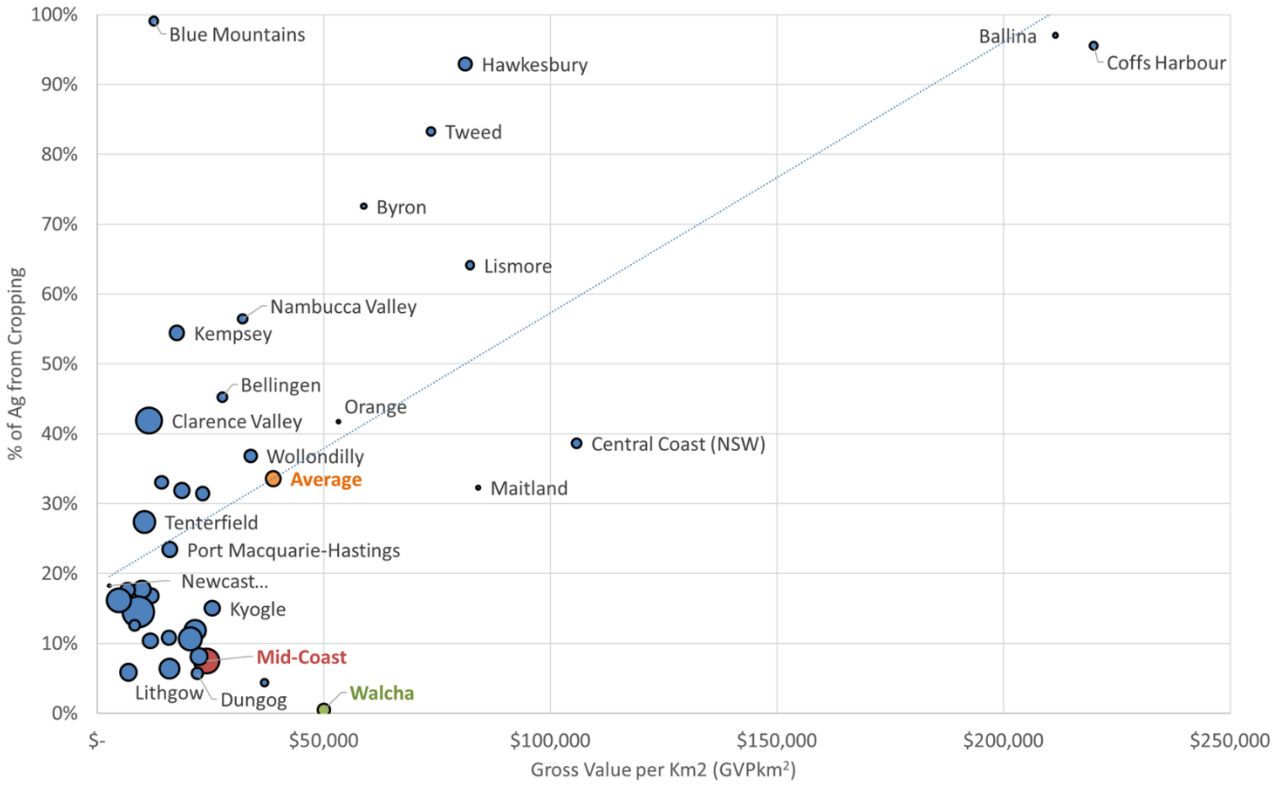


Figure 5: Gross value of production as a function of cropping

As indicated by Figure 5, the MidCoast is not considered to be highly productive due to the low scale cropping activities which generates only 7.5% of its GVP from cropping. In the MidCoast, the areas of higher productivity are used to supplement other agricultural enterprises such as cattle grazing and dairy farming. The areas used for cropping typically grow various feeds such as barley and oats or are used as improved pastures for grazing on a rotational basis as shown in Figure 6 and 7.

When examining the overall gross value of production for each council area, the MidCoast's substantial size (nearly three times the average of the 39 coastal councils), influences its significance. Despite the poor GVP per km^2, the MidCoast generates its agricultural production by utilising its vast tracts of land for extensive cattle grazing, dairy farming, and the recent boom in poultry production.

Totaling $243M in 2020-2021, the MidCoast's gross value of production was second highest of the 39 coastal councils analysed, behind Coffs Harbour with $258.4M for the same period.

Figure 6: Improved pasture associated with dairy operations – Barrington East Road, Barrington. Note the contrast between dairying operations with water licenses and those adjacent and surrounding grazing properties without water licenses is stark

Figure 7: Pasture improvement on the alluvial Gloucester River flats – Faulkland Road, Faulkland. Note: this property has a water licence for irrigation, and is owned by an existing dairy operation for feed supplementation

Productivity across the MidCoast

To better understand the agricultural productivity, the MidCoast was examined in terms of the Level 2 Statistical Areas (SA2s) as defined by the Australian Bureau of Statistics (ABS). The MidCoast is divided into the ten SA2s as outlined below.

The SA2 boundaries align with the former council boundaries. The Gloucester Shire contains area 2, Greater Taree City Council contains areas 1, 4 ,5 and 6 and Great Lakes Council contains areas 3, 7, 8, 9 and 10.

Two of the SA2s, being Forster and Tuncurry, do not generate any gross value of production and have been left out of following analysis. The productive land area in km^2 is provided for each productive SA2 (as shown below).

1. Taree surrounds (2,915km^2)
2. Gloucester (2,235km^2)
3. Bulahdelah – Stroud (1,794km^2)
4. Wingham (61km^2)
5. Taree (125km^2)
6. Old Bar – Manning Point – Red Head (173km^2)
7. Forster-Tuncurry surrounds (620km^2)
8. Tuncurry
9. Forster
10. Tea Gardens – Hawks Nest (169km^2)

When examining the SA2 data, it is important to note that the Gloucester LEP had different planning controls applied to rural lands in comparison to the Greater Taree and Great Lakes LEP. The most significant difference being the minimum lot size, with Gloucester LEP applying the 100ha minimum lot size since 1976 compared to predominately 40ha in the Greater Taree and Great Lakes LEPs.

The SA2 data delves into the various agricultural uses in the MidCoast and is assesses their relative productivity and relationship to minimum lot sizes.[30]

Figure 8 shows the gross value of production for the MidCoast SA2s. The Taree surrounds SA2 (referred as Taree (S) below), is by far the most productive agricultural area, generating approximately $94M in GVP, followed by Bulahdelah – Stroud ($69M) and Gloucester ($42M). Together they constitute a little over 85% of the entire MidCoast GVP. Taree surrounds is made up of 2,915km^2 of productive agricultural land, Bulahdelah – Stroud 2,334km^2 and Gloucester 2,934km^2.

Note: the productive agricultural land is a measurement created by subtracting the “Total protected land area (ha)” from the “Land area (ha)” as defined by the ABS to create an approximate measure for agricultural land. From this point onwards, any calculations that reference the size of these SA2 areas will be in reference to productive agricultural land.

[30] Source: Australian Bureau of Statistics. Value of Agricultural Commodities Produced, Australia, 2020-21

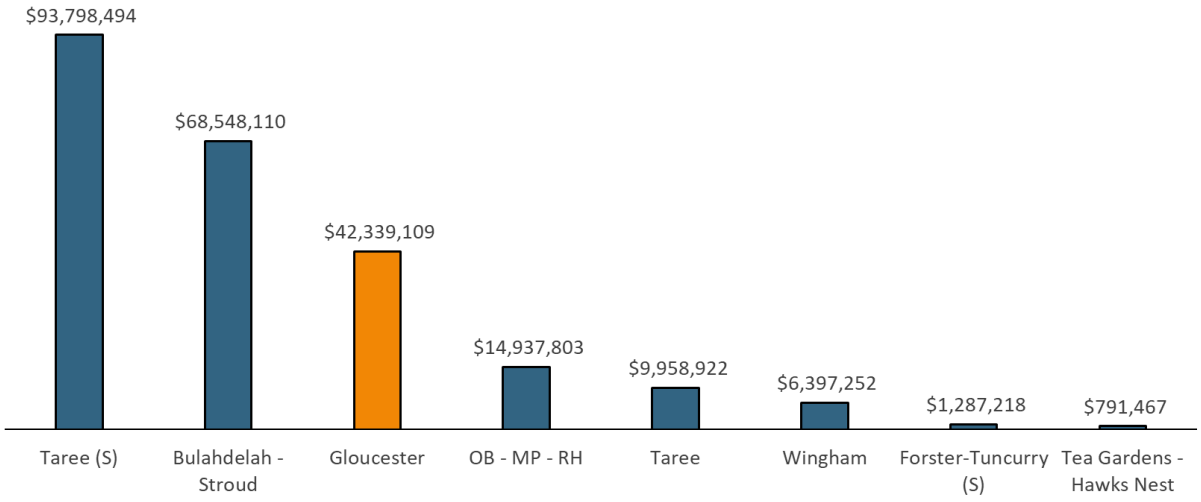


Figure 8: Gross value of production for each MidCoast SA2

This pattern of low productivity is reinforced when the gross value of production per km^2 for each SA2 is examined in Figure 9. In this case, the Gloucester SA2 falls to the third least productive area in the MidCoast, generating only $18,943 in GVP per km^2.

The high productivity experienced by Wingham is likely the result of the local abattoir acting as a conduit for local livestock products. The alluvial flats that constitute the Old Bar - Manning Point - Red Head SA2 are considered the most productive agricultural area within the MidCoast. When this area is compared to other NSW coastal councils, it is the fourth most productive in terms of GVP per km^2, generating $10.5M in dairy and another $3.6M from cattle and calves. While this is an indication that a smaller lot sizes do not invariably have a negative impact on agricultural productivity, it is important to draw comparisons between land of similar biophysical traits to limit variables influencing any difference.

Within the MidCoast, the Gloucester SA2 has the most similarities with Bulahdelah – Stroud, and to a lesser extent Taree surrounds, all of which have a higher GVP per km^2 than Gloucester.

