

2 Hepburn Shire

2.1 HISTORY

The Dja Dja Wurrung People are the Traditional Owners of the land on which the Shire is predominantly located. Dja Dja Wurrung country extends north from the Great Dividing Range including Mount Franklin and the towns of Creswick and Daylesford in the southeast and covers the catchments of the Avoca, Loddon and Coliban Rivers. The rich volcanic grasslands in the north of the Shire supported one of the highest densities of Aboriginal people in Australia.

Contact with colonists in Dja Dja Wurrung country began in the 1830s, soon after the survey of the region by Major Mitchell. This was soon followed by the arrival of squatters and settlers resulting in displacement and dispossession of the Dja Dja Wurrung from their traditional lands.

Gold was discovered in the early 1850s and mining would eventually spread across vast tracts of land resulting in removal of native vegetation and loss of topsoil, mounding of spoil and degradation of waterways. Rapid population growth led to the survey and establishment of townships throughout the 1850s and further take up of pastoral holdings. The gold rush saw many cultures settle in the region and construction of grand institutional, commercial and private buildings. A network of railway lines linked the small towns and provided a connection with Ballarat.

In the early 20th century, other industries such as agriculture and forestry grew in economic importance as gold became more difficult and expensive to extract. Tourism in the Shire can be traced back to the 1860s, when Swiss and Italian settlers fought for the preservation of the mineral springs from destruction by gold mining and by the 1870s, Hepburn Springs had become a fashionable spa resort. The arrival of the railway saw visitor accommodation grow rapidly with guest houses, luxury hotels, ballrooms, theatres, pavilions and baths being built. The State Government established the Hepburn Mineral Springs Bath House in 1895. The 1930s depression resulted in a decline in tourism.

Through the second half of the 20th century, agriculture and forestry were the economic mainstays of the Shire and population growth slowed. Creswick and Daylesford emerged as the main population and service centres while some small towns lost population and services. The 1980s began to see a renewed interest in tourism with visitors drawn to the landscapes, heritage buildings, history and mineral springs.

2.2 OVERVIEW

Hepburn Shire is located around 100km north east of the Melbourne CBD and 50km north of Ballarat between the Western Freeway to Ballarat and the Calder Freeway to Bendigo. The eastern half of the Shire lies within the peri-urban region of metropolitan Melbourne (Figure 2).

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

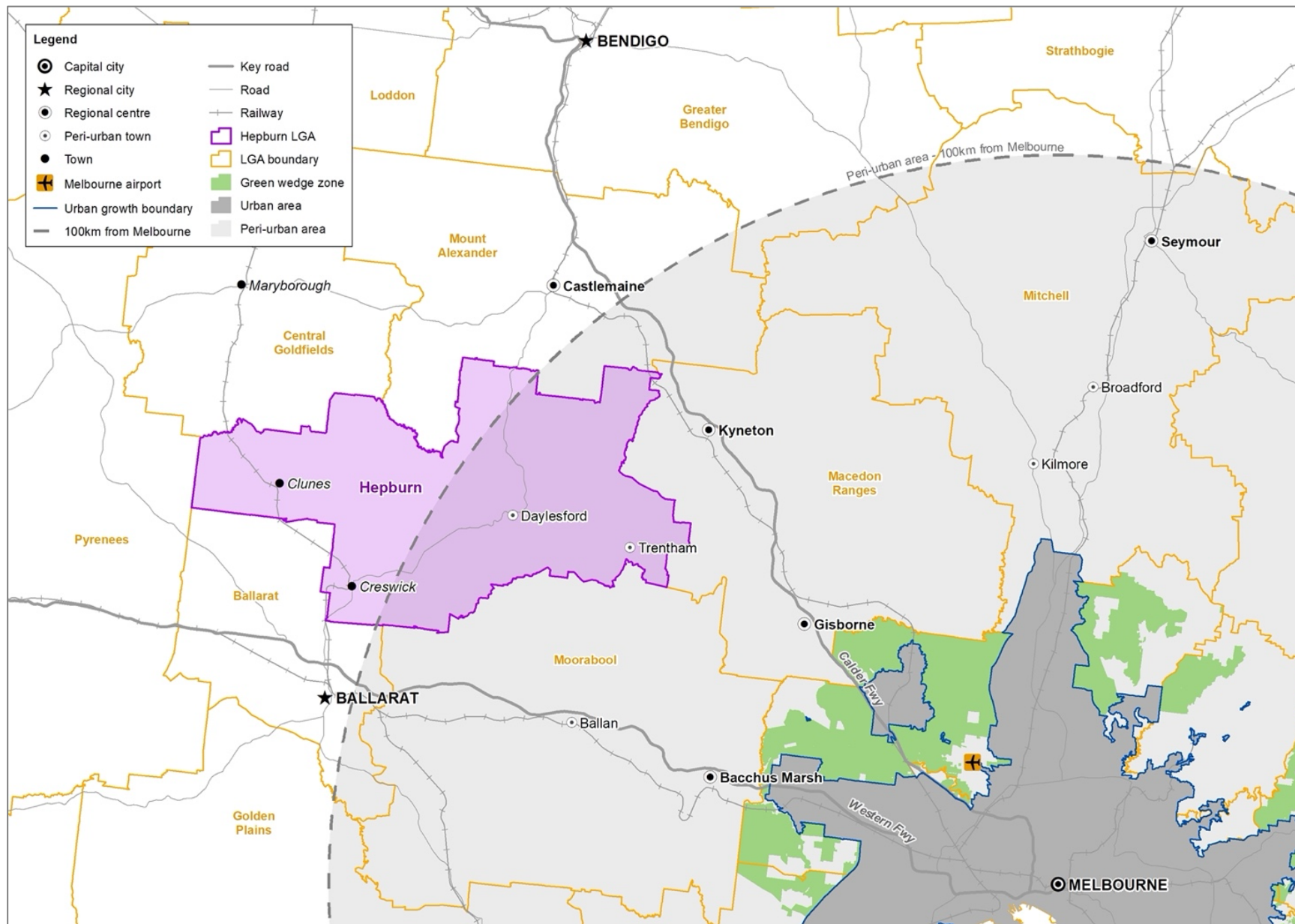
The Shire has strong economic relationships with Ballarat, Bendigo, Castlemaine, Melbourne, Woodend and Gisborne with a growing number of residents seeking employment and services from these locations. While agriculture continues to be an important economic sector, the Shire's economy has diversified and tourism, construction and health care are also important industries. Access to rail services and freeways are increasingly positioning Creswick and Clunes as commuter townships. The municipality's high-quality landscapes, natural environment, township character and proximity to Melbourne attract weekenders and tourists.

Hepburn has attracted a highly diverse social mix of people and the community comprises traditional farming communities and long term residents in established townships, a growing commuter population, as well as a large number of part-time residents.

Hepburn is located within a number of water supply catchments, including the Loddon and Coliban Rivers, designated by the State Government to provide drinking water, and in some cases irrigation water for central and northern Victoria. Hepburn is renowned for its mineral springs which are a major attraction and economic asset within the Shire and wider region. Bushfire is a significant risk and a number of towns, including the regional service hubs of Creswick and Daylesford identified as high bushfire risk townships.

Despite the impacts of settlement, the Dja Dja Wurrung have endured and are formally recognised as the Traditional Owners of their Country and aspire to further strengthen cultural knowledge and practice.

