Mudgee Shire Council

RURAL RESIDENTIAL, INDUSTRIAL & RESIDENTIAL STRATEGY

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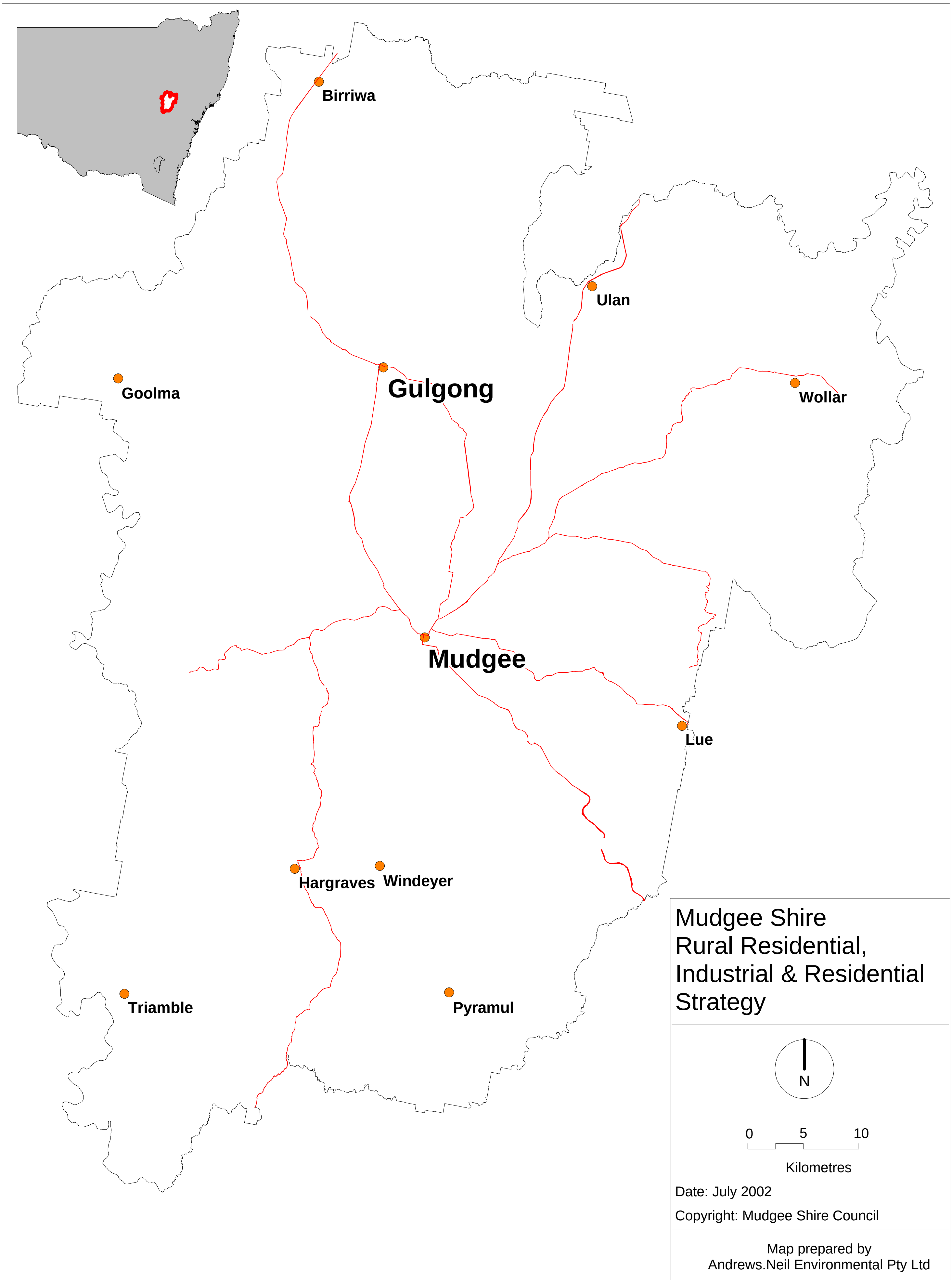
1.0 BACKGROUND TO THE STUDY

Mudgee Shire covers an area of approximately 5550 square kilometers and is located in the Central West region of New South Wales. The two main towns of Mudgee and Gulgong are located some 25 kilometres apart in the central area of the Shire. Council's Local Environmental Plan 1998 consolidated a series of separate plans developed over the previous twenty (20) years. However, a comprehensive strategic planning review of the urban and rural areas of the Shire has not been undertaken since 1980.