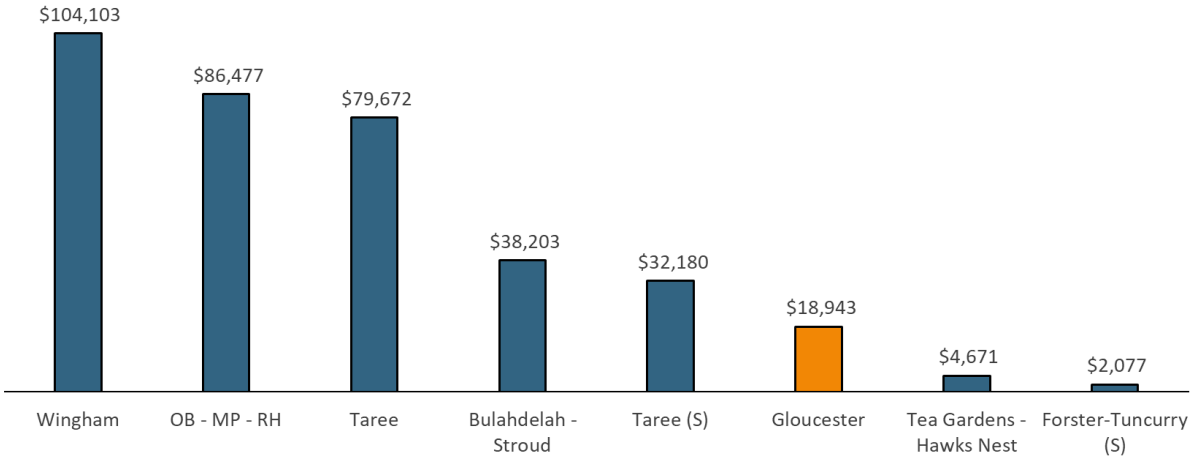


Figure 9: Gross value of production per km^2 for each MidCoast SA2s

It is important to note that most of the MidCoast GVP comes from the three largest areas, Taree surrounds, Bulahdelah - Stroud and Gloucester, which combined generate 85.98% of the MidCoast total output (refer to Figure 10).

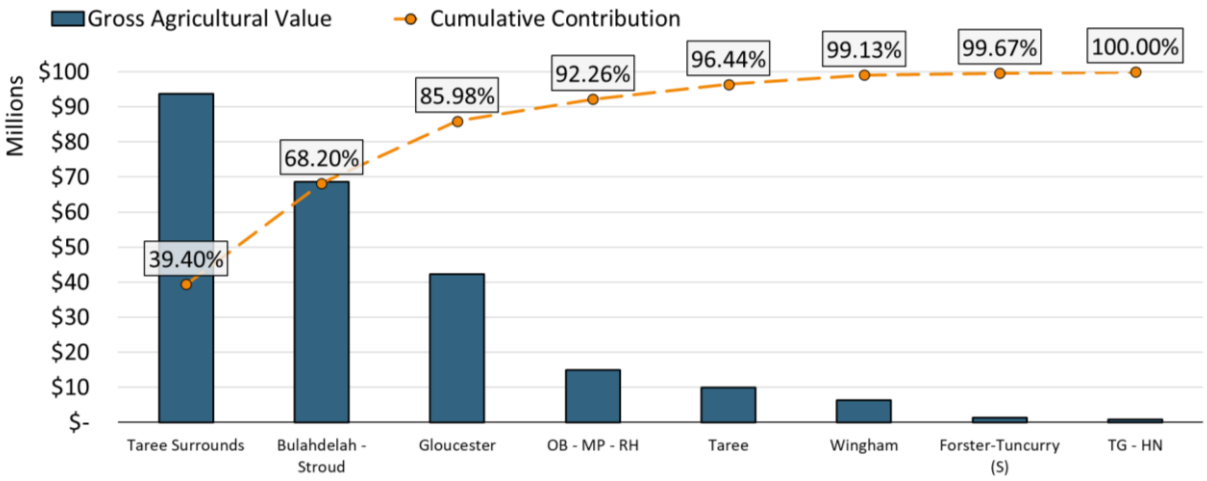


Figure 10: Contributions to gross value of production by SA2

Breakdown of agriculture in the MidCoast

The MidCoast is dominated by three core agricultural sectors being livestock, dairy and poultry. Across the eight productive SA2s the diversity in production varies substantially. Smaller areas such as Forster – Tuncurry surrounds, and Tea Gardens - Hawks Nest generate small single product outputs, whilst larger areas tend to diversify and supply a range of agricultural products.

Combined, the MidCoast generates 36% of the gross value of production from poultry, 30% from dairy, 26% from livestock, and 8% from all other forms of agriculture.

The following provides an analysis of each of these agricultural sectors present in the MidCoast.

Dairy

The MidCoast produced $71M in gross value of production through dairy in 2020/2021, approximately 30% of its total GVP. Taree surrounds is by far the greatest producer, accounting for 44.7% of the dairy production. Gloucester follows as the second largest producer, contributing 23.86%, and Old Bar - Manning Point - Red Head (OB-MP-RH) the third largest contributor, producing around 15% (refer to Figure 11).

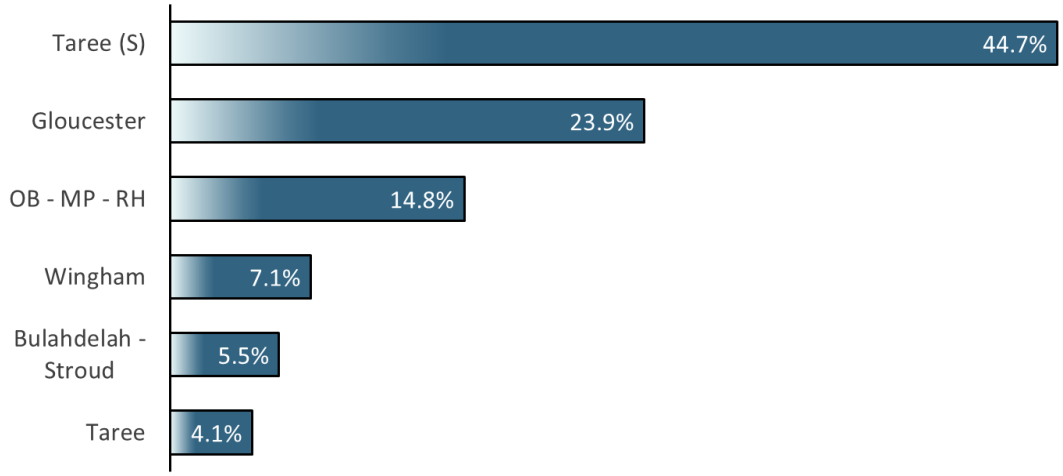


Figure 11: Dairy production in the MidCoast by SA2

It is important to note that these figures are not adjusted to gross value of production per km^2. Taree surrounds and Gloucester SA2s are similar in their productive land area (2,915km^2 and 2,934km^2 respectively), however Taree surrounds has almost double the dairy productivity. Old

Bar – Manning Point – Red Head has only 173km^2 productive land area which is around 6% of the productive land area of Taree surrounds and Gloucester but is achieving 14.8% of the productivity.

There is evidence that the dairy industry has long been in decline in Gloucester. Prior to 1980 there were up to 207 dairies operating in the area. In 1980, 121 dairies were operational, and this fell to 49 in 2001. In 2013, there was just thirteen operational dairies remaining. Figure 12 below shows a point in time snapshot as to how many dairies existed in the Gloucester basin.

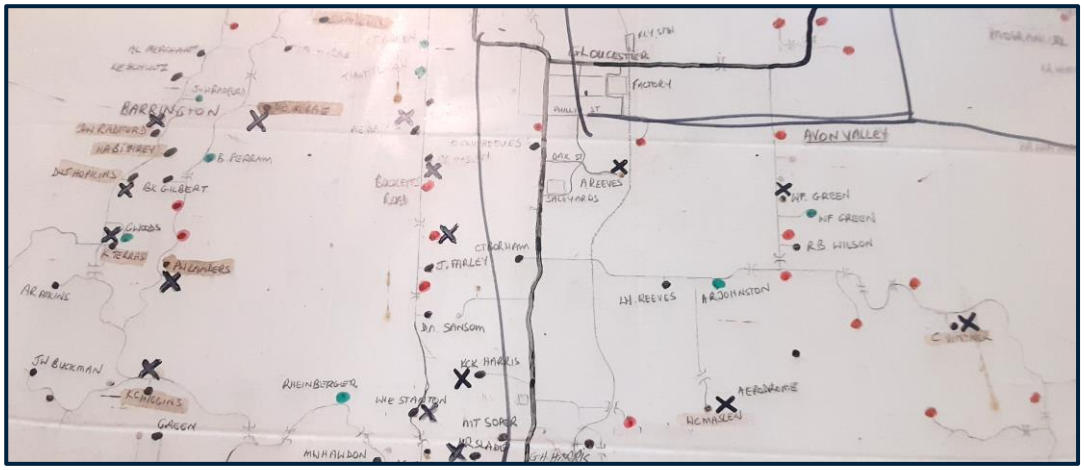


Figure 22: Extract from Masonite board formerly hung in the Gloucester Butter factory boardroom retrieved by the Gloucester Historical society. Note the proliferation of dairies throughout the Gloucester basin

The reasons for this decline in dairy numbers is well documented including in a 1999 Briefing Paper to the Parliament of New South Wales[31]. Australia-wide this trend that has been observed since 1979/80, falling from an original 21,989 registered dairy farms, to 4,420 in 2021/22 (In Focus 2022 pg. 6). Table 2 shows in detail the reduction in dairies over the last 12 years nation-wide.