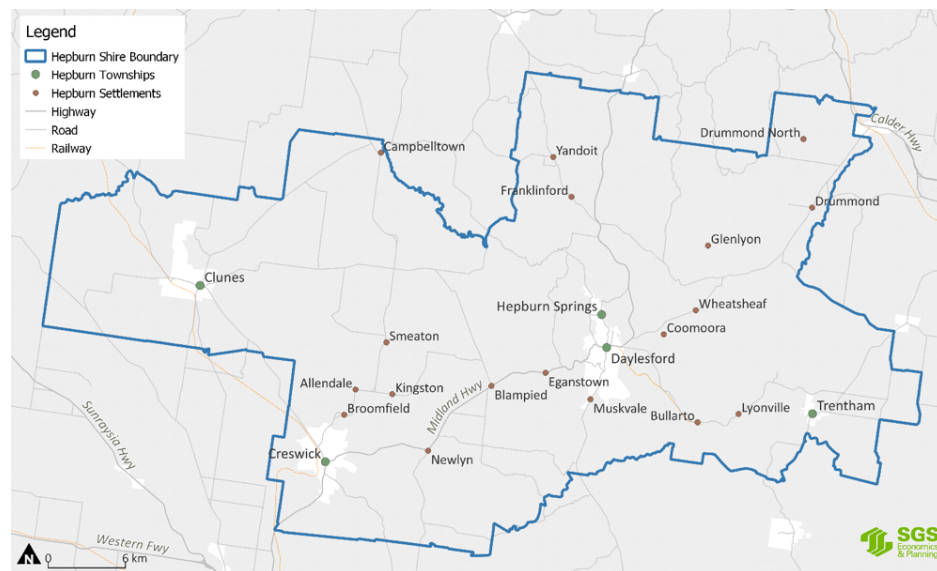
Figure 2: Location of Hepburn Shire



2.3 POPULATION AND DEMOGRAPHIC TRENDS

Creswick, Daylesford, Clunes, Hepburn Springs and Trentham are the main population centres in Hepburn. There are also a cluster of small towns in the east of the Shire associated with the now disused railway line (Figure 3).

Figure 3: Hepburn Shire Settlements & Townships



The population of Hepburn has risen over the past five years, with 16,467 residents in 2021 compared to 15,698 in 2017 (Table 1). However, Hepburn’s population has been growing at a slower pace than the average across regional Victoria. The increase of 778 people between 2016 and 2021 represents an annual average growth rate (AAGR) of 1.2% compared to 1.7% across regional Victoria over the same period. By contrast, the rate of population growth across all of Victoria has been slowing over time, and the state had an AAGR of 1.19% over this 5-year period. Hepburn’s rate of population growth has also slowed slightly since 2020.

⁵ Ghin, P. Ainsworth, S. (2021). Regional Migration Survey Part 1: Internal migration patterns, motivations and experiences. University of Melbourne.

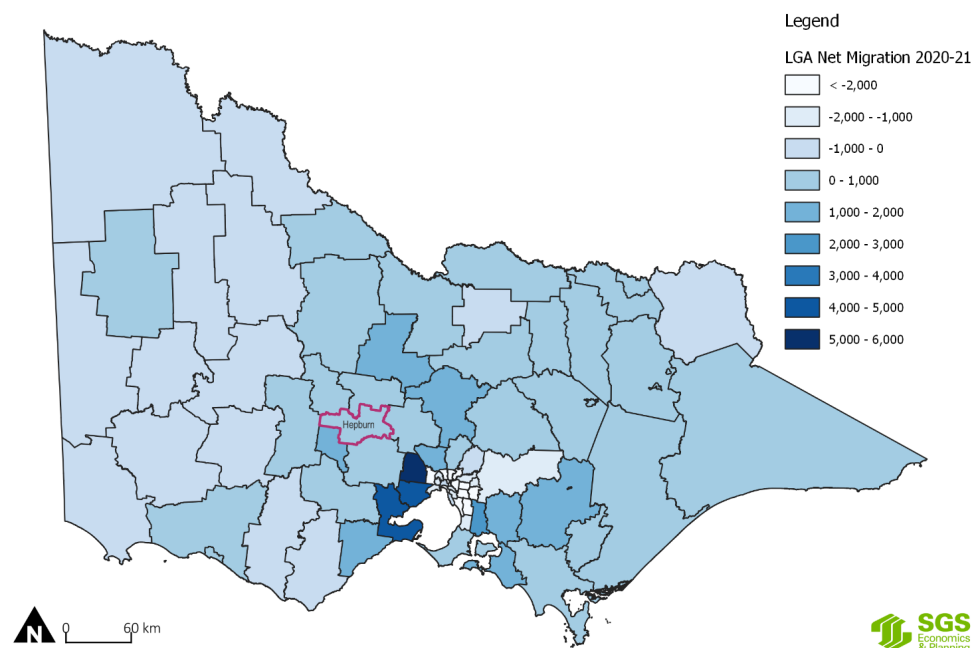
Since the beginning of the COVID-19 pandemic there has been a trend of people moving from metro to regional and rural areas across Victoria. Most chose to settle in rural Victoria (49%), followed by regional cities (34%), and the peri-urban regions (17%). Hepburn was identified as the top choice for internal migrants to rural Victoria (10%)⁵.

Figure 4 illustrates net internal migration to each Victorian local government area.

Table 1: Population change in Hepburn Shire versus Victoria⁶

	2016-17	2017-18	2018-19	2019-20	2020-21	AAGR 2016-21
Hepburn Shire	1.11%	1.19%	1.24%	1.42%	1.02%	1.20%
Regional Victoria	1.65%	1.72%	1.82%	1.82%	1.70%	1.74%
Victoria	2.05%	1.88%	1.76%	1.15%	-0.88%	1.19%

Figure 4: Internal migration in Victoria by LGA, 2020-21⁶

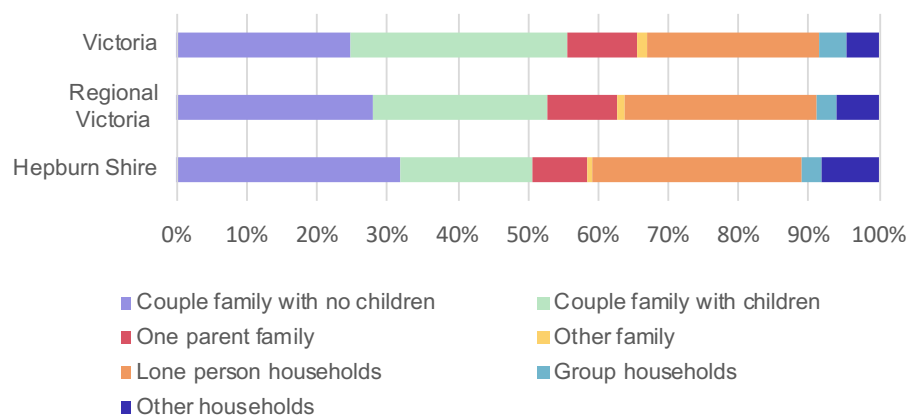


⁶ <https://www.abs.gov.au/statistics/people/population/regional-population/latest-release>

In 2021, about one-third of households in Hepburn were couples with no children. This is a somewhat higher than the corresponding percentages in Regional Victoria and Victoria (Figure 5). Meanwhile, the share of couple families with children was lower in Hepburn at 19% compared to 30% in Victoria and 25% in regional Victoria.

The population in Hepburn has begun to show signs of aging, indicated by the top-heavy population pyramid. As compared to Victoria's average, Hepburn has a higher proportion of older generation with 28% of its population aged 65 and above in 2021. It also has a lower proportion of people aged 19 and under, suggesting a sign of 'premature ageing' in the region, during which young people may migrate away for job opportunities elsewhere.

Figure 5: Household composition, Hepburn versus Victoria, 2021⁷



⁷ ABS Census (2021), HCFMD Family Household Composition, excluding 'not applicable'. Other households include Visitors only household and Other non-classifiable household.