Andrews.Neil was engaged by Mudgee Shire Council in December, 2001 to prepare a strategy for the future of Rural Residential, Residential and Industrial development in the Shire. Andrews.Neil engaged Leyshon Consulting as specialist demographers and economists for the project. A Rural Strategy is being prepared by Edge Land Planning with specialist ecological, landscape and mapping expertise being provided by Andrews.Neil.

The two complimentary strategies will provide the basis for a new Local Environmental Plan and new Development Control Plans for the Shire.

It should be noted that strategic environmental and land use planning typically requires consideration of a combination of long term scenarios and possibilities and short to medium term projections and likelihoods. This study therefore focuses primarily on consideration of issues and actions for the next decade while considering the longer term implications associated with various issues and strategic choices. Successful strategic plans must achieve a balance between short term certainty and maximising long term flexibility to respond to unforeseen circumstances.


Birriwa
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Industrial & Residential
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Kilometres
Date: July 2002
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Map prepared by
Andrews.Neil Environmental Pty Ltd

2.0 PREVIOUS STUDIES AND INVESTIGATIONS

A comprehensive Local Environmental Study for Mudgee Shire was undertaken in 1982 by Latona Masterman and Associates. At that time the amalgamation of the Mudgee and Cudgegong LGAs was still a relatively recent event as was the major expansion of the Ulan coal mine and construction of Windamere Dam for amplification of the water supply. Official population projections at the time indicated significant growth driven primarily by the Ulan coal project:

Table 1: Population Projections 1980-2000

Area	*1980*	*1985*	*1990*	*1995*	*2000*
Mudgee	6300	7137	8371	9000	9700
Gulgong	1810	1965	2206	2300	2450
Rural	4590	5027	5705	6100	6550
TOTAL	12700	14129	16282	17400	18700

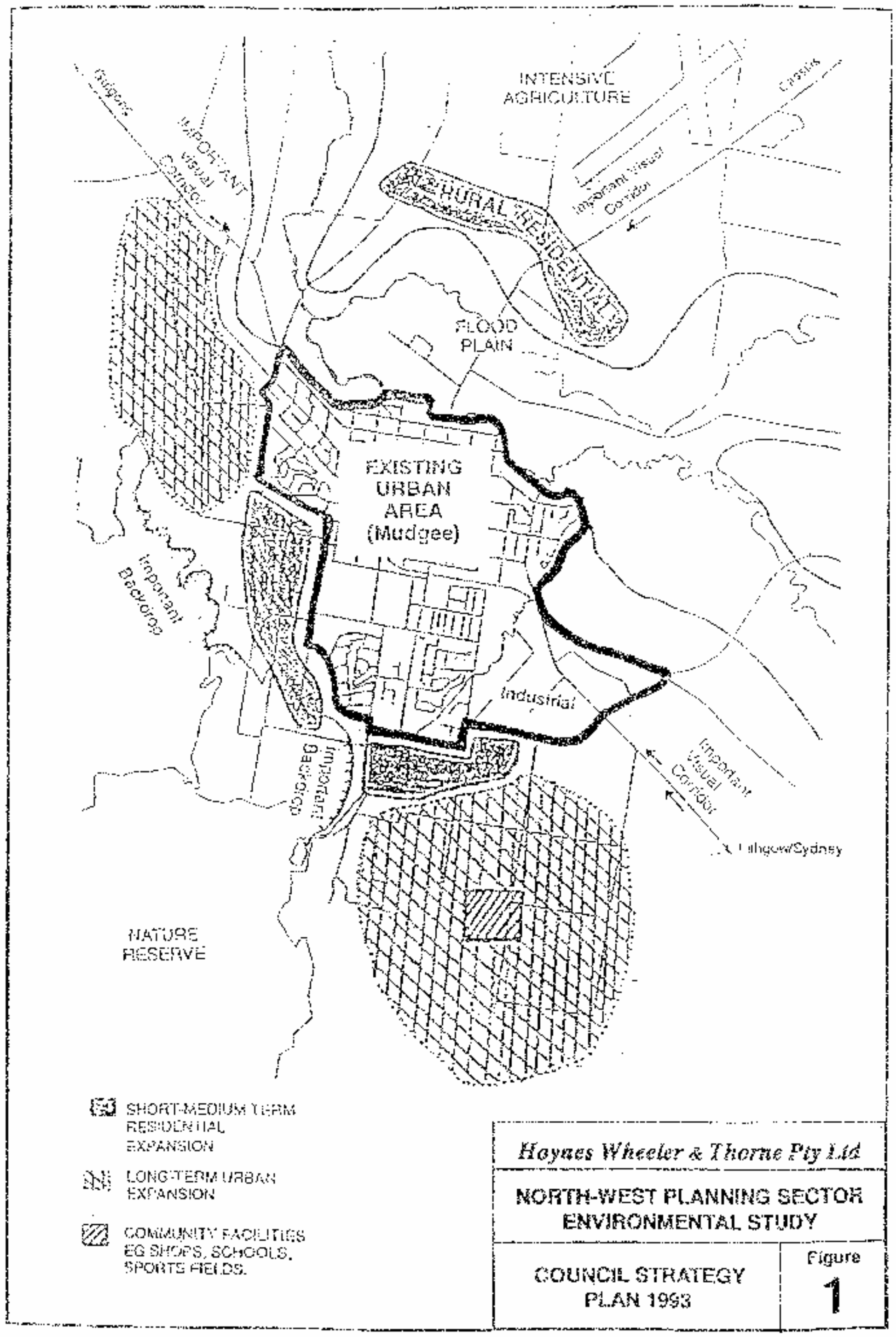
Source: Latona Masterman and Associates, *Mudgee Local Environmental Study,* May 1982.

