

8 Rural tourism

8.1 STRATEGIC CONTEXT

Central Highlands Regional Growth Plan

The Central Highlands Regional Growth Plan includes the following directions relevant to tourism in Hepburn Shire:

- Promote and enhance the region's tourism assets and further develop the iconic precincts as key regional drawcards.
- Encourage tourism development that also protects landscape, heritage and environmental assets
- Facilitate nature-based tourism that can sustainably capitalise on the region's environmental assets

Daylesford – Hepburn Springs and Ballarat are identified as key tourism precincts.

Daylesford Macedon Tourism

The Daylesford Macedon Tourism (DM Tourism) is the peak industry body for tourism in the Daylesford and Macedon Ranges tourism region. DM Tourism has developed a regional brand that is based on the following four pillars :

- Food and drink (Indulge)
- Escape and Rejuvenate (Refresh)
- History and Culture (Learn)
- Art and Artisan (Make)

Key regional attributes that support these pillars include locally produced foods and drinks, especially where there are opportunities for visitors to engage directly with producers. DM Tourism has also developed the Tasty Little Tourism Map which documents existing producers and provides touring route options for visitors to visit local food and drink enterprises.

Consultation with Council's Economic Development officer and a representative of DM Tourism noted the following uses that are important to the rural tourism product:

- farm stays.
- premium agricultural products.
- value adding of primary produce, including cooperative processing facilities and distribution points .
- agriculture and food experiences e.g. workshops.

- alternative food distribution networks such farm gate sales, on farm produce stores, farmers markets.

Locations important to the rural tourism sector include Daylesford, Wheatsheaf, Blampied, Eganstown, Lyonsville and Musk. Important tourism routes include:

- Macedon Ranges to Trentham, Bullarto and Musk.
- Daylesford to Glenlyon.
- Ballarat to Daylesford.
- Western Highway to Ballan.

The Daylesford to Hanging Rock rail trail is a long term project.

Hepburn Shire also have a number of strategies relevant to rural tourism.

Fertile Ground – Hepburn Shire Economic Development Strategy 2016-2021

Fertile Ground, Hepburn Shire's Economic Development Strategy, 2016-2021 is built on five pillars:

- Produce – support the value chain from primary industry producers through to culinary providers and consumers.
- Trade – support local business and encourage opportunities for increased trade.
- Live – make Hepburn Shire a great place to live.
- Grow – Provide guidance through government systems so that businesses can prosper.
- Visit – invite the world to experience Hepburn Shire and all it has to offer.

The strategy identifies two key projects that directly relate to agritourism, and agricultural development:

- Paddock to Plate Training Initiative – Promote and harness existing training and experience opportunities provide in the area with the aim of promoting the area as the pre-eminent place to learn about food production and gastronomy.
- Agricultural Sector Development Training – develop a plan that outlines a roadmap for future development of the agricultural sector.

The Hub for Premium Food

Hepburn Shire have recognised an opportunity for development of small scale 'artisan' agricultural activities. To facilitate this, they have an Artisan Agriculture Facilitation Specialist council officer who is funded through the Hub for Premium Food initiative. This project is co-funded by Council and the State Government and is aimed to assist

artisanal agricultural producers in the developing skills and services that will allow business growth and promotion.

8.2 POLICY CONTEXT

Clause 02.02 Vision:

Support tourism as an important industry based on the Shire's beautiful townships and countryside.

02.03-7 Economic development:

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.

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.

11.03-3S Peri-urban areas - manage growth in peri-urban areas to protect and enhance their identified valued attributes.

- Identify and protect areas that are strategically important for the environment, biodiversity, landscape, open space, water, agriculture, energy, recreation, **tourism**, environment, cultural heritage, infrastructure, extractive and other natural resources.

17.01-1S Diversified economy - strengthen and diversify the economy by:

- Facilitate growth in a range of employment sectors, including health, education, retail, **tourism**, knowledge industries and professional and technical services based on the emerging and existing strengths of each region.

17.04-1S Facilitating tourism - encourage tourism development to maximise the economic, social and cultural benefits of developing the state as a competitive domestic and international tourist destination by:

- Encourage the development of a range of well-designed and sited tourist facilities, including integrated resorts, accommodation, host farm, bed and breakfast and retail opportunities.
- Seek to ensure that tourism facilities have access to suitable transport.