Figure 6: Hepburn Population Pyramid, 2021⁸

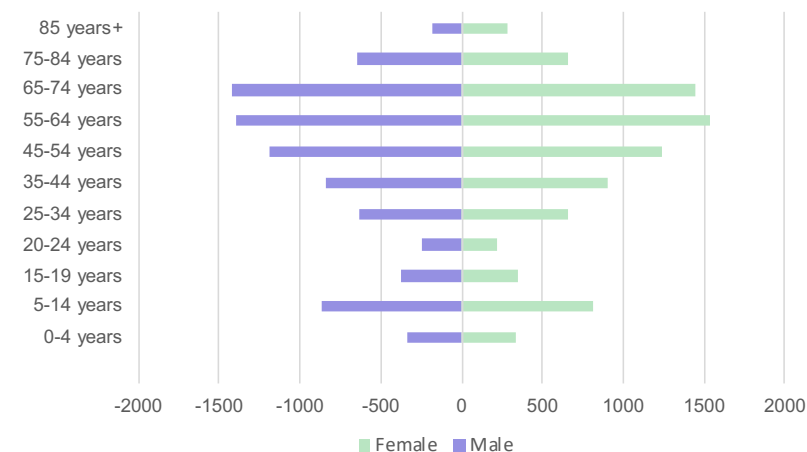
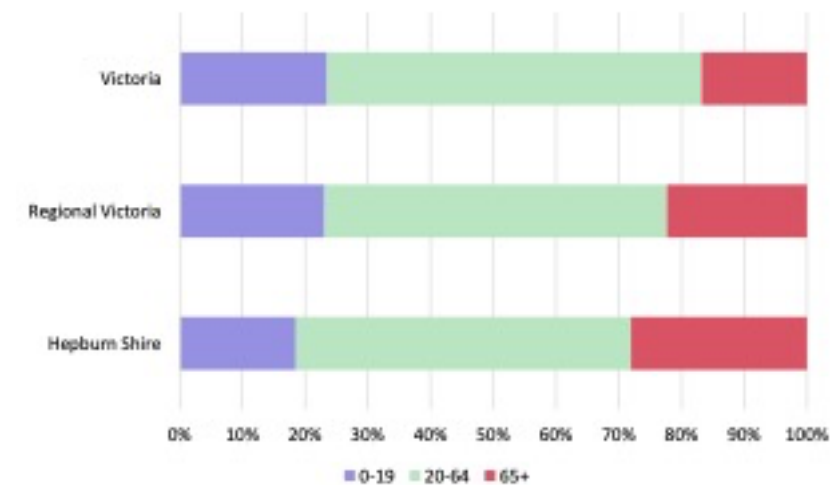


Figure 7: Population age profile, Hepburn versus Victoria, 2021



⁸ ABS Census (2021), AGE5P Age in Five year Groups

There were 8,855 dwellings in Hepburn Shire in 2021. A breakdown of these dwellings by type is provided in Table 2. Separate house dwellings are the most common dwelling type with a share of 93.5%, which is higher than the Victoria's proportion of separate houses (65%) (Figure 8).

Dwelling tenure refers to whether a dwelling is owned, mortgaged or rented. Nearly half of separate houses in Shire ARE owned outright, whereas a higher proportion of medium-density and high-density dwellings were rented (54.7% and 55.3% respectively). Medium-density dwellings are often targeted to investors rather than to owner occupiers, so the high proportion of people renting suggests high rates of development of this dwelling type (Figure 9).

There are currently 1,011 active short-stay rentals in Hepburn, of which 96% are entire homes. Whilst this has fallen since 2021, short-term rental accommodation makes up more than 10% of all private dwellings. Most of short-term rental dwellings are located in the Daylesford and Hepburn Springs areas, which are the main tourist attraction locations (Figure 10). The number of short-term rental dwellings in Hepburn Shire in 2023 is significantly larger than the number of private rentals operated through a real estate agent in 2021 (Figure 11).

Table 2: Number of dwellings by type in Hepburn Shire, 2021⁹

DWELLING TYPE	SEPARATE HOUSE	MEDIUM DENSITY	HIGH DENSITY	OTHER	NOT STATED	TOTAL
Number of dwellings	8,884	295	129	133	58	9,499
% of total dwellings	93.5%	3.1%	1.4%	1.4%	0.6%	100%

Figure 8: Dwelling type in Hepburn Shire, 2021⁹

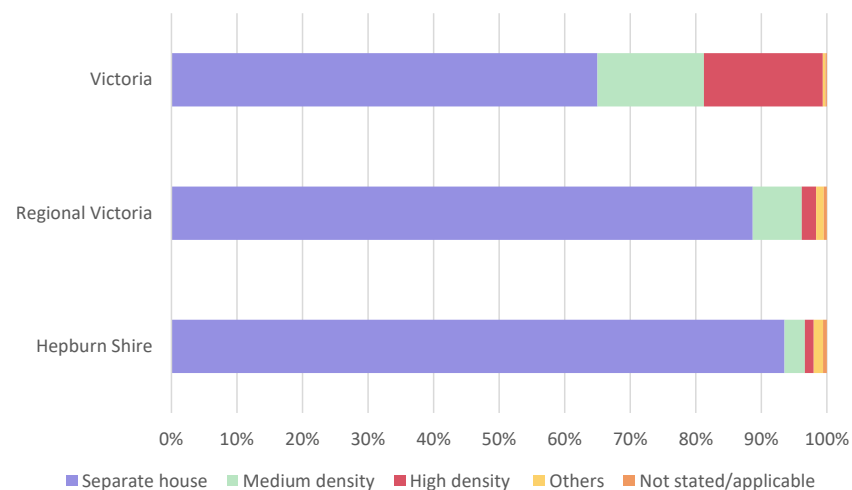
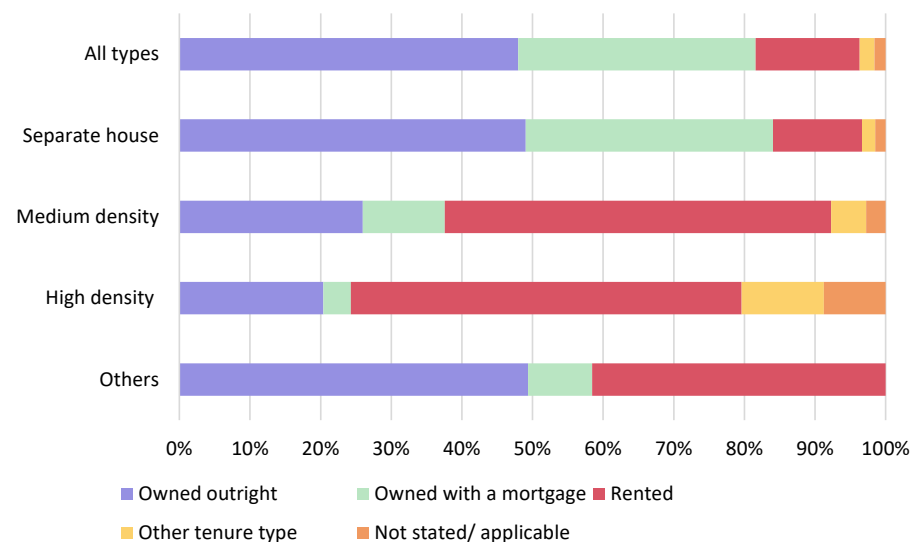


Figure 9: Tenure type by dwelling type in Hepburn Shire, 2021⁹



⁹ ABS Census in 2021, STRD Dwelling Structure.