Latona Masterman identified a number of issues including the volatility of the international coal market as key variables in determining the actual growth achieved. It is interesting to note that despite fluctuations in economic conditions over the last two decades the projection of a Shire population of 18700 in 2000 proved to be relatively accurate.

Water and sewerage infrastructure limitations were significant constraints to development in 1982 and new infrastructure was identified as a requirement for the projected growth, particularly in Gulgong. In Mudgee township, sufficient "infill" subdivision opportunities existed to accommodate projected demand to 1990 after which the recommended strategy was to release new land in the south-western sector of the town, which has occurred.

In 1993 Council produced a Structure Plan for Mudgee township which identified short term development options on the south-western and southern fringes of the town with long term development options to the north-west and south of the town. Figure 1 shows the 1993 Structure Plan illustrating these potential growthsectors.

In 1994 Council engaged Hoynes Wheeler and Thorne Pty Ltd to undertake a review of the north-west planning sector At that time population projections for the town of Mudgee in 2000 indicated a high of 9300 and medium range projection of 9050, suggesting more moderate growth than originally anticipated in 1982. The study concluded that the short term releases in the Common Lane/Rifle Range Road and Spring Road/Melton Road areas would provide for population growth in the town for up to 15 years and short term release of the north-west sector as identified in the 1993 Structure Plan was not required.


INTENSIVE AGRICULTURE
RURAL RESIDENTIAL
Important Visual Corridor
IMPORTANT Visual Corridor
FLOOD PLAIN
EXISTING URBAN AREA (Mudgee)
Important Backdrop
Industrial
Important Visual Corridor
Lithgow/Sydney
NATURE RESERVE
SHORT-MEDIUM TERM RESIDENTIAL EXPANSION
LONG-TERM URBAN EXPANSION
COMMUNITY FACILITIES EG SHOPS, SCHOOLS, SPORTS FIELDS.
Haynes Wheeler & Thorne Pty Ltd
NORTH-WEST PLANNING SECTOR ENVIRONMENTAL STUDY
COUNCIL STRATEGY PLAN 1993
Figure 1

Hoynes Wheeler Thorne also recommended the preparation of an Urban Release Strategy, which they were subsequently engaged to prepare in 1995. The strategy resulted in the consolidation of all planning instruments into a single LEP (which was gazetted in 1998) and extension of the area of the 2 (c) Urban Release Area zone.