- Promote tourism facilities that preserve, are compatible with and build on the assets and qualities of surrounding activities and attractions.
- Create innovative tourism experiences.
- Encourage investment that meets demand and supports growth in tourism.

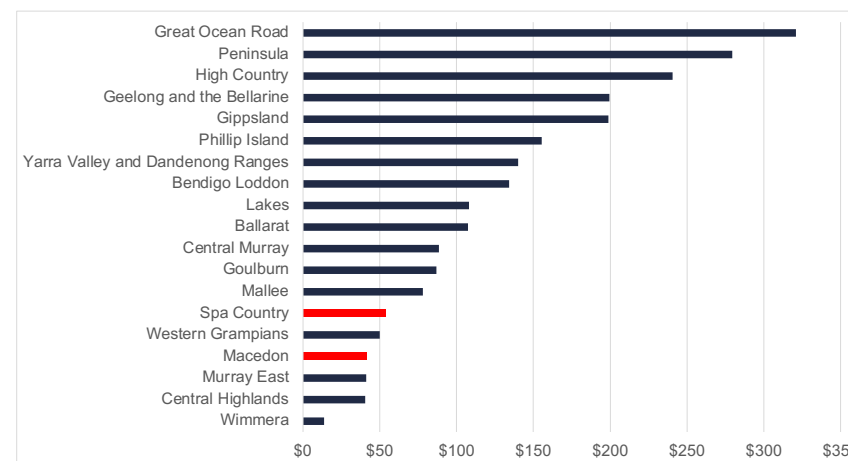
8.3 ATTRACTIONS AND VISITOR ECONOMY

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

There were around 250 tourism businesses in Hepburn Shire in 2019⁴⁸ and over 1.8million visitors were attracted to the Shire, mostly for holidays. On average, visitors stay for two nights and spend around \$200/night. Tourism in the Spa County (Daylesford/Hepburn Springs) and Macedon regions, which takes in most of the key tourism areas of Hepburn Shire was valued at \$95million as gross value added in 2020/21 or 4% of gross value added from tourism in regional Victoria (Figure 65).

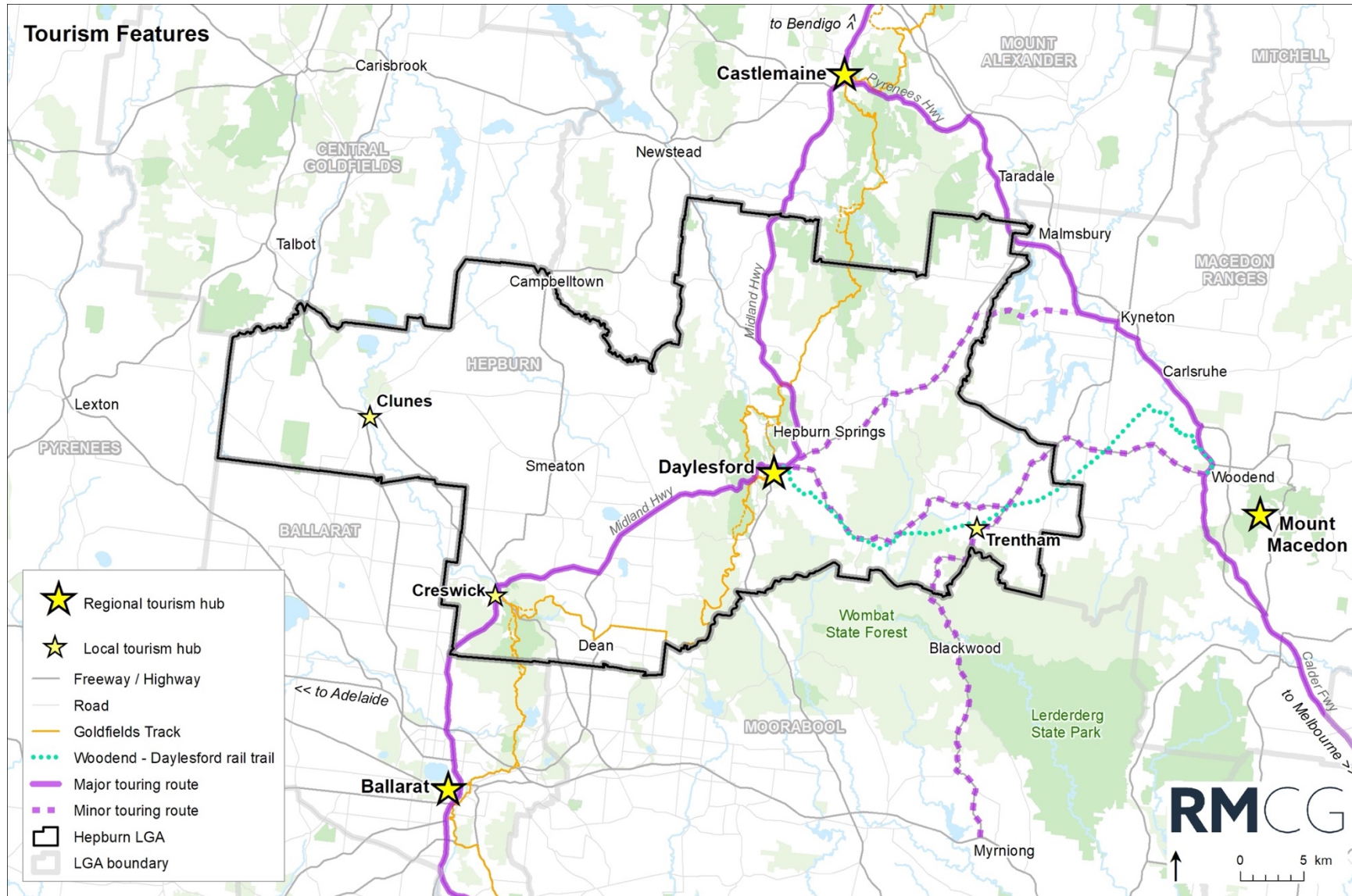
There are strong connections with tourism in adjoining municipalities. Touring routes connecting tourism experiences within the Shire and in the adjoining local government areas are shown in (Figure 66).