Figure 10: Number of short-term rentals Hepburn, 2023¹⁰

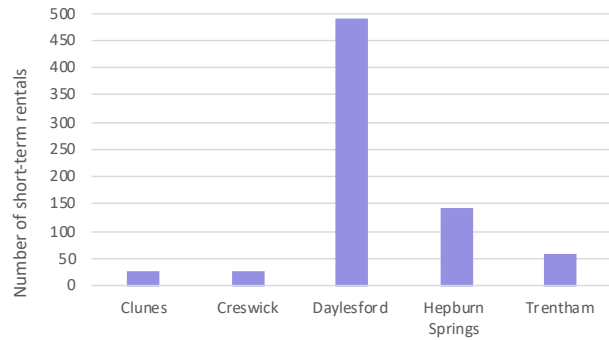
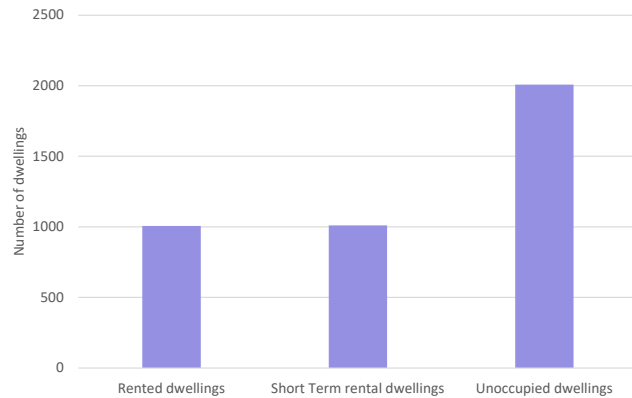


Figure 11: Number of dwellings in the private rental market Hepburn 2023¹¹



2.4 ECONOMY AND EMPLOYMENT

In 2021, the top three industries by output were Construction (17%), Agriculture, Forestry and Fishing (13%) and Rental, Hiring and Real Estate Services (12%) (Table 3). Overall output increased by around 6% between 2016 and 2021 and the top industries by output have remained unchanged. The industries that experienced the most growth in output were Information Media & Telecommunications, Professional, Scientific & Technical Services and Construction. In 2021, the top three industries with the largest share of local employment were Health Care and Social Assistance (14%), Construction (9%), and Accommodation and Food Services (9%). Job numbers increased by 135 between 2016

¹⁰ AirDNA (2023)

and 2021, with most increase in the Professional, Scientific and Technical Services, Construction and Health Care and Social Assistance industries (Table 4). Growth in the Professional, Scientific and Technical Services industry suggests growth in knowledge services in Hepburn Shire.

Table 3: Industry output 2021, and % change since 2016, Hepburn

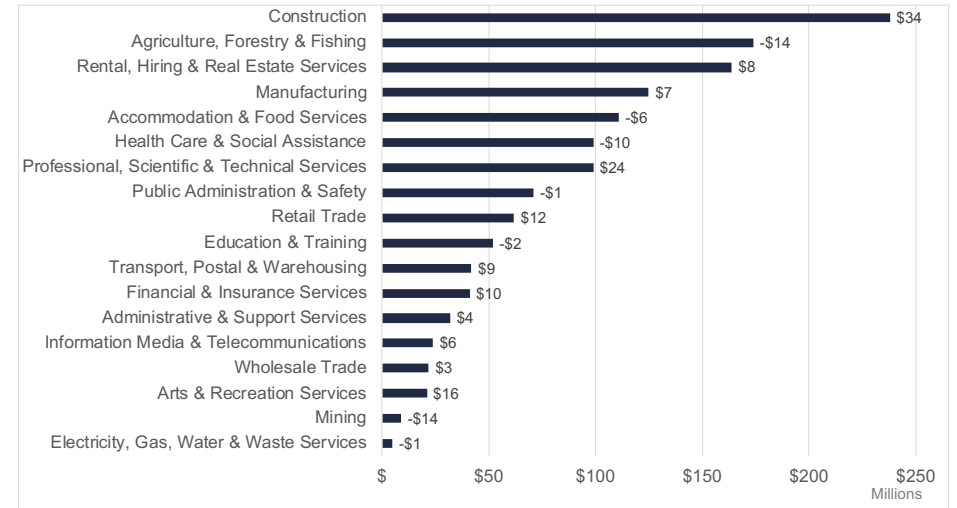


Table 4: Jobs by industry, 2021, and change since 2016, Hepburn.



¹¹ ABS Census (2021), G37 Tenure and Landlord Type; AirDNA (2023); Hepburn Council Website

Input-output (I-O) analysis quantifies the economic linkages between industry sectors across the economy. SGS has developed and used an I-O model developed specifically for the Hepburn local economy to assess the economic impacts of the agricultural sector. Multipliers derived from the model estimate the impact of the agriculture sector on three key measures:

- Output: the value of goods or services produced by agricultural businesses and related industries.
- Value added: the output minus intermediate inputs from suppliers in the production process, also known as Gross Regional Product (GRP); and
- Full time equivalent (FTE) employment: the labour required to produce the output above.

For each of the three measures above, the model further separates the impacts into:

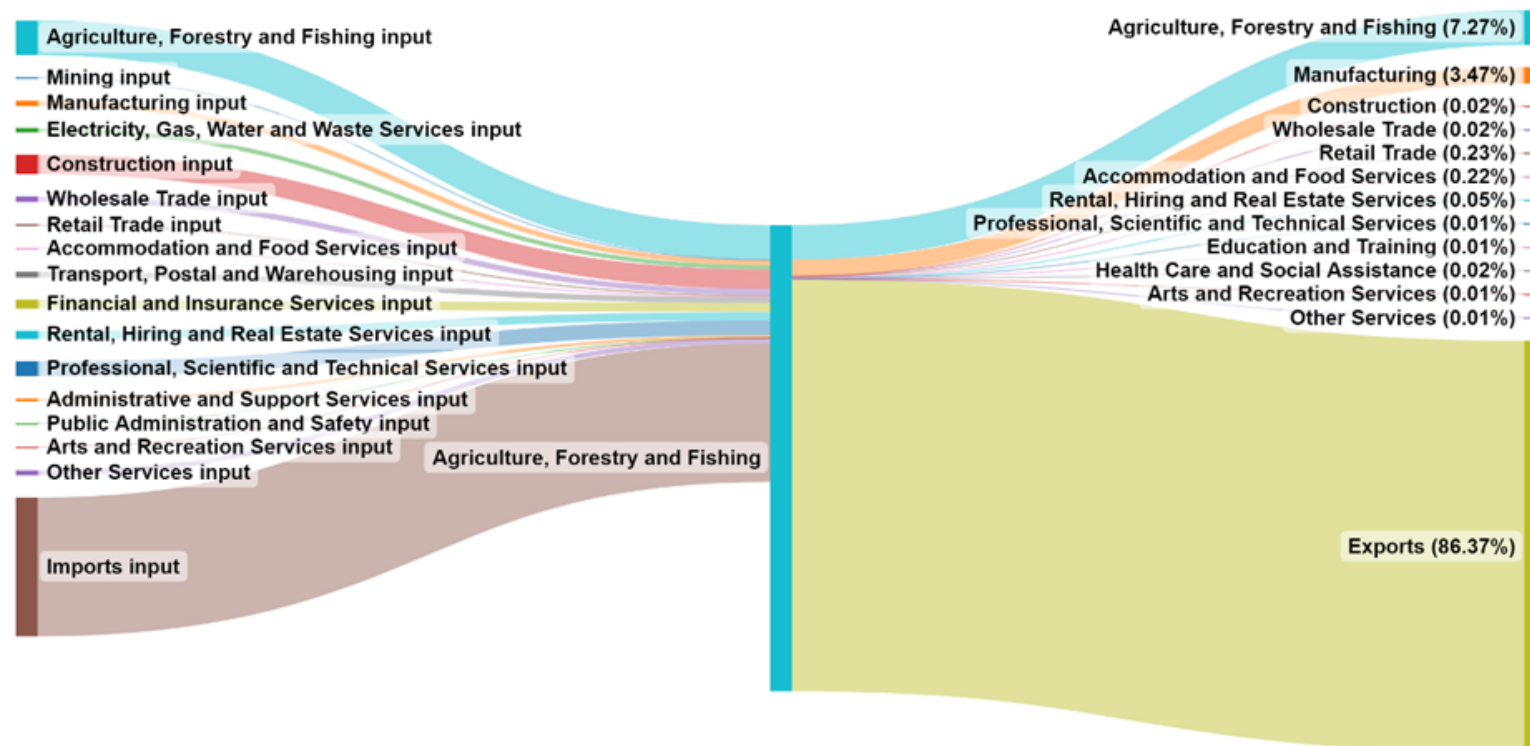
- Direct effects: the direct production of goods and services in the agriculture sector; and

- Indirect effects: the flow on impacts from the industry, including upstream and downstream linkages in the supply chain, and consumption-induced impacts through wages and salaries earned by workers in the production process.