Table 2: Number of registered dairy farms in Australia (2006/7 - 2021/22)

	NSW	Vic	Qld	SA	WA	Tas	Aust
2006/07	924	5,346	734	354	222	475	8,055
2007/08	886	5,422	664	332	186	463	7,953
2008/09	860	5,462	648	320	183	451	7,924
2009/10	820	5,159	621	306	165	440	7,511
2010/11	807	4,588	595	286	170	437	6,883
2011/12	778	4,556	555	275	162	444	6,770
2012/13	731	4,284	518	268	160	437	6,398
2013/14	710	4,268	475	264	156	435	6,308
2014/15	704	4,127	448	252	157	440	6,128
2015/16	690	4,141	421	246	151	430	6,079
2016/17	661	3,889	406	240	148	427	5,771
2017/18	626	3,881	393	228	159	412	5,699
2018/19	575	3,516	356	212	150	404	5,213
2019/20	534	3,462	327	206	135	391	5,055
2020/21	523	3,080	307	198	132	378	4,618
2021/22 (p)	494	2,984	280	181	116	365	4,420

It should be noted that the overall dairy production of Australia has remained relatively level, despite this nearly 50% reduction in total farm numbers. “Improved herd genetics, as well as advances in pasture management and supplementary feeding regimes, have increased average

[31] Dairy Industry in NSW: past and Present

annual per cow yields. Over the past four decades, yields have more than doubled from 2,900 litres in 1980 to 6,203 litres in 2021/22" (In Focus 2022 pg. 7).

This shift towards fewer and more productive dairies that are reliant on greater inputs, is a trend seen throughout the MidCoast. However, the decline seems more noticeable in the Gloucester region where the minimal lot size has been 100ha.

Key locational factors for dairies in the MidCoast is reliance on good quality agricultural land, suitable heavy vehicle transport networks and water access which is "a critical resource for the industry" (Dairy Australia pg. 13). This is best demonstrated in Figure 15 which mapped the dairy and poultry sites for the Greater Taree City Council's Local Growth Strategy in 2016. There is a clear pattern in the location of dairy farms along watercourses and flood plains. As evident below in Figure 13 and Figure 14, the MidCoast landscape is diverse and included alluvial river flats and inland cropping that is reliant on irrigation and improvements.

Figure 13: Proposed 60ha Gloucester basin improved pasture associated with existing dairy operations - Barrington East Road, Barrington. The Barrington River is the most reliable water source for the Gloucester basin

Figure 34: A lower Manning alluvial landscape in the eastern rural lands area – Oxley Island.

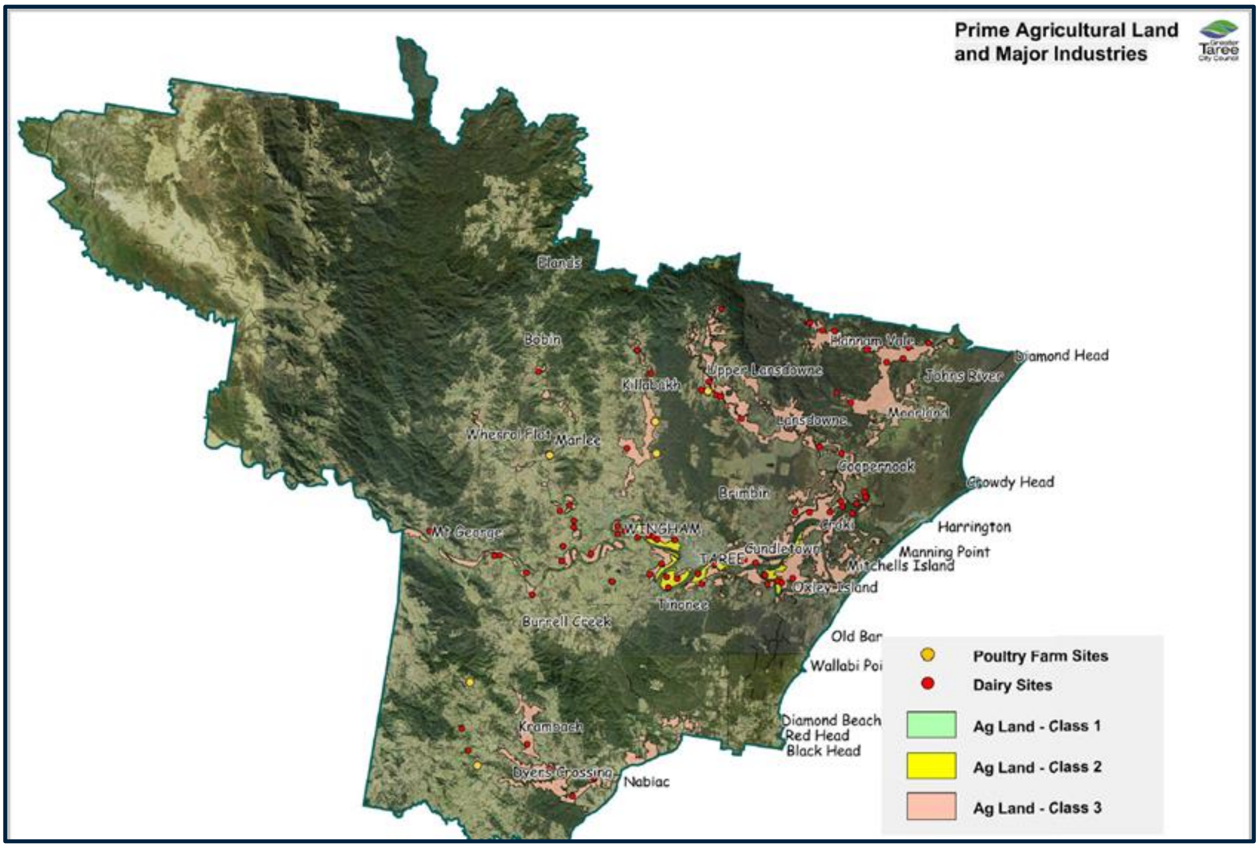


Figure 45: Location of dairy and poultry in the former Greater Taree LGA

Local Land Services data for stocking rates of dairy cattle in the MidCoast (2016/17) supports this finding. Divided by catchment area, the Local Land Services data makes clear that within the MidCoast, dairy farms are operating predominantly in the Taree surrounds SA2 and the Old Bar - Manning Point - Red Head SA2, with clusters around the Gloucester basin (Figure 16). This concentration of dairy farms along the coast could be aligned to not only the prevalence of floodplains and access to water, but also the provision of a 40ha minimum lot size.

In summary:

- there is a relationship between the proliferation of dairies and land located on floodplains with good access to water. Figure 16 demonstrates this inter-relationship with the higher density of dairy cows located on the floodplains
- Taree surrounds remain the most productive SA2 for dairies, which have operated with a 40ha minimum lot size for over 50 years
- there is no indication that reducing the rural minimum lot size from 100ha to 60ha in the Gloucester basin would reduce the productivity of the dairy industry. The productivity of Taree surrounds far exceeds Gloucester while they both cover a similar area. The change to a 60ha minimum lot size may actually improve productivity, given the significant decline of the dairy industry in this area over the last 50 years since the 100ha was applied.

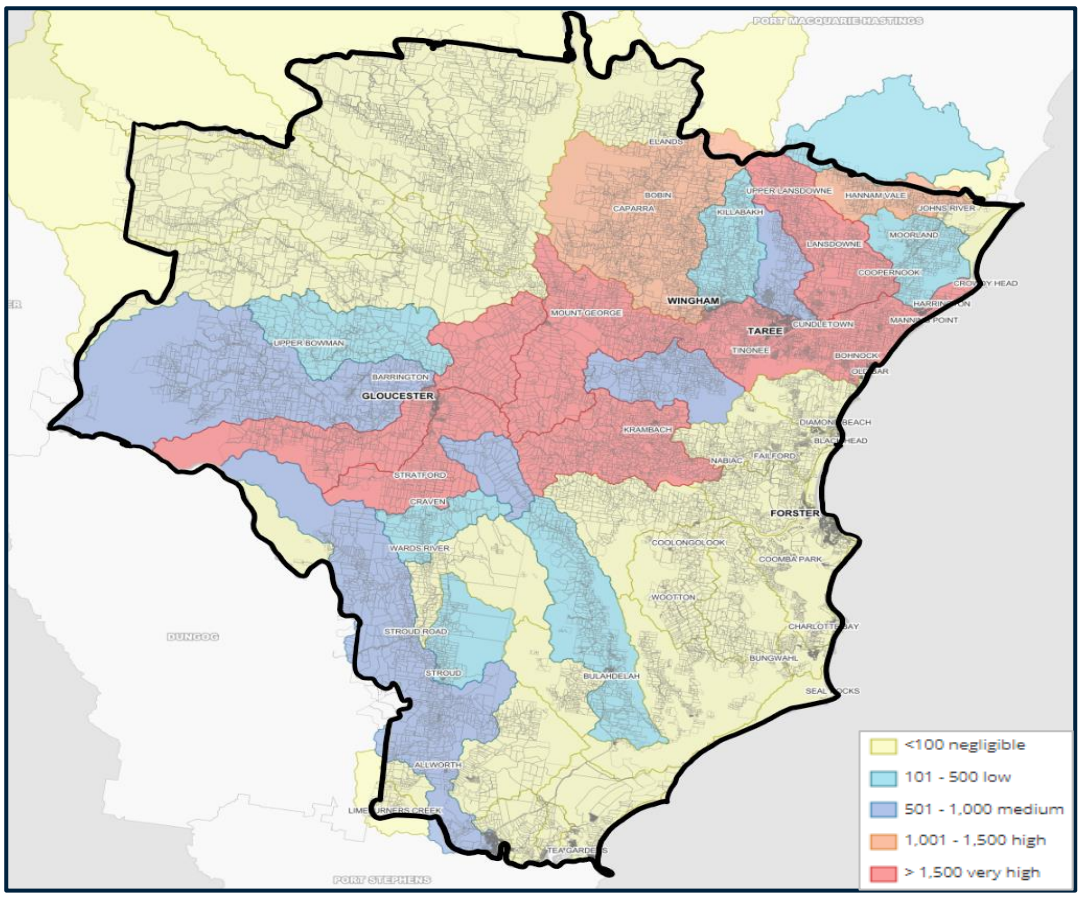


Figure 16: Dairy cattle for the MidCoast Catchment 2016/17 (Local Land Services)

In support of this assessment, an excerpt from Dairy Productivity, a report prepared by Dairy Australia, states:

> *"Dairy farms on the whole exhibit constant returns to scale – that is productivity levels not driven by the size of the farm and larger farmers do not have higher rates of productivity."* [32]

Poultry

Poultry farming is the keeping of chickens for egg production, meat production, or breeding. Poultry farming generally requires access to three-phase power, requires the farm to be on major transport corridors and have good access to reliable water sources. Areas that are suited to poultry have specific and ideal temperature ranges.