Figure 65: Gross value added, Victorian tourism regions



⁴⁸ <https://www.tra.gov.au/Regional/local-government-area-profiles>

Figure 66: Tourism features



8.4 ISSUES AND OPPORTUNITIES

COMPABILITY

Currently, rural tourism is predominantly provided for in the FZ. Most planning permits approved for tourism developments have been for land within the FZ (Table 26). Around five permits have been approved for group accommodation in the RLZ. Developments approved are predominantly for accommodation and function centres and were mostly approved on land in the eastern half of the Shire (Figure 68).

Tourism use permit requirements in the rural zones is set out in the Table 26. There is a broad range of tourism uses that can be considered in the rural zones, subject to a planning permit. Some of these uses e.g. camping and caravan park, residential hotel may be better suited to a township which have the infrastructure services to support developments of this scale. Large scale tourism developments in rural areas also have the potential to impact the operation of surrounding agricultural businesses, landscape and biodiversity values.

The Hepburn Planning Scheme Review² noted that managing and nurturing the tourism offer within the shire is a key challenge for the municipality and critical to ensuring there are jobs for the local community. Ensuring that retail activities associated with agriculture are located within townships is essential to ensuring that retail areas in towns remain viable and that there are opportunities to capture tourist dollars.

Council also highlighted emerging tourism uses that may warrant further consideration including:

- Festivals
- Short term rental accommodation such as tiny houses, home pods and caravans

Given the risks associated with bushfire and domestic wastewater management, as well as potential to introduce land use conflict, there is a need to consider where these uses may be appropriate and under what circumstances.

Given the identification of farmland of state significance and productive agricultural land, consideration should be given to local policy that seeks to support rural tourism in some areas of the Shire, while limiting the types and scale of tourism development to protect the ongoing viability of agricultural enterprises.

Table 26: Tourism use permit requirements

	No permit required	Permit required	Prohibited
FZ	Bed and breakfast (limit of 10 people) Primary produce sales Rural store	Camping and caravan park Group accommodation Host farm Leisure and recreation Market Place of assembly Residential hotel Restaurant Winery	Accommodation (other than Bed and breakfast, Camping and caravan park, Group accommodation, Host farm, Residential hotel) Retail premises (other than Market, Manufacturing sales, Primary produce sales, Restaurant)
RCZ	Bed and breakfast (limit of 10 people) Informal outdoor recreation	Group accommodation Host farm Market Primary produce sales Residential hotel Restaurant Rural store Winery	Accommodation (other than Bed and breakfast, Group accommodation, Host farm and Residential hotel) Leisure and recreation (other than Informal outdoor recreation) Place of assembly Retail premises (other than Market, Manufacturing sales, Primary produce sales, Restaurant)
RLZ	Bed and breakfast (limit of 10 people) Informal outdoor recreation	Bar Hotel Leisure and recreation Market Place of Assembly Primary produce sales Restaurant	Retail premises (other than Bar, Hotel, Market, Primary produce sales and Restaurant)