Hepburn’s agriculture industry supports economic prosperity through direct contributions to output and employment (Figure 12). Approximately 45 per cent of Hepburn’s agriculture inputs are sourced from local businesses in the region, particularly from within the agriculture industry, as well as construction and professional services.

Agriculture inputs have positive multiplier effects throughout the regional economy, generating \$75 million in gross value-added (outputs minus inputs). Over 86 per cent of agriculture outputs generated in the Hepburn region are exports, which contribute directly towards economic growth.

Figure 12: I-O model outputs for Hepburn's agricultural sector¹²



Location Quotient (LQ) analysis is a measure of how similar or different an economy is compared to a reference economy. It can be used to identify relative specialisation of the region by selected industries and underrepresented industries which might present opportunities or market gaps/failures.

- An LQ equal to 1.0 indicates a local employment share equal to that of the broader region for that industry.
- Less than 1.0 indicates the industry is less represented at a local level, compared to the broader region.
- Greater than 1.0 indicates the local industry is more represented at a local level compared to the broader region.

Figure 13 shows the LQ for the Hepburn LGA compared to Victoria, according to ABS 2021 data. The size of the bubble indicates the number of people employed in the industry. The agriculture industry has a LQ of 4.7, indicating that the sector is significantly more concentrated in Hepburn than in Victoria. Employment in the agriculture sector grew by 2.6 per cent on average between 2016-2021, compared to the state average of 2 per cent.

Figure 13: Hepburn LGA industry employment location quotient and growth relative to Victoria, 2021

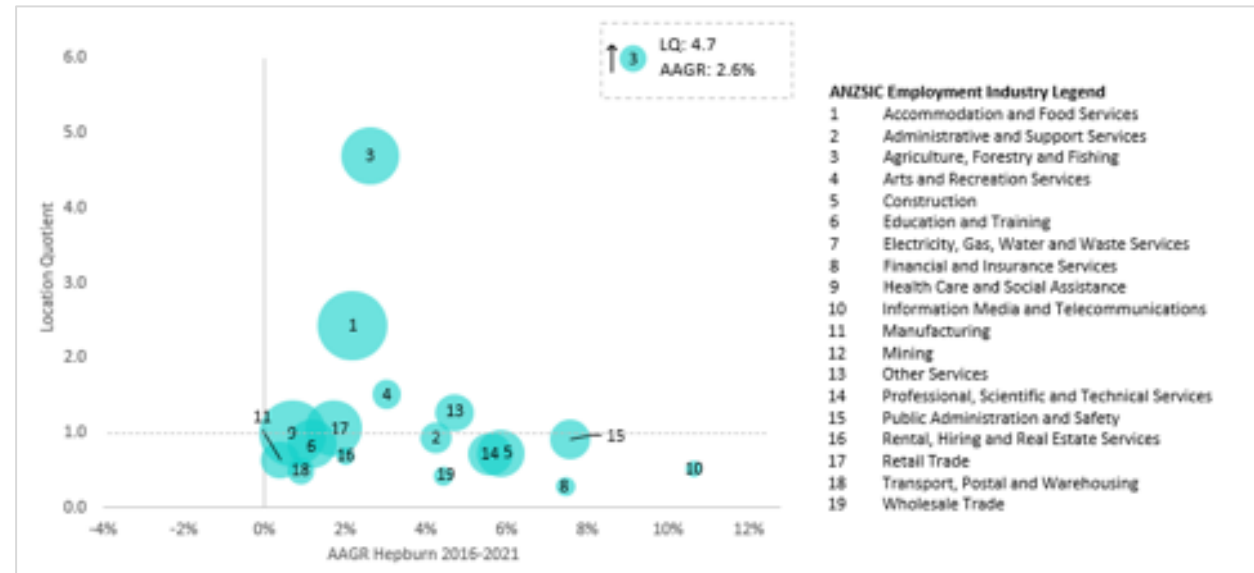
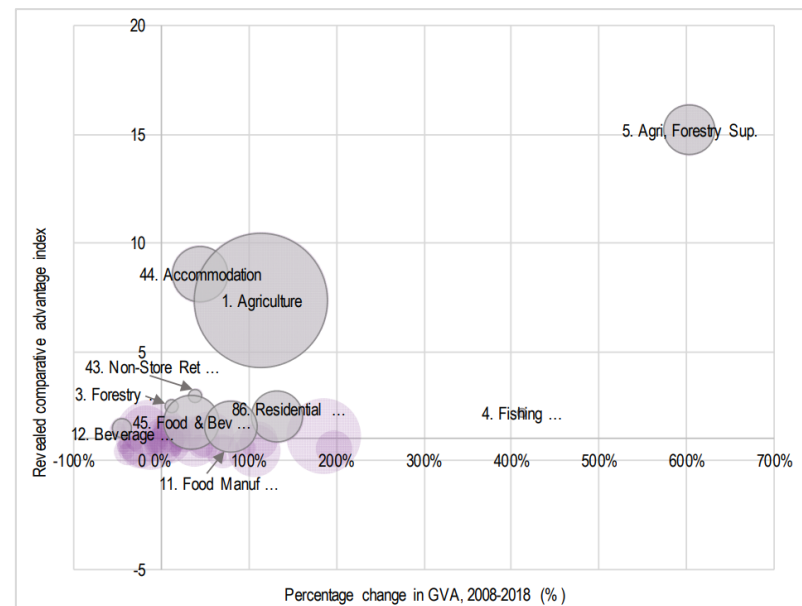


Figure 14: Comparative Advantage Index for Hepburn, 2017-18¹³



¹³ ACIL Allen 2019

2.5 STRATEGIC CONTEXT

Land use and development in Hepburn is influenced by state government strategies and plans and planning for the Shire's rural areas will need to be consistent State and regional strategies.

The regional strategic context for use and development of the Shire's rural land is set by Plan Melbourne, the Central Highlands Regional Growth Plan and the Central Highlands Regional Economic Development Strategy. Objectives and strategies relevant to this study are summarised here. Issue specific state and regional plans are considered in the theme chapters.

Plan Melbourne Strategy¹⁴ and Implementation Plan 2017- 2050¹⁵

Plan Melbourne is the State Government's planning strategy for metropolitan Melbourne. The Plan sets out a vision for Melbourne's growth to 2050 and integrates with planning for Victoria's regional and peri-urban areas, including Hepburn. Direction 4.5 of Plan Melbourne sets out objectives and strategies for Melbourne's peri-urban areas, including:

- Future growth in peri-urban areas will be managed to protect productive land, strategic economic resources, heritage and biodiversity assets, while accommodating additional housing and employment in established towns in the outer peri-urban areas that have the capacity for growth. Consistent with Plan Melbourne and the Regional Growth Plans, planning for peri-urban areas should:
 - Define and protect areas that are strategically important to the metropolitan area and the state, for the environment, biodiversity, landscape, open space, water, agriculture, energy, recreation, tourism, environment, cultural heritage, infrastructure, extractive and other natural resources.
 - Avoid development in locations where there is risk to life, property, the natural environment and infrastructure from natural hazards such as bushfire and flooding.
 - Accommodate additional housing and employment in established towns that have the capacity for growth.