Poultry is the largest contributor to the gross value of production in the MidCoast, generating 36% ($86M) of the MidCoast total output. Poultry farming is divided between the two SA2 regions of Taree surrounds and Bulahdelah - Stroud with outputs of $34M and $52M respectively. The MidCoast's most productive region in terms of gross agricultural value per km^2 is Bulahdelah – Stroud which generates 75% of its total value from this agricultural sector alone.

[32] (Dairy Productivity – Final Report. Marsden Jacob Associates Pty Ltd, p. 13)

Discussions with DPI indicates that the poultry (meat) farming is closely linked to the location of processing plants, with the maximum distance being 200km. In this instance, the closest processing plant is the Baiada plant located in Beresfield, which places the Stroud Valley in the ideal position.

The first Stroud poultry (meat) farms commenced operations soon after the opening of the Beresfield plant in the 1970s. These farms were generally located on land that was relatively low cost, considered poor quality agricultural land (for grazing and crops), with access to a reliable water source and with good access to three-phase power via the NSW 132kV transmission line network traversing the Stroud Valley enroute to the Stroud Road substation.

Poultry farming is relatively drought resistant and can operate on land with poor biophysical characteristics.[33] As such, the industry is unique in its ability to generate sustainable farm income during difficult climatic conditions that would otherwise cause a reduction in the output of other types of agriculture such as dairy and livestock. Additionally, its non-reliance on good quality soil allows poultry farms to be established on land which would otherwise constrain other agricultural sectors.

There is a general absence of poultry farming in Gloucester as indicated by the stocking rates provided by Local Land Services (refer to Figure 17). The key factors may be the slight climatic differences to the Stroud Valley and no access to 132kV power.

Recently, a significant poultry breeder farm for broilers has established to the south of Gloucester that produces fertilised eggs to be sent to hatching farms elsewhere. Breeder farms typically don't need to co-locate with other poultry farms due to the increased biosecurity measures and don't need to be in proximity to processing plants. Subject to economic considerations, other poultry farms such as these may move in the Gloucester basin in the future.

The MidCoast is benefitting from the changing consumer attitudes, with a large proportion of free-range meat and eggs farms being located in the MidCoast and the ability of the Beresfield plant to process free range poultry. It is noted that the largest poultry industry in NSW is located in Tamworth, and Griffith is predominantly carried out in shed (battery) operations both due to reasons of economies of scale and the capability of receiving processing plants. These changing consumer attitudes have the potential to further increase poultry farming in the MidCoast.

With poultry contributing so significantly to the gross value of production in the MidCoast, a case study was undertaken on the 40 poultry farms in Bulahdelah – Stroud to examine the size of lots which had established farms. The planning controls in Bulahdelah – Stroud had a 40ha minimum lot size. Of these 40 poultry farms, 18 were established on properties 40ha or less, 29 were established on 60ha or less, and only four were on properties with a lot size greater than 100ha (refer to Figure 18).

In summary:

- poultry farming is the growth agricultural activity in the MidCoast
- while poultry farming is prevalent to the south of Gloucester in the Bulahdelah – Stroud SA2, the lack of access to phase-three power is limiting the growth of this type of agriculture in Gloucester
- reducing the rural minimum lot size from 100ha to 60ha in the Gloucester basin may increase opportunities for the establishment of poultry farms in the Gloucester basin given the majority of poultry farms are located on 60ha or less.

[33] DPI Intensive Animal Profile 2012 : Intensive animal profile - central west region (nsw.gov.au)

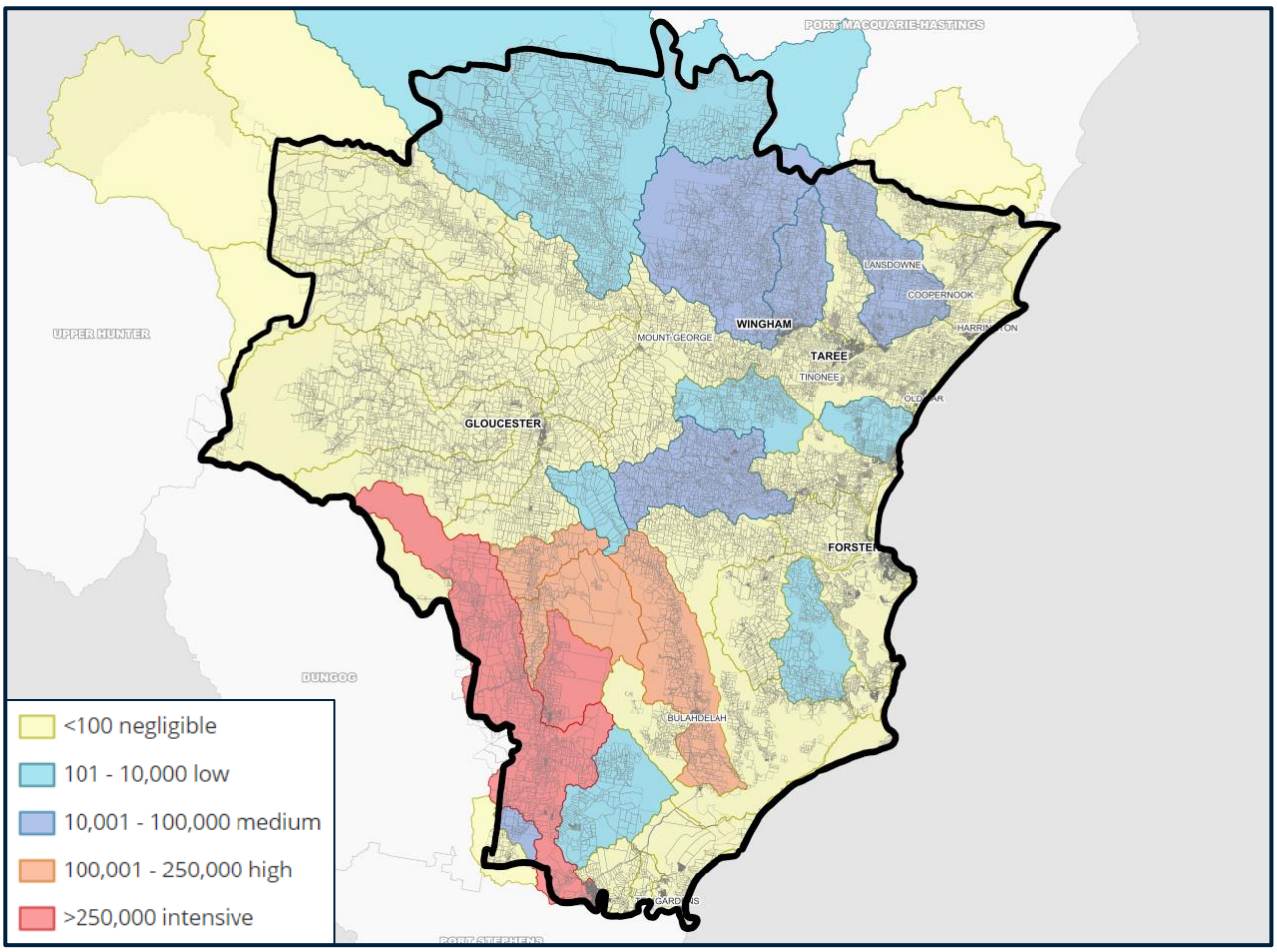


Figure 17: Poultry stocking rates the MidCoast Catchment 2016/17 (Local Land Services)

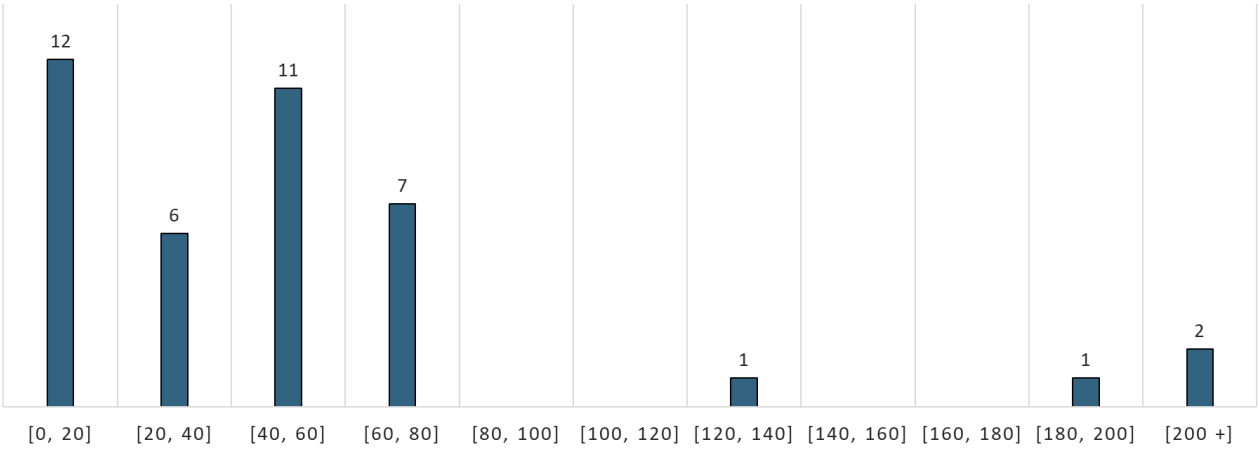


Figure 18: Poultry (meat and egg) farm size in Bulahdelah – Stroud SA2

Livestock

Beef cattle farming is a form of livestock agriculture. The two main products are beef (cattle) and veal (calves), noting that veal is produced from calves that weigh less than 150kg at the time of slaughter[34]. A range of other products include tallow; blood and bone meal; and beef bone extract[35]. Beef cattle production and processing employs over 1,000 workers in the region[36].