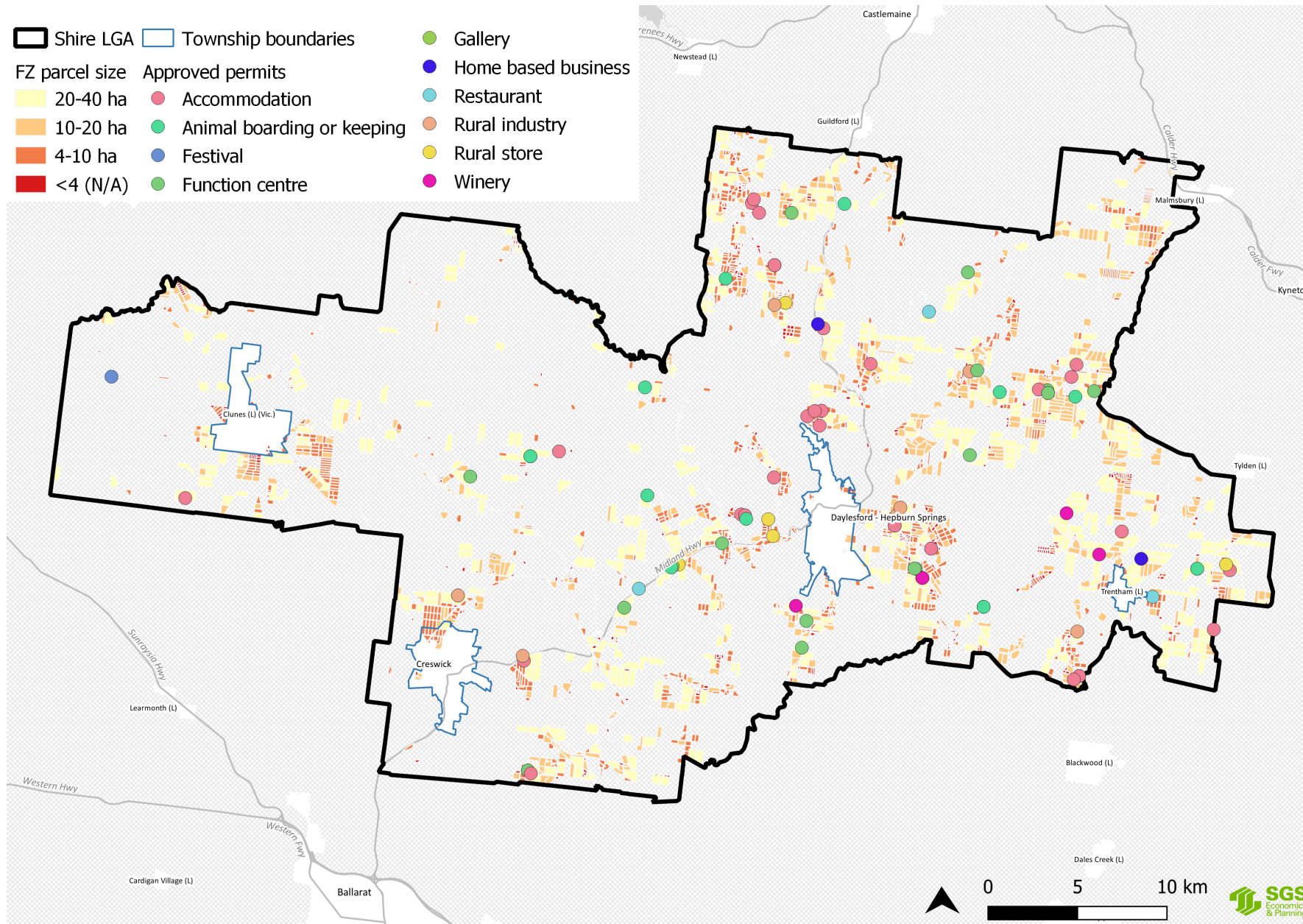
Figure 67: FZ planning permits (2007 - 20021)⁴⁹