Policy 4.5.2: of the Plan requires:

- Valued attributes of distinctive areas and landscapes be protected and enhanced. Planning for identified distinctive areas within green wedges and peri-urban areas

needs to identify the valued attributes of these areas and ensure they are protected and enhanced for ongoing use by present and future generations.

The Plan sets out desired planning outcomes for peri urban areas. Outcomes particularly relevant to this study include:

- Protect significant views, maintain non-urban breaks between urban areas, and conserve the cultural significance, tourism appeal and character of scenic rural landscapes.
- Manage and protect catchments (including Special Water Supply Catchments), groundwater, water infrastructure and storages, and waterways to improve water quality, protect the environment and provide a reliable and secure water supply.
- Protect agricultural land from incompatible uses, maintain farm size, promote the continuation of farming and provide a secure long-term future for productive and sustainable agriculture.
- Facilitate sustainable year- round tourism, and new tourism development (including diverse attractions, accommodation and eating establishments) that maintains the integrity of the natural environment, provides social benefits for communities and visitors and contributes to local economies.
- Plan and manage sustainable urban growth that is concentrated in and around major towns within Melbourne's peri-urban area to provide employment, infrastructure, services and community facilities to new and established urban areas in an equitable manner.
- Manage rural living to prevent negative impacts on agriculture, biodiversity and landscape values.

The Implementation Plan seeks to *“Improve planning decision-making to support sustainable agriculture by identifying areas of strategic agricultural land in Melbourne's green wedges and peri-urban areas. This will consider climate change, soils and landscape, access to water, integration with industry and significant government investment in agricultural infrastructure. It will also protect the right to farm in key locations within green wedges and peri-urban areas”*. To this end, DELWP engaged with peri urban landowners within a 100km radius of Melbourne on Strategic Agricultural Land in 2019 which informed the development of options for planning system for Melbourne's green wedges and agricultural land. DELWP is yet to release the response to the options paper or confirm the preferred suite of planning controls.

¹⁴ <https://www.planmelbourne.vic.gov.au>

¹⁵ <https://www.planmelbourne.vic.gov.au/implementation>

Central Highlands Regional Growth Plan (2014)¹⁶

The Central Highlands Regional Growth Plan is the strategic land use plan for the region to guide growth and change for the next 30 years. The Plan has identified the region's strategic assets, drivers of change and challenges for growth and sets out a vision and principles and future directions to achieve the vision. The Plan acknowledges a challenge for land use planning is to enable flexibility for agricultural enterprises both now and in the future. A key threat to agriculture is loss of fertile land through rezoning to rural residential and rural living zones. The Plan notes the opportunities for tourism, carbon offset schemes and renewable energy generation could provide alternative streams for farmers. On farm tourism accommodation is suggested as an option, but for Hepburn this is becoming a threat to the productivity of farms given the very high incomes able to be achieved. Climate change is also a significant risk in the shire that needs to be further qualified for the economic future of the region. Land use planning principles and directions include:

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

Central Highlands Regional Economic Development Strategy¹⁷ (2022)

The Central Highlands Regional Economic Development Strategy sets out the medium to long-term strategic directions for driving economic growth and development across the region. Directions relevant to this study include:

- Enhance local value add and collaboration across the agri-food supply chain with an emphasis on climate change adaptation, improved capabilities and opportunities to partner with Traditional Owners to develop an authentic native foods and botanicals industry.
- Continue to grow and develop the visitor and creative economies. The visitor economy is noted as a significant contributor to the Hepburn Shire economy with Daylesford and Hepburn Springs noted as critical regional assets.
- Strengthen the renewable energy and waste management industries.

The Western Victoria Renewable Energy Zone is located on or near the western border of the Shire. The proposed corridors for the Western Victoria Transmission Network, to provide a high voltage overhead transmission line and connect the REZ into the Melbourne transmission network, pass through the south west corner of the Shire. While these projects present opportunities for local industries, land use conflict with agricultural land and tourism is of concern to local communities.

Hepburn Shire Community Vision and Council Plan 2021-2031

Hepburn's Council Plan includes the following vision statement:

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

Preparation of an agricultural land and rural settlement strategy was a recommendation of the Council Plan.

Hepburn Shire Land Use Strategy (1999)

A detailed review of the Hepburn Shire culminated in a Land Use Strategy detailed planning responses to address the key issues facing the municipality. These issues included:

- Population growth and the influence of reduced commuting times and proximity to Ballarat and Melbourne.
- Residential growth on small rural lots, particularly around small rural settlements and in bushland settings and the risk of land use conflict.
- A transition from an economy focused on agriculture, forestry, mining and manufacturing to an urban-based economy with a significant component of the workforce commuting to jobs outside the Shire and the growth of tourism.

¹⁶ https://www.planning.vic.gov.au/__data/assets/pdf_file/0026/94445/Central-Highlands-Regional-Growth-Plan-May-2014.pdf

¹⁷ https://www.rdv.vic.gov.au/__data/assets/pdf_file/0010/2063908/Central-Highlands-REDS-2022.pdf

- Proximity to metropolitan Melbourne and urban Ballarat has resulted in a significant growth in smaller holdings with a focus on non-traditional crops and livestock and the reliance of off-farm income to support these enterprises.
- Threat to water quality and water security of water supply catchments and groundwater aquifers associated with vegetation clearance, dam construction and onsite effluent disposal.

The Shire's landscapes, agricultural land, biodiversity, water sources and cultural heritage were identified as valuable assets that require protection and consideration in planning policy.

This Strategy set out the following strategic principles for rural land use and agriculture:

- Establish clear settlement boundaries and compact form for existing urban-areas based on population projections, infrastructure provision according to demographic trends and needs and priority to in-fill development opportunities.
- Where possible, provide adequate separation of rural living areas from productive farming areas to prevent land use conflict.
- Demonstrate genuine need for rural living development areas as distinct from speculative land development.
- Recognise high quality agricultural land in areas around Creswick, Newlyn, Smeaton, Daylesford and Glenlyon as a finite resource within the Shire and the need to maintain this land in active production.
- Provide for a range of lot sizes catering for rural living to hobby farming and the underlying protection of future urban expansion areas.
- Provide for rural living development areas in appropriate locations that can access infrastructure and community facilities and are based on projected demand and supply trends.
- Encourage high quality and planned tourism developments that focus in particular on the day tripper and overnight visitor market.
- Recognise the need to diversify and expand the agriculture sector within the Shire.
- Discourage non-agricultural uses and development on high quality agricultural land.
- Development on rural land within the Shire will be assessed against a set of performance criteria and land capability that identifies the best and optimum use of the land.
- Diversification in the agricultural sector needs to be considered across rural areas of the Shire.
- Land use changes and developments in urban and rural areas that adversely affect agricultural production within the Shire should generally not be supported.

- Provide for opportunities to maintain rural land holdings in agricultural production wherever possible.
- Recognise that some areas of the Shire are already fragmented and no longer contain land holdings that are commercially viable for ongoing farming.

2.6 POLICY CONTEXT

The Hepburn Planning Scheme contains policies and provisions to guide land use and development. All planning schemes have a standard structure drawn from the Victoria Planning Provisions (VPP). The form and content of all planning schemes changed in 2018 and the new format was introduced to the Hepburn Planning Scheme in 2022. The sections of the scheme most relevant to this study include:

- Municipal Planning Strategy (MPS)
- Planning Policy Framework (PPF) – statewide, regional and local planning policies
- Zones
- Overlays.