The gross value of production generated through cattle and calves in the MidCoast is approximately 25% ($62M) of the region's total. Unlike poultry and dairy farming, running livestock has fewer financial barriers to entry, with little need to invest in extensive infrastructure that would be required for other intensive agricultural operations. As such, there are many smaller producers throughout the region in addition to larger commercial farms.

Of the three major producing regions throughout the MidCoast, Gloucester is the largest contributor of cattle and calves, generating just under $22M in gross value of production, followed closely by Taree surrounds with approximately $21M. Bulahdelah also contributes substantially to the regions production with approximately $11.5M in gross value of production generated in the 2020/21 financial year (refer to Figure 19).

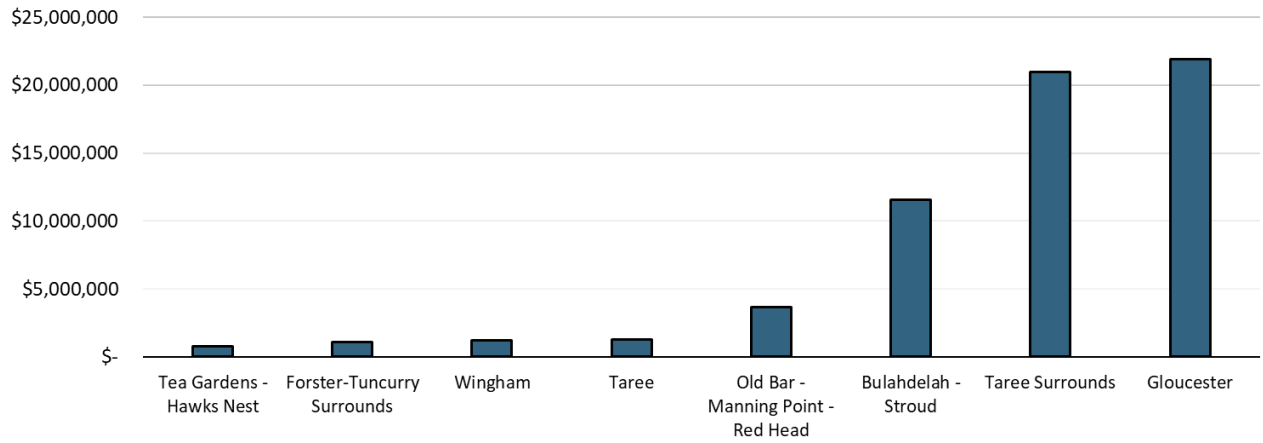


Figure 19: Cattle and calves productivity in the MidCoast SA2s

Figure 20 shows the Local Land Services (2016/17) stocking rates for cattle and calves. The extent of coverage across the MidCoast is wider and more prevalent inland. Like dairy farms, livestock farms are also located on the floodplains, but they then extend further inland into more undulating lands. As evident in Figure 21 below, grazing activities also occur in the rolling hills of the MidCoast.

[34] RIRDC 2017
[35] Beef By Products – NH Foods (nh-foods.com.au)
[36] Draft MidCoast Rural Strategy June 2021. pg. 27

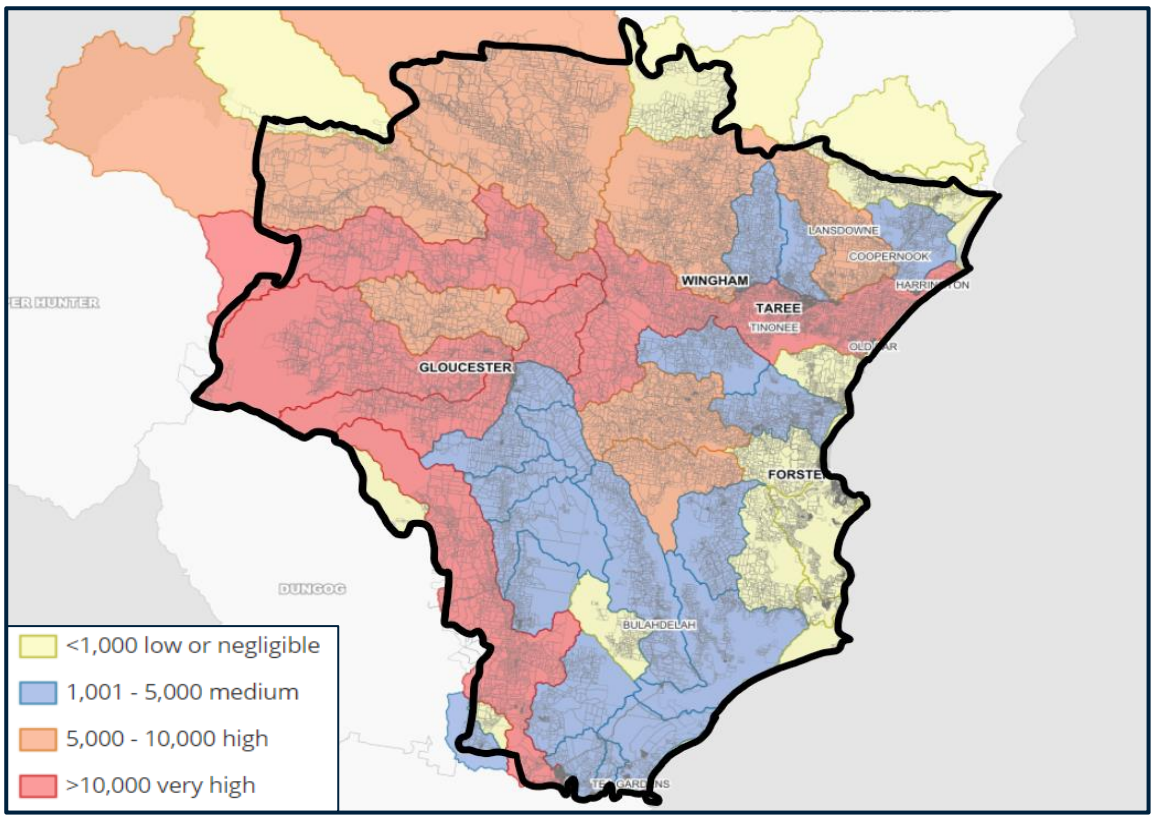


Figure 20: Cattle Stocking Rates (Local Land Services 2016/17)

In summary:

- when comparing Taree surrounds and the Gloucester SA2, it is evident that 100ha minimum lot size has not been conducive to any substantial improvements in agricultural productivity. In fact, despite its 40ha minimum lot size, the Taree surrounds SA2 has been able to produce a near identical output from running cattle and calves, whilst also producing an additional $72.9M in gross value of production from other forms agriculture, compared to Gloucester's additional $20M in GVP
- there is no evidence that reducing the rural minimum lot size from 100ha to 60ha in the Gloucester Basin would reduce the productivity of livestock farms when comparing the GVP being achieved in locations where the minimum lot size in 40ha.

Figure 21: Livestock grazing lands in the Mograni Valley to the east of Gloucester. Rolling hills amidst intermittent water sources

Other agriculture

Other agricultural sectors in the MidCoast include horticulture, equine activities, bee keeping and Private Native Forestry.

Horticulture includes the growing of fruits, vegetables, nuts, mushrooms, cut flowers and foliage and nursery products for commercial purposes. In the MidCoast, due to the land capability limitations, horticulture does not represent a large portion of the agricultural industry and makes up only 7.69% of agricultural production (as shown in Figure 22)

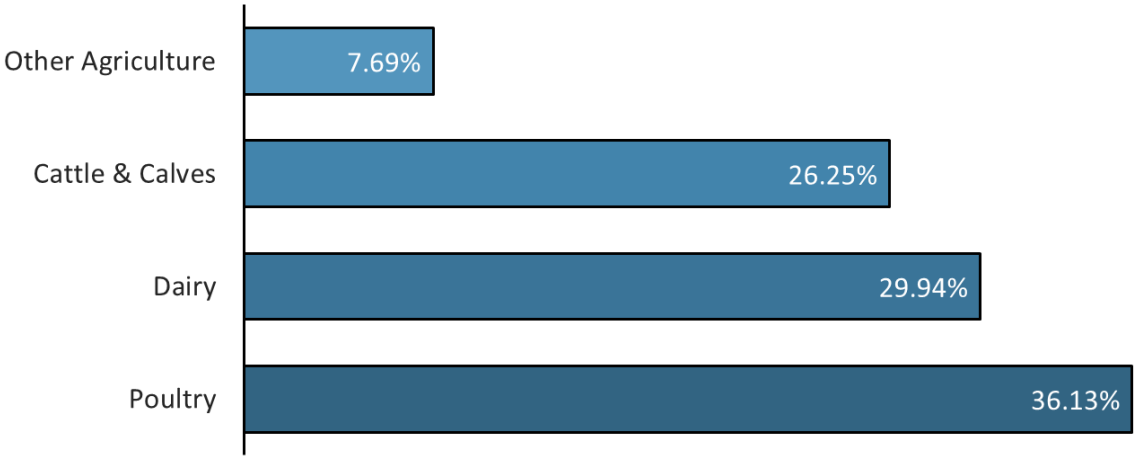


Figure 5: Breakdown of 'other' agriculture sectors in the MidCoast

In 2018-19, there were five macadamia, five lemon, two berry, four vegetable and five cut flower businesses that exceeded a value of agricultural operations of more than $40,000. As with any horticulture, there may be many other horticultural growers making a smaller, but important contribution to the supply of fresh food within the MidCoast and broader region, but they are not recorded by the ABS.

Specific horticultural industries of note that operate in the MidCoast include:

- turf farms operating predominantly on the Lower Manning Floodplains in Mondrook and Taree West (as shown in Figure 23)
- wineries (viticulture) in both the Gloucester Basin and in the lower Myall in Bulahdelah
- two major commercial greenhouses growing tomatoes for the wider market in Tinonee and Old Bar (as shown in Figure 24).

Crucially, almost all of the existing horticulture operations occur in the MidCoast eastern areas where the 40ha minimum lot sizes apply. In the fertile locations in the Gloucester basin, these areas typically either comprise existing dairy operations or are being utilised for supplementary growing of fodder and grains to support these operations.