Based on the high growth rates experienced during the decade 1981-1991, Hoynes Wheeler Thorne prepared the following population projections:

Table 2: Population Projections Mudgee LGA 1991-2021

Year	Mudgee Town			Mudgee LGA		
	Low	Medium	High	Low	Medium	High
1991	7456	7456	7456	16685	16685	16685
1996	8132	8313	8436	18197	18603	18878
2001	8868	9269	9544	19846	20741	21358
2006	9672	10334	10799	21644	23125	24615
2011	10549	11522	12218	23606	25784	27340
2016	11504	12846	13823	25745	28747	30933
2021	12547	14323	15639	28078	32052	34998

Source: Hoynes Wheeler Thorne, *Mudgee Shire Strategic Planning Report,* July 1995.

The preliminary 2001 Census count result of 17682 persons in Mudgee Shire indicates that these projections were in error in assuming a continuing high rate of population growth over a period of thirty years. High rates of growth in percentage terms are rarely sustainable over a period of more than 5 -10 years.

In 2000, studies of future retail and car parking needs were undertaken for Mudgee town centre. The principal objective of the Retail Study undertaken by Ratio Consultants Pty Ltd was:

> *"to undertake a thorough and comprehensive review of existing and likely future floorspace requirements for the Mudgee Town Centre, taking account of the regional role of the Centre and likely future residential and population growth in the district and regional catchment area".*

Although the long term population forecasts and corresponding floorspace requirement estimates produced by Ratio Consultants are considered to be too high in the short to medium term on the basis of the lower than anticipated 2001 Census result, the principles presented in the Retail Study for consolidation of the Mudgee CBD remain valid whether considered in the short, medium or long term. These are:

- further improvements to the car parking resources, urban design and pedestrian amenity of the retail core area;

- contiguous expansion of the retail core area in a southerly direction with priority for sites most proximate to Mortimer Street

- conservation and amenity protection of historic residential areas of Mudgee which are located within and adjoin the Mudgee CBD; and

- protection of riverine and open space areas.

Since the Retail Study, Council has prepared and adopted the Mortimer Street DCP, implemented streetscape upgrades in Church Street with Market Street currently in the design phase and will shortly commence the preparation of a DCP for Byron Place.

In 2001 a Floodplain Management Study and Plan was prepared by Bewsher Consulting Pty Ltd. The study refined the modelling of the Cudgegong River floodplain through Mudgee and also the Redbank Creek tributary through south Mudgee and made a series of recommendations relating to improved public awareness and emergency management plans, various minor flood mitigation measures and vegetation management works. Of particular note is the recommendation for the application of a graded set of planning controls to be applied through a Development Control Plan that recognises both the type of development and the flood risk of the area.

3.0 CURRENT PLANNING CONTROLS

Mudgee Local Environmental Plan 1998 is a consolidation of the five previous planning instruments for the LGA which were adopted between 1989 and 1994. The LEP reflects demand assumptions and strategic policies from previous studies, including the 1995 Hoynes Wheeler Thorne study.

The LEP contains the following zones in relation to rural residential, residential and industrial development:

- Zone 1(c1) Small Holdings
- Zone 1(c2) Rural-Residential
- Zone 2(a) Residential
- Zone 2(c) Urban Release Area
- Zone 4(a) Industrial
- Zone 4(b) Light Industrial

The 1(c1) Small Holdings zone restricts subdivision to 10 hectares other than where land adjoins the urban area of Mudgee or Gulgong in which case Council may consent to allotments of not less than 4 hectares. Clause 14 of the LEP states:

14 Subdivision of land within Zone No 1 (c1)

(1) This clause applies to land within Zone No 1 (c1).

(2) The Council must not consent to the subdivision of land to which this clause applies unless:

(a) each allotment to be created by the subdivision has an area of not less than 10 hectares, and
(b) the Council is satisfied that:
(i) the ratio of depth to frontage of the allotment is adequate, having regard to the purpose for which the land is (in the opinion of the Council) intended to be used, and
(ii) the allotment is provided with adequate vehicular access, and
(iii) adequate public utility services are available to the allotment and the land is suitable for the on-site disposal of domestic wastewater, and
(iv) an adequate area is available on the allotment to permit the erection of a dwelling-house which will be free from the hazards of bushfire, flooding, soil erosion, landslip and the like.