A summary of the Hepburn Planning Scheme that identifies the prevailing issues and opportunities and the overarching direction for rural land use and development is provided here with further detail provided in the theme chapters.

MUNICIPAL PLANNING STRATEGY

The Municipal Planning Strategy (MPS) sets the foundation for the local policies in the planning scheme. It outlines the planning outcomes Council seeks to achieve that will be implemented by the policies and requirements of the planning scheme. It does this by setting out the vision for future use and development in the shire, providing an overview of important local planning issues and establishing strategic directions about how the municipality is expected to change. It is divided into four parts: context, vision, strategic directions and strategic framework plans. The MPS was introduced to the Hepburn Planning Scheme via Amendment C80 in 2022. Clauses and strategic directions relevant to this study are summarised here.

Clause 02.02 VISION

Council's mission for the Shire is the following:

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

The key land use and development directions to deliver this mission are to:

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

Clause 02.03 Strategic Directions

02.03-1 Settlement:

- Concentrate development into defensible parts of existing township boundaries and settlements to mitigate bushfire risk, protect agricultural land, and limit natural and environment risks.
- Provide for growth of Creswick, Clunes, Daylesford, Trentham and Hepburn Springs within designated township boundaries.
- Prevent residential and commercial development between settlements along major roads.
- Direct rural residential development that is not associated with rural enterprises into established townships and settlements.

02.03-2 Environmental and landscape values:

- Protect and enhance significant natural, Aboriginal and post contact cultural and heritage landscapes across the Shire.
- Protect and enhance watercourses, wetlands and water bodies and their associated riparian zones.
- Protect indigenous vegetation across the Shire including on Council managed reserves and private property.
- Protect biodiversity and environmental values of local, regional and state significance.
- Retain existing habitat and create new habitat corridors, that increases the resilience of existing stands of native vegetation.

- Minimise wholesale clearing of significant vegetation in areas of high bushfire risk.

02.03-3 Environmental risks and amenity

- Contain future growth within township boundaries to protect environmental values and to limit the risk to life and property from bushfire.
- Avoid development that through its location or design increases exposure to bushfires.
- Limit development outside townships by minimising future subdivision of rural land to address bushfire risk.
- Minimise risk to life and property from flooding through appropriate siting, design and management of use and development, with adequate setbacks from waterways, and locate new development on the highest available ground with road access that provides safe passage in a flood event.
- Maintain the flood carrying capacity, free passage, temporary storage function and environmental significance of floodplains and waterways.

02.03-4 Natural resource management

- Reduce the impacts of climate change, by supporting alternative energy sources, carbon farming, micro-grids, reducing greenhouse gas emissions and adopting environmentally sustainable development principles.
- Minimise landscape and water quality impacts on the catchments through careful location and design of development and wastewater systems.
- Protect streamsides, catchments, flood plains and wetlands from the impacts of development.
- Support future development that adapts to the impacts of climate change and contributes to meeting Council's targets for reducing greenhouse gas emissions.
- Protect water resources in the Shire through integrated water and catchment management including stormwater.
- Protect mineral springs, their aquifers and environs from the impacts of waste disposal and drainage.
- Protect high quality productive agricultural land for agricultural uses over the long term.
- Protect rural land for agricultural uses and compatible rural uses.
- Support the evolution of agriculture in response to improved practices and climate change.

02.03-5 Built environment and heritage

- Protect the built, natural and cultural heritage to enhance appreciation of the Shire's history and to maximise opportunities for tourism.

- Support and strengthen the individual character and role of townships that contribute to the Shire's diversity as a place to live, work, recreate and visit.
- Protect and enhance the rural areas of the Shire for their diverse agricultural, environmental and landscape values.
- Ensure development does not obstruct significant views to prominent hilltops, ridgelines and landmarks.

02.03-6 Housing

- Support infill housing development in townships that respects and complements neighbourhood character.
- Promote and facilitate residential development and housing diversity in established townships to meet community needs, including affordable housing and aged care accommodation.

02.03-7 Economic development

- Maintain and protect agricultural land by avoiding fragmentation and commercial uses that may lead to loss of, or limitations for, production.
- Protect industry and business from encroachment of incompatible land use and development by applying the 'agent of change' principle.
- Facilitate a greater range of economic activity and home based businesses in townships and settlements.
- Locate tourist facilities and development in the Shire's townships that brings economic benefits, respects township character and enhances the distinctive tourism assets of each township.
- Ensure that the Shire's quality mineral water resources and reserves are maintained and managed as a long-term community and economic resource.
- Enhance the Shire's existing tourism offer through the development of a more diverse tourism product centred around the natural environment, bike trails, arts and culture, food and environmental sustainability.
- Protect the Shire's heritage and environmental tourism assets.

02.03-9 Infrastructure

- Ensure development is directed into townships with reticulated water or capacity for alternative potable water sources, and reticulated sewerage.
- Reduce the impacts of climate change, by supporting alternative energy sources, carbon farming, micro-grids, reducing greenhouse gas emissions and adopting environmentally sustainable development principles.
- Support the sensitive location of transmission infrastructure to support decarbonisation within the municipality that provides a net community benefit.