Emerging industries or those industries which demonstrate particular opportunities in the MidCoast include:

- equine (horse) industries – incorporating horse studs, horse training facilities, trail riding, and horse-related camping opportunities. The majority of these operations occur in the coastal floodplains
- bee keeping – a small industry with around 1,600 beehives recorded in the MidCoast area with nine businesses making over $40,000 in 2018-19. Much of the beekeeping industry operates on leasing agreements with existing rural uses or forestry lands. The minimum lot size or zone appears to have minimal influence on this sector.

Figure 63: Turf farming in Mondrook – Mondrook Lane, Mondrook. Alluvial flats in a high velocity flood plan area make ideal conditions for turf farming.

Figure 7: A new commercial tomato greenhouse operation established within a previous land-based aquaculture site at The Bucketts Way South, Tinonee. This operation has a contract for the commercial supply of tomatoes. The greenhouses comprise a total area of around 20,000m^2. The previous fish farm operations provide a reliable water source, and this use occurs on a site with dwelling entitlement and land area of just over 23ha.

Summary of productivity

Agricultural productivity has been examined in terms of the MidCoast compared to other coastal councils in NSW, and in the breakdown of agricultural activities within the MidCoast.

It is acknowledged that there are many physical factors that influence the productivity of land, such as access to water, soils and slopes. But there is no evidence to suggest that having a larger minimum lot size of 100ha increases the productivity of rural lands. The majority of the most productive coastal councils have a minimum lot size of 40ha.

When examining the different agricultural activities within the MidCoast, the Gloucester basin was not as productive as locations like Taree surrounds, Old Bar – Manning Point – Red Head and Bulahdelah Stroud. It may be the case that the 100ha has limited the productivity of the land, particularly in terms of the two most productive agricultural uses in the MidCoast being poultry and dairy farming.

RURAL LAND USES

Rural land uses

DPI are seeking more information regarding some of the uses proposed in the rural land use tables, land use conflict and the impacts on key agricultural industries, new and emerging and supporting agriculture infrastructure. These issues are addressed below.

Land use tables

Land use tables included in the draft MidCoast LEP were developed as part the draft MidCoast Rural Strategy which involved looking at our existing rural areas and uses, NSW Government reforms, industry trends and extensive community and industry consultation.

The approach to the land use tables was not to remove land uses, but rather to build upon existing uses and provide reasonable opportunities for value adding on-farm activities that support rural enterprises. This approach is directly supported by the NSW Government's recent agritourism reform and the Hunter Regional Plan 2041, to encourage opportunities for the intensification and diversification of on-farm activities.

DPI raised concerns regarding the large range of land uses proposed in rural areas. Council took on-board concerns raised by DPI, and removed a number of land uses from the land use tables for rural zones. However, there remain some land uses that Council considers to be reasonable in the rural zones for the MidCoast based on existing land use permissibility, other recently gazetted LEPs, industry feedback and the unique characteristics of our rural areas. Justification for each of the uses is outlined in Table 3 below. These uses have been retained in the draft MidCoast LEP (October 2023).

It is important to note that the extent of land uses permitted in rural zones in LEPs across NSW has increased since the first plans were released in 2010, which included the Greater Taree and Gloucester LEPs. Lessons were learnt from the restrictive nature of these rural zones when they were first released, which often prohibited land uses needed in rural landscapes to support the rural activities or rural settlements. The Great Lakes LEP 2014 shows this transition, having more land uses permitted with consent in rural zones, which has continued to be expanded upon up to the recent NSW Government's agritourism reform.

The restrictive nature of these rural zones was limiting opportunities to value add to farming activities or establish new and emerging activities. Given the extensive timeframes needed to amend an LEP, these opportunities were often lost. It also needs to be recognised that many of the land uses proposed in the rural zones may not come to fruition. But when a land use is proposed in a suitable location, has merit, meets the zone objectives and has the opportunity to provide some economic diversity for farmers, there will be a process in place to undertake a merit assessment for the development proposal, rather than there being no options available.

In addition, a wider number of land uses are appropriate for rural lands in regional NSW when you consider:

- rural lands can account for over 70% of regional council areas. In the MidCoast around 7,140km^2 (71%) is proposed to be included in a rural zone. These lands offer a diverse range of landscapes that can accommodate a range of uses
- the MidCoast has 195 towns, villages and localities. Many of the rural villages and localities are historic and not included in an urban zone or the RU5 Village zone. To ensure the long term viability of these settlements in terms of access to services and facilities, the rural zones need to provide for a range of land uses.

Table 3: Justification for land uses identified by DPI to be permitted with consent in the relevant rural zone

Permitted with consent land uses	Justification
Camping grounds in RU1 Primary Production zone	Camping grounds are currently permitted with consent in the RU1 Primary Production zone in the Greater Taree and Gloucester LEPs, and in the RU2 Rural Landscape zone in the Great Lakes LEP. Camping grounds are also permitted with consent in the RU1 Primary Production zone in the recently gazetted Dubbo LEP 2022. The Hunter Regional Plan 2041, Planning Priority 3 for the Barrington District states: 'The intensification and diversification of on-farm activities like farm stays, camping or farm gate premises should be encouraged, along with larger visitor facilities and events that complement rural activities and landscapes.' The inclusion of camping grounds as a land use permitted with consent in the RU1 zone in the draft MidCoast LEP is consistent with the Hunter Regional Plan 2041.
Cemeteries in RU1 Primary Production zone	Cemeteries are currently permitted with consent in the RU1 Primary Production zone in both the Gloucester and Greater Taree LEP and the RU2 Rural Landscape zone in the Great Lakes LEP. This land use is also permitted with consent in the RU1 Primary Production zone in the recently gazetted Dubbo LEP 2022 and Queanbeyan LEP 2022. There are a number of existing cemeteries in the rural areas of the MidCoast. The demand for this type of land use is very low and therefore impacts on agricultural viability are considered to be minimal. It is considered reasonable that this land use be permitted with consent in the RU1 Primary Production zone.
Community facilities in RU1 Primary Production and RU2 Rural Landscape zones	Community facilities are currently permitted with consent in the RU1 Primary Production zone in both the Gloucester and Greater Taree LEP and the RU2 Rural Landscape zone in the Great Lakes LEP. This land use is also permitted with consent in these zones in the recently gazetted Dubbo LEP 2022, Central Coast LEP 2023, and Queanbeyan LEP 2022. A community facility is a building or place used for the physical, social, cultural or intellectual development or welfare of the community. Such uses include men sheds and community halls, which are often located in rural areas and a crucial to maintaining the fabric of the rural environments and communities. It is not considered reasonable to prohibit a land use that has significant community benefits. These types of facilities are considered to be low impact, support wellbeing and encourage connected rural communities.
Crematoria in RU1 Primary Production zone	Crematoria are currently permitted in the RU1 Primary Production Zone in the Greater Taree LEP and the RU2 Rural Landscape zone in the Great Lakes LEP. This land use is also permitted with consent in the RU1 Primary Production zone in the recently gazetted Queanbeyan LEP 2022 and Hilltops LEP 2022. Crematoriums are predominantly located on the outer edges of urban centres and are often associated with cemeteries in a rural setting. The demand for this type of land use is very low and therefore impacts on agricultural viability are considered to be minimal. It is considered reasonable to allow this land use with consent in the proposed RU1 Primary Production zone in the Gloucester basin to service the community if the need arises.
Depots in RU2 Rural Landscape zones	Depots are currently permitted with consent in the RU2 Rural Landscape zone in the Great Lakes LEP. The land use is also permitted with consent in the RU2 Rural Landscape zone in the recently gazetted Dubbo LEP 2022. A depot is a building or place used for the storage (but not sale or hire) of plant, machinery or other goods (that support the operations of an existing undertaking).

Permitted with consent land uses	Justification
	This supports rural enterprises that require the storage of machinery such as sawmills. It is also intended to allow for the keeping of machinery or materials where storage in industrial areas would be problematic and impractical for example large road construction machinery and materials used for rural road upgrading. Any development application for this use would be considered on its merit, having regard for the objectives of the zone.
Educational establishments in RU1 Primary Production zone	Educational establishments are currently permitted in the RU1 Primary Production zone in the Greater Taree LEP and the RU2 Rural Landscape zone in the Great Lakes LEP. The land use is also permitted with consent in the RU1 Primary Production zone in the recently gazetted Dubbo LEP 2022 and Hilltops LEP 2022. In the MidCoast many existing educational establishments are located in rural areas. This can be attributed to the number of rural settlements where schools are located and the trend toward locating schools in natural/rural landscapes to encourage learning in nature. The demand for this type of land use is very low and therefore impacts on agricultural viability are considered to be minimal. Allowing this land use with consent in the RU1 Primary Production zone in the Gloucester basin is considered reasonable to service the educational needs of the community.
Function centres in RU1 Primary Production zone	Function centres are currently permitted with consent in the RU1 Primary Production zone in the Greater Taree LEP. It is also permitted in the RU1 Primary Production zone in the recently gazetted Dubbo LEP 2022 and Queanbeyan LEP 2022. The Hunter Regional Plan 2041, Planning Priority 3 for the Barrington District states that 'The intensification and diversification of on-farm activities like farm stays, camping or farm gate premises should be encouraged, along with larger visitor facilities and events that complement rural activities and landscapes.' The inclusion of function centres as a land use permitted with development consent in the RU1 zone is consistent with the Hunter Regional Plan 2041.
Information and education facilities in RU1 Primary Production zone	Information and education facilities are permitted with consent in the RU2 Rural Landscape zone in the Great Lakes LEP. It is also permitted in the RU1 Primary Production zone in the recently gazetted Dubbo LEP 2022 and Queanbeyan LEP 2022. Information and educational facilities are a building or place used for providing information or education to visitors, and the exhibition or display of items, and includes an art gallery, museum, library, visitor information centre and the like. The inclusion of this land use is consistent with the Hunter Regional Plan 2041 which encourages visitor facilities and events that complement existing rural activities. The Gloucester Basin is a popular tourist destination and activities such as these would enhance the visitor experience. Any development application for this type of use would be assessed on its merits and consider the rural zone objectives. This land use is considered reasonable in the RU1 Primary Production zone in the Gloucester basin.
Places of public worship in RU1 Primary Production zone	Places of public worship are permitted with consent in the RU2 Rural Landscape zone in the Great Lakes LEP. It is also permitted in the RU1 Primary Production zone in the recently gazetted Dubbo LEP 2022 and Queanbeyan LEP 2022. Many places of public worship are currently located in the rural settlements of the MidCoast. Any development application for this type of use would be assessed on its merit and consider the rural zone objectives. This use is low impact and considered reasonable in the RU1 Primary Production zone in the Gloucester basin.