USE	TOTAL	APPROVED	REFUSED
Accommodation	31	25	1
Function centre	16	14	1
Festival	3	1	1
Gallery	3	2	1
Restaurant	5	4	0
Rural industry*	10	6	1
Rural store	4	3	0
Winery	5	5	0

* composting, biochar manufacture, materials recycling, landscape gardening, storage of food products, plant nursery

⁴⁹ Data provided by Hepburn Shire

Figure 68: Planning permit approvals for tourism and rural industry



AGRICULTURAL VALUE ADDING AND TOURISM

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

The Hepburn Planning Scheme Review² noted that the tourism offer in the municipality is inextricably linked to the landscape, heritage, environment and rural produce. Ensuring that this link between each is well understood is important as well as ensuring these aspects are protected, i.e. tourism development should not occur at the expense of the very values that are the foundation of the tourism industry. The Review goes on to state that retail activities associated with agriculture should be located within townships and is essential to ensuring that retail areas in towns remain viable and that there are opportunities to capture tourist dollars. Further guidance is required on the types of tourism activities that should be provided in the FZ and those that are more appropriately located in settlements.

Council officers are concerned that dwellings, approved for an agricultural purpose, are being used primarily for tourism accommodation and that agriculture, if conducted at all, is subordinate to the tourism activity. This highlights another challenge in the assessment of planning permits for rural dwellings.

RURAL ACTIVITY ZONE

The Rural Activity Zone (RAZ) is a rural zone that has greater flexibility than the FZ and RCZ in that it provides for farming and other land uses to co-exist. In this zone:

- the purpose and provisions support the continuation and growth of farming but provide the opportunity for non-farming uses to be considered in appropriate locations.
- a wide range of tourism, commercial and retail uses are supported.
- farming uses are encouraged to establish and expand, subject to proper safeguards for the environment and amenity considerations.
- a planning permit is always required to use land for a dwelling.

Currently, there is no land zoned for RAZ in the Shire.

In 2022, RMCG was engaged by Hepburn Shire to undertake a RAZ supply demand assessment of rural land⁵⁰. The demand and supply assessment sought to identify land

in the Farming Zone that is characterised as currently supporting rural activity or has attributes that would support RAZ in the future and the following land uses:

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

Candidate areas were identified based on an assessment of:

- Agricultural quality – RAZ was not considered appropriate for areas of very high and high agricultural quality land unless it is highly fragmented.
- Established tourism nodes and touring routes.
- Established agri-food businesses and food related experiences.
- Established rural industry nodes.
- Proximity of towns.
- Landscapes that do not support significant amenity or landscape values.

Areas that may be suitable for application of the RAZ, subject to further detailed assessment were identified around Creswick, Eganstown, Bullarto, Daylesford and Trentham (Figure 69). Confirmation of these areas for rezoning to RAZ requires further detailed analysis to consider:

- Environmental values.
- Hazards, particularly bushfire.
- Declared water supply catchments.
- Potential for conflict with other land uses such as commercial scale agriculture, residential and rural residential uses.
- Consistency with other studies, particularly the preparation of township structure plans.

8.5 KEY FINDINGS

There is strong strategic and policy support for rural based tourism that leverages existing strengths, including mineral springs, food and wine experiences, goldfields heritage, attractive rural landscapes and heritage towns. There are strong connections to regional tourism hubs and key tourism routes have been identified. There is a considerable supply of tourism accommodation in the rural areas, including existing

⁵⁰ RMCG (2022) Rural Activity Zone – supply demand assessment

dwellings converted to short term rental accommodation and purpose built accommodation. Rural tourism opportunities include nature based tourism that capitalises on environmental assets and paddock to plate experiences. There is a strong connection between the Shire's agricultural industry, particularly artisan agriculture, and tourism.

Issues

Proliferation of dwellings for tourism accommodation.

Range of tourism uses provided for in the rural zones.

Risk that too much tourism development will impact the qualities that underpin Hepburn's tourism industry – landscape, environment, heritage and rural produce.

Opportunities

There are opportunities for further rural tourism development, but this requires careful consideration as to the types, scale and location.

Potential strategy response

Identify tourism uses that are compatible with agriculture and introduce local policy to guide tourism development in the FZ.

Local policy to guide large scale tourism development in rural areas of the Shire.

Undertake further fine-grained analysis of candidate RAZ areas.

Figure 69: Candidate RAZ areas