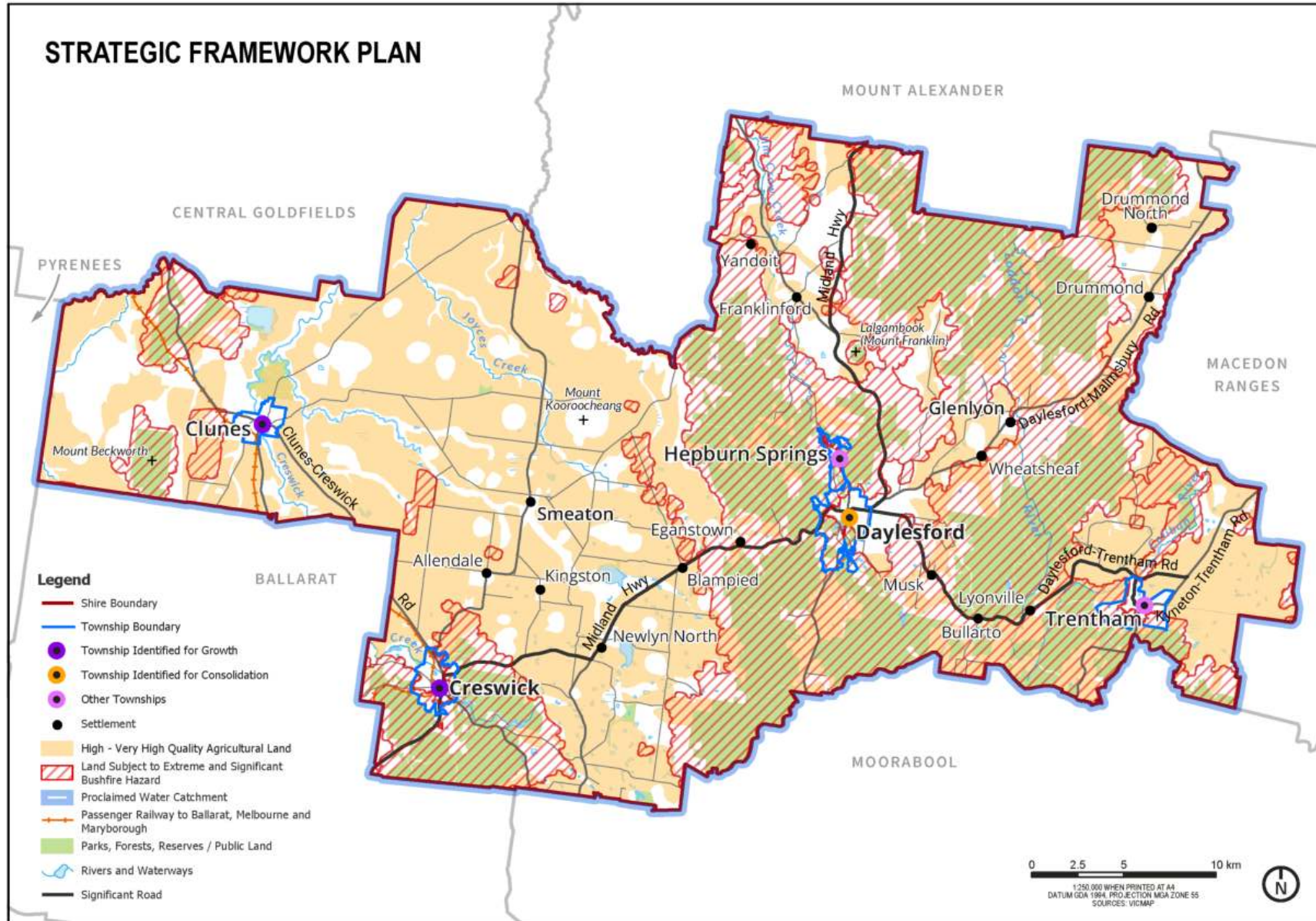
02.04 Strategic Framework Plans

The Strategic Framework Plan (Figure 15) incorporates a settlement hierarchy and key transport networks, identifies public land, high and very high quality agricultural land and land subject to extreme bushfire hazard and indicates the Shire is located entirely within a Proclaimed Water Catchment. Separate plans are provided for settlements, environmental hazards, environmental and landscape values and economic development.

The Planning Panel that reviewed and heard submission to Amendment C80 made a number of recommendations relevant to this study:

- Adopt the exhibited version of Schedule 1 to the Significant Landscape Overlay but limit the requirement for a permit to remove vegetation to native vegetation.
- Apply a minimum lot size of 40 hectares to land in Area 3 of the current Farming Zone Schedule.

Figure 15: Strategic framework plan



PLANNING POLICY FRAMEWORK

Planning for the Shire rural land and settlement must be consistent with State and policy objectives, which include:

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

There are a number of state and regional policy objectives and strategies relevant to this study which are listed here, with further detail provided in the relevant theme chapters. These include:

- 11.01-1S Settlement
- 11.01-1R Settlement - Central Highlands
- 12.01-1S Protection of biodiversity
- 12.02-1S Protection of the marine and coastal environment
- 12.03-1S River corridors, waterways, lakes and wetlands
- 12.05-1S Environmentally sensitive areas
- 12.05-2S Landscapes
- 12.05-2R Protection of landscapes between settlements
- 13.01-1S Natural hazards and climate change
- 13.02-1S Bushfire planning
- 13.03-1S Floodplain management
- 14.01-1S Protection of agricultural land
- 14.02-1S Catchment planning and management
- 14.03-1S Resource exploration and extraction
- 15.01-6S Design for rural areas
- 15.03-2S Aboriginal cultural heritage

- 16.01-3S Rural residential development
- 17.01-1S strengthen and diversify the economy.
- 17.04-1S Facilitating tourism
- 17.04-1R Tourism - Gippsland
- 17.04-2S Coastal and maritime tourism and recreation
- 19.01-2S Renewable energy

The Hepburn Planning Scheme also includes a number of policy directions specific to the Shire that complement state and regional policies. Local policy directions include.

- 11.01-1L Township and settlements
- 12.01-1L Native vegetation and habitat protection - Protect and enhance the Shire's native vegetation and habitats
- 12.05-2L Landscape management - Protect and enhance the unique features of the landscape character areas of the municipality
- 14.01-1L Protection of agricultural land
- 14.01-2L Sustainable agricultural enterprises
- 14.02-1L Catchment and land protection
- 14.02-2L Mineral Springs and Fresh Water Springs Protection
- 15.03-2L Aboriginal cultural heritage.

Review of the zones and overlays that apply to rural land is provided in Chapter 3.

2.7 COMMUNITY CONSULTATION

Extensive consultation and engagement are proposed as part of the rural land and small settlement strategy project. Council has recently undertaken a number of consultation activities which provide insights into the ideas and desires of the community in relation to land use and development in Hepburn Shire. These are summarised here.

Hepburn Shire Planning Scheme Review: Stakeholder and Community Engagement Report¹⁸

- What people value most:
 - The rural feel.
 - The history and heritage.
 - The landscape.
 - The look and feel of the townships.
 - The farming and agricultural heritage.
- What they want from the planning scheme:
 - Protection for current landscapes
 - Options for some development but not too much and not too fast, within current town boundaries and in keeping with the local area.
 - A protection for agricultural land but flexibility over what constitutes agriculture.
 - Protection of the environment including soil, water, fauna, flora and landscapes.
 - The maintenance for current townships heritage while providing access to services and affordable housing.
 - Management of tourism to mitigate against the pressure on housing, services and infrastructure.
 - A clear and consistent planning scheme.
 - Better transport connections.

2.8 KEY FINDINGS

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

Between 2016 and 2021 Hepburn experienced an annual average growth rate of 1.2%, slightly lower than the 1.7% average for regional Victoria, but on a par with the state average of 1.2%. This growth has been influenced by Covid-19 and the trend of people moving from metro to regional and rural areas. Hepburn Shire was identified as the top choice for internal migrants to rural Victoria.

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

The Shire's economy was once largely dependent on agriculture, forestry and mining. In 2021, while agriculture is still significant to the local economy, there has been diversification with construction, health services and tourism emerging as important sectors. Growth in tourism, particularly tourism accommodation, is evident in the strength of real estate services and employment in accommodation and food services. There is also evidence of growth in knowledge services which is consistent with observed trends in in-migration and increased work-from-home during Covid-19.

Use and development of rural land is strongly influenced by state government growth strategies and plans including Plan Melbourne 2017 – 2050 and the Central Highlands Regional Strategic Plan. These plans identify population growth, growth in tourism, the desire to live in a rural area and the Shire's proximity and commutability to Melbourne and regional centres are key drivers of rural land use change in Hepburn. These plans also highlight that accommodating growth should not come at the expense of significant values including the Shire' rural landscapes, agricultural land, water supply catchments, cultural heritage and biodiversity.

In 1999, the Hepburn Shire Land Use Strategy identified issues to be considered in planning policy including population growth, reduced commuter times, demand for rural lifestyle and residential development of rural land, protecting natural values and avoiding

¹⁸ Plan2Place and Wayfarer Consulting (2020) Hepburn Shire Planning Scheme Review. Stakeholder and Community Engagement Report

hazards, particularly bushfire. These issues remain and a key consideration of this study will be to test whether the current suite of planning tools has been effective and appropriate in responding to these issues.

The Hepburn Planning Scheme comprising state, regional and local policies, provides the framework for decisions regarding use and development of rural land. The policy framework seeks to support and encourage rural industries and protect important rural values. Overarching objectives for rural land include:

- Direct population growth to key towns and contain residential growth within township boundaries.
- Prevent dispersed settlement and maintain separation between settlements.
- Protect strategically important areas of the environment, landscape, water, cultural heritage and agriculture.
- Prevent fragmentation of agricultural land and protect productive farmland and farmland of strategic significance.
- Encourage rural tourism in appropriate locations.
- Protect and enhance water supply catchments, native vegetation and other biodiversity values and rural landscapes.
- Minimise risk to life, property and the environment from natural hazards.

These objectives broadly align with the aspirations of the Hepburn community, who identified the Shire's rural feel, history and heritage, landscapes, and farming and agricultural heritage as important rural values.