Permitted with consent land uses	Justification
Recreation areas in RU1 Primary Production zone	Recreation areas are currently permitted with consent in the RU1 Primary Production zone in the Gloucester LEP and Greater Taree LEP and in the RU2 Rural Landscape zone in the Great Lakes LEP. It is also permitted with consent in the RU1 Primary Production zone of the recently gazetted Dubbo LEP 2022 and Queanbeyan LEP 2022. Recreation areas can include a children's playground, areas used for community sporting activities or a public park, reserve, or garden. These uses are often found in rural settlements across the MidCoast. It is not considered reasonable to prohibit a land use that has significant community benefits. These types of recreational uses are considered to be low impact, support wellbeing and encourage connected rural communities.
Recreation facilities (major) in RU1 Primary Production zone	Recreation facilities (major) are currently permitted with consent in the RU2 Rural Landscape zone in the Great Lakes LEP. It is also permitted with consent in the RU1 Primary Production zone in the recently gazetted Dubbo LEP 2022 and Hilltops LEP 2022. This use includes sports stadiums, showgrounds, racecourses and motor racing tracks. Due to the scale and nature of this use, finding suitable sites in urban areas can be problematic. Allowing this use in the RU1 Primary Production zone surrounding Gloucester would allow this land use to be considered on its merits. The development assessment process would ensure any land use conflicts or agricultural impacts associated with any proposal would be fully assessed.
Recreation facilities (outdoor) in RU1 Primary Production zone	Recreational facilities (outdoor) are currently permitted in the RU1 Primary Production zone in Gloucester LEP and Greater Taree LEP and in the RU2 Rural Landscape zone in the Great Lakes LEP. It is also permitted with consent in the RU1 Primary Production zone of the recently gazetted Dubbo LEP 2022 and Queanbeyan LEP 2022. This use includes equestrian centres, driving ranges, tennis courts or paintball centres which are considered reasonable in a rural setting. Any development application for this type of use would be assessed on its merits and consider the rural zone objectives. This use is low impact and considered reasonable in the RU1 Primary Production zone in the Gloucester basin.
Secondary dwellings in RU1 Primary Production and RU2 Rural Landscape zones	This use is permitted with consent in the RU2 Rural Landscape zone in the Great Lakes LEP. It is also permitted with consent in the RU1 Primary Production zone of the recently gazetted Queanbeyan LEP 2022 and Dubbo LEP 2022. Secondary dwellings offer an alternative form of low impact, affordable housing that is in keeping with a rural setting. Recent DPI workshops and webinars have indicated strong support to include secondary dwellings to assist with succession planning for rural enterprises. Clause 5.5 of draft MidCoast LEP will ensure that the size of the secondary dwelling is in keeping with the size of the existing dwelling. Secondary dwellings are considered reasonable in the RU1 Primary Production zone with consent due to the low impact nature of the use.
Tourist and visitor accommodation in RU1 Primary Production zone	Tourist and visitor accommodation is a group term and includes: • backpackers' accommodation, • bed and breakfast accommodation, • farm stay accommodation, • hotel or motel accommodation • serviced apartments. To ensure only appropriate forms of tourist and visitor accommodation are permitted with consent in the RU1 Primary Production zone backpackers' accommodation, hotel or

Permitted with consent land uses	Justification
	motel accommodation and serviced apartments have been included as prohibited in the RU1 Primary Production land use table. This effectively means the only land uses permitted under the group term will be bed and breakfast accommodation and farm stay accommodation. These land uses are considered reasonable in the RU1 Primary Production zone in the Gloucester basin as they provide opportunities for value-adding on farm activities to support rural enterprises.
Water recreation structures in RU1 Primary Production zone	Water recreation structures are currently permitted with consent in the RU1 Primary Production zone in Greater Taree LEP and RU2 Rural Landscape zone in the Great Lakes LEP. It is also permitted with consent in the RU1 Primary Production zone in the recently gazetted Dubbo LEP 2022. This use includes piers, wharfs, jetties and boat launching ramps. This use is low impact and its inclusion in the RU1 Primary Production land use table is considered logical and reasonable. It is highly unlikely that this use, associated with water, will impact on agricultural viability.

Potential impacts

Historically there has been land use conflict between urban and rural uses when planning controls have not been in place or adequate. One means to address land use conflict is to severely restrict land uses permitted with consent in each zone in a LEP. The outcome often being that new, emerging and/or appropriate land uses are prohibited, with no avenue to be considered in the planning framework.

The preferred approach is to provide more flexibility in the land uses permitted in the zones and apply appropriate planning controls in the Development Control Plan (DCP). Through the development process, land uses can be assessed based on their merit, with consideration given to the zone objectives, values and constraints of the land, infrastructure availability and impacts on surrounding uses.

With the MidCoast covering 10,052km^2 with 195 towns, villages and localities, there needs to be an element of flexibility in the draft MidCoast LEP to accommodate the diverse landscape and character that makes up the MidCoast. This approach has been applied to the draft MidCoast LEP.

In terms of potential rural land use conflicts, the draft MidCoast LEP includes clause 5.16 which aims to “minimise potential land use conflict between existing and proposed development on land in the rural, residential or conservation zones concerned (particularly between residential land uses and other rural land uses)”. This clause is applied to subdivision of land and erection of a dwelling. This clause provides the high level consideration of potential land use conflict.

The draft DCP will provide more specific considerations around types of rural activities (e.g. poultry and dairy) and examine the use of planning controls such as buffers or setbacks. We will work with DPI on the development of the DCP to ensure rural considerations are included. These specific planning controls will be aimed at reducing potential land use conflicts and protect the important agricultural producers such as dairy and poultry farms from future development.

Currently, the main rural compliance issues experienced in the MidCoast are around unlawful activities, where uses, buildings or clearing has occurred without the appropriate approvals.

It is important to note that the draft MidCoast LEP cannot address historical rural land use conflicts.

The range of agricultural land uses in the MidCoast are traditional uses being dairy, poultry and livestock. The proposed changes to rural zones in terms of the minimum lot sizes and the extent of land uses permitted with consent in the rural zones is not envisaged to have any significant negative impacts.

The reduced minimum lot size for the Gloucester basin from 100ha to 60ha may provide more opportunities for these uses to build upon their current productivity. As mentioned previously, these land uses are more productive in locations where the minimum lot size is 40ha, not only within the MidCoast but also in many of the coastal councils.

New and emerging land uses are being established such as major greenhouses, turf farms, wineries, equine industries and bee keeping. These uses are generally established in locations where the minimum lot size is 40ha, so it can be assumed that changes to the minimum lot size in the Gloucester basin might attract more of these agricultural land uses to this location.

RESPONSE TO DPI FEEDBACK

Response to DPI feedback

This supplementary report has examined key aspects of DPI's concerns which are summarised below.

Reduction of the minimum lot size

This report examined why the 100ha minimum lot size was applied to the former Gloucester Shire Council rural lands, finding that in 1975, the Council increased its minimum lot size from 40ha to 100ha primarily to protect its then significant dairy industry. The reality has been that the number of diaries has declined from 207 in 1980, to thirteen dairies in 2023.

A key issue has been whether the reduction of the minimum of size would impact on the viability of the rural lands. ABS data has been used to examine the gross value of agricultural production (GVP). This analysis has found that:

- when examining coastal councils in NSW, it was evident that many of the most productive rural lands have a 40ha minimum lot size
- poultry farming is the growth agricultural activity generating 36% ($86M) of the MidCoast total output. There are a number of key locational factors for this industry. It was concluded that reducing the minimum lot size to 60ha may increase opportunities for poultry industries in the Gloucester area, given the majority of poultry farms are located on sites 60ha or less
- dairy farming produced $71M in gross value of production in 2020/2021, being 30% of the MidCoast total output. Taree surrounds is the most productive area for dairies (44.7%), which have operated with a 40ha minimum lot size for over 50 years. The Gloucester SA2 is a similar size to Taree surrounds but only generates 23.9% of the dairy productivity with a 100ha minimum lot size
- livestock generates approximately 25% ($62M) of the MidCoast GVP. There was no evidence that reducing the rural minimum lot size from 100ha to 60ha in the Gloucester basin would reduce the productivity of livestock.

This productivity analysis demonstrates that there is no evidence that the reduction of the minimum lot size in the Gloucester Basin from 100ha to 60ha would impact on the productivity of the land.

However, applying a minimum lot size to rural lands is not just about productivity. The Rural Strategy – The Way Forward proposed the use of different rural zones and minimum lot sizes based on an analysis of the landscape features, examining soil quality, slopes, the draft State Significant Agricultural Land mapping, vegetation and water catchments (refer to Figure 2).

The Way Forward proposed a transition from the 40ha of the coastal rural lands to 60ha for the Gloucester Basin and then 100ha in the western rural lands. The 60ha applied to the Gloucester Basin also aligned with the minimum lot size applied to the neighbouring Dungog Shire rural lands, providing a consistent approach.

The analysis undertaken in the full complement of Rural Strategy technical documents, alongside this analysis provides a sound strategic justification for the application of planning controls to rural lands proposed in the draft MidCoast LEP.

Incompatible land uses

Table 4 provides justification for inclusion of each of the uses that DPI raised concerns with. These uses are considered reasonable in the rural zones based on existing land use permissibility, other recently gazetted LEPs, industry feedback and the unique characteristics of our rural areas.

Potential impacts

In terms of potential rural land use conflicts, the draft MidCoast LEP includes clause 5.16 which provides the high level consideration of potential land use conflict. The draft MidCoast Development Control Plan (referred to as ‘draft DCP’) will provide more specific considerations around types of rural activities (e.g. poultry and dairy) and examine the use of planning controls such as buffers or setbacks.

It is envisaged that the draft MidCoast LEP rural provisions may provide opportunities to build upon the existing rural productivity. The draft DCP will provide the specific planning controls to reduce land use conflicts and to protect the important agricultural producers such as dairy and poultry farms from future development.

Inconsistent application

Assessment of the draft MidCoast LEP against the Hunter Regional Plan 2041 – Strategy 9.2 and Ministerial Direction 9.1 – Rural Zones is considered in Appendix 4 and 6 of the planning proposal. The draft MidCoast LEP was assessed as being ‘justifiably inconsistent’ with these provisions.

APPLICATION OF RURAL ZONES

Application of rural zones

The findings of this report and the Rural Strategy – The Way Forward, provide sound strategic justification for the application of rural zones and land uses proposed in the draft MidCoast LEP. It is proposed to use of three rural zones across the MidCoast as follows and indicated in Figure 2:

- Western rural lands – RU2 Rural Landscape zone (minimum lot size - 100ha)
- Gloucester Basin – RU1 Primary Production zone (minimum lot size - 60ha)
- Eastern rural lands – RU4 Primary Production Small Lots zone (minimum lot size - 40 and small existing areas of 20ha)

The following provides an overview of each location.

Western rural lands

These lands are currently zoned RU1 Primary Production with a minimum lot size of 100ha. They are the least productive lands in the MidCoast due to slope and vegetation and as such, will retain a minimum lot size of 100ha. Figure 25 below shows some of the rural lands in the western portion of the MidCoast. Typical proposed RU2 Rural Landscape areas characterised by narrow valleys, difficult terrain and subject to natural hazards.

In keeping with the attributes of the land, this area will be included in the RU2 Rural Landscape zone. This is effectively a change in name only, with no change to the minimum lot size controls. Land uses under the proposed RU2 Rural Landscape zone will provide additional permitted with consent uses than what is allowed under the existing RU1 Primary Production zone. The extent of land uses is more in keeping with the RU2 Rural Landscape zone that currently applies in the Great Lakes LEP and similar zones that have been adopted in recent regional LEPs in NSW. Given the more rugged landscape and distance from services and facilities, the RU2 Rural Landscape zone is the most constrained rural zone.

Figure 25: Typical 100ha Western rural lands approximately 40km from the township of Gloucester – Giro Valley, Giro. Note: Giro Road is the only road in and out of this narrow valley and severe bushfires have occurred in this location

Eastern rural lands

These lands currently have a mix of rural zones, being RU1 Primary Production and RU4 Primary Production Small Lots in the north (former Greater Taree area), and RU2 Rural Landscape in the south (former Great Lakes area). The existing minimum lot size across the whole area is predominately 40ha, with existing pockets of 20ha around Wingham, Tinonee, Krambach and Mitchells Island.

The area is a diverse rural landscape, intermingled with steep lands, clusters of good vegetation and patches of land with a relatively good soil compatibility (as shown in Figure 26). There has been significant fragmentation of these lands prior to the mid 1990s when concessional lots and additional subdivision entitlements to farms applied.

ABS statistics show that the Eastern rural lands are the most productive in the MidCoast contributing to approximately 82% of the gross agricultural value. Due to this high productivity and existing fragmentation, this area will be included in the RU4 Primary Production Small Lots zone.

It is important to note that the minimum lot size over land in the Eastern rural lands will not change under the draft MidCoast LEP. The current 40ha minimum lot size will remain over this area and the existing pockets of 20ha will remain unchanged.

Land use tables for the RU4 Primary Production Small Lots zone will largely reflect the existing land uses found in the RU2 Rural Landscape zone (Great Lakes LEP) and RU1 Primary Production zone (Greater Taree LEP), with a number of land uses introduced that are considered consistent with the agritourism reforms and to ensure rural settlements have access to suitable services and facilities.

Figure 26: 40ha Eastern rural lands used for highly productive dairy farming.

Gloucester basin

This area is currently included in the RU1 Primary Production and C3 Environmental Management zones, surrounding Gloucester. Currently, land in the Gloucester basin has a minimum lot size of 100ha.The area is characterised by the upper Manning catchment and flood plains along the Gloucester, Barrington and Avon Rivers. It has reasonable soil capability and less steep land. Figure 27 shows the alluvial river valleys with sporadic improved pastures with separated by rough terrain.

It is proposed to maintain the RU1 Primary Production zone over land in the Gloucester basin and reduce the 100ha minimum lot size to 60ha. The reduction in minimum lot size has been informed by the attributes of the land, historical research to understand why the 100ha applied, an analysis of agricultural productivity in the MidCoast (informed through ABS data), along with emerging agricultural trends in NSW. The 60ha also provides a transition between lands with a 100ha and 40ha minimum land size. Application of the 60ha minimum lot size is also consistent with the neighbouring Dungog minimum lot size for rural lands.

Figure 27: Proposed 60ha landscape in the Gloucester Basin – The Bucketts Way South.

Proposed draft LEP amendment

The draft MidCoast LEP currently shows the boundary of the Gloucester basin and the Eastern rural lands following the former local government area boundary. It is proposed to change the boundary to be consistent with the map in the Rural Strategy – The Way Forward, which has the zone boundary following the water catchment boundary.

The draft LEP maps in this instance aimed to reduce the potential for future subdivision to address DPI concerns regarding fragmentation and impacts on agricultural viability. Unfortunately, this change resulted in the situation shown in Figure 1, with a legacy boundary providing the boundary between the RU1 Primary Production and RU4 Primary Production Small Lots zones.

Investigations into productivity in this report demonstrate that there is no evidence that the viability of the rural lands would be impacted by having a minimum lot size of 40ha in this location. As a result, it is proposed to apply the landscape attribute of the water catchment to provide the distinction between these two rural zone boundaries.

Discussions will be undertaken with the Department of Planning and Environment to establish a process for this change. Figure 28 shows the extent of the proposed change.

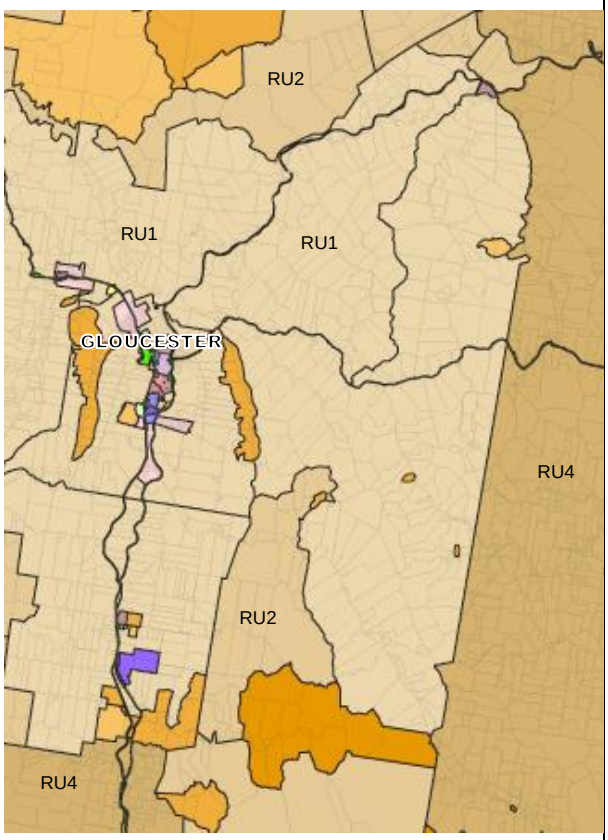
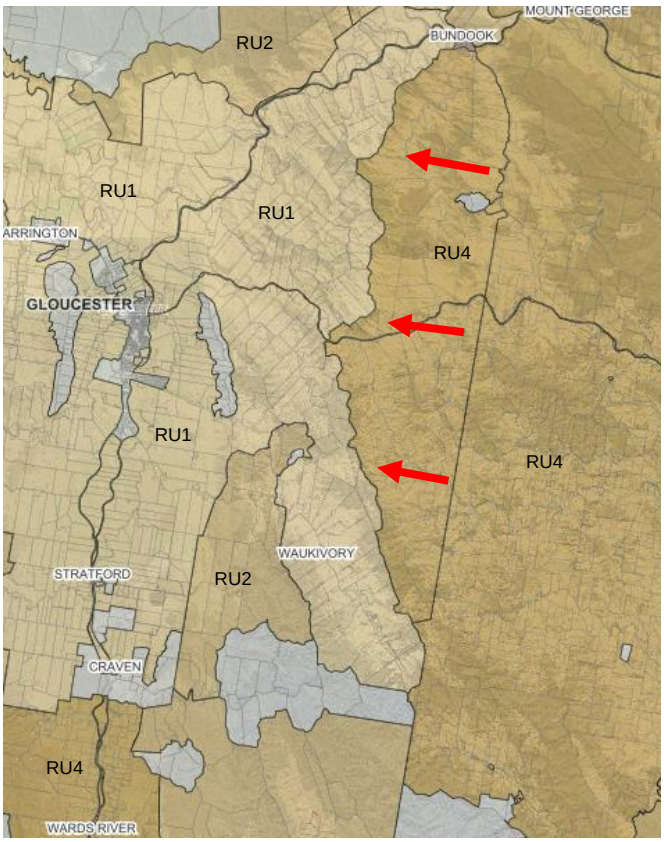
Draft MidCoast LEP zones for Gloucester basin	Proposed zones for Gloucester basin
	

Figure 28: Proposed amendment to draft MidCoast LEP for Gloucester basin

Next steps

This supplementary report will be provided to DPI and the Department of Planning and Environment in response to the DPI feedback received between June 2023 and September 2023.

Discussions will also be held with the Department of Planning and Environment with regard to the proposed amendment to the rural zone boundary as shown in Figure 28 to determine the process to amend the draft MidCoast LEP.