(3) Subclause (2) does not prevent the Council from consenting to the subdivision of land to create an allotment having an area of not less than 4 hectares for the purpose of erecting a dwelling-house, if the land adjoins the urban area of Mudgee or Gulgong and the Council is satisfied that:

(a) the allotment is provided with adequate vehicular access, and
(b) adequate public utility services are available to each allotment and the land is suitable for the on-site disposal of domestic wastewater, and
(c) the allotment is in keeping with the semi-rural character of the locality.

The Rural-Residential zone generally adjoins residentially zoned areas of the towns and permits subdivision to 2 hectares other than where reticulated sewerage is connected in which case allotments may be not less than 4000 square metres. Provision of sewage is the only factor for consideration in permitting the smaller lots. Clause 15 states:

15 Subdivision of land within Zone No 1 (c2)

(1) This clause applies to land within Zone No 1 (c2).

(2) The Council must not consent to the subdivision of land to which this clause applies unless:

(a) the area of each allotment to be created by the subdivision is not less than 2 hectares, and

(b) the Council is satisfied that:

(i) the ratio of depth to frontage of each allotment is adequate, having regard to the purpose for which the land is (in the opinion of the Council) intended to be used, and

(ii) adequate arrangements exist for connecting each allotment to telephone services, electricity supply and a reticulated water supply system, where available, and

(iii) adequate arrangements exist for the on-site disposal of domestic waste, and

(iv) the subdivision will not result in the need for an additional vehicular access to a main road, and

(v) the allotments have, or provision is made for each allotment to have, a tar-sealed road frontage.

(3) Subclause (2) does not prevent the Council from consenting to the subdivision of land to create allotments each of not less than 4,000 square metres if the Council is satisfied that adequate arrangements exist for connecting each proposed allotment to a reticulated sewerage system.

The Residential zone and the Release Area zone are differentiated mainly by the zone objectives which have limited relevance in controlling the pattern, form and quality of residential development. The only real difference between the zones is the inclusion of roads as a use permissible without consent in the Release Area zone in recognition of the approval of roads through subdivision applications in release areas. There are no staging criteria applicable to the Release Area zone. Clause 16 of the LEP controls the size and proportions of residential allotments which must be 600 m^2 or greater

16 Subdivision of land within Zones Nos 2 (a) and 2 (c)

The Council must not consent to the subdivision of land within Zone No 2 (a) or 2 (c) unless each allotment to be created by the subdivision has an area of not less than 600 square metres and the Council is satisfied that the ratio of depth to frontage of each such allotment is adequate having regard to the purpose for which the allotment is (in the opinion of the Council) intended to be used.

The 4(a) Industrial and 4(b) Light Industrial zones are also differentiated primarily by the zone objectives, particularly as there are no forms of development which are prohibited in either zone. This will change with the implementation of definitions of brothel and bulky goods sales room or showroom in the draft amending LEP recently adopted by Council. The 4(a) zone will permit brothels with consent but not bulky goods while the 4(b) zone will permit bulky goods but not brothels. Clause 18 of the LEP sets 2000 m^2 as the minimum lot size for industrial lots and includes provisions relating to traffic safety.

18 Subdivision of land within Zones Nos 4 (a) and 4 (b)

(1) The Council must not consent to the subdivision of land within Zone No 4 (a) or 4 (b) unless:

(a) each allotment to be created by the subdivision has an area of not less than 2,000 square metres, and
(b) it can be demonstrated to the Council's satisfaction that rigid trucks can enter and leave the site in a forward direction, and
(c) the Council is satisfied that the ratio of depth to frontage of each allotment is adequate having regard to the purpose for which the allotment is (in the opinion of the Council) intended to be used.

(2) Notwithstanding the provisions of subclause (1), the Council must not consent to the subdivision of land which has frontage to Castlereagh Highway (formerly Main Road No 55), unless it can be demonstrated (to the Council's satisfaction) that any new access to each allotment to be created by the subdivision will provide safe and efficient movement of vehicles onto and off the site.

Mudgee LEP 1998 also contains height restrictions for residential development, including a single storey restriction within the Heritage Conservation Area at Gulgong in Clause 31 of the LEP:

31 Height of buildings

A building which is situated, or proposed to be erected:

(a) on an allotment of land within the conservation area of Gulgong:
 (i) must not contain more than 1 storey, and
 (ii) must not exceed 5 metres in height, or

(b) on any other allotment of land within Zone No 2 (a) or 2 (c):
 (i) must not contain more than 2 storeys, and
 (ii) must not exceed 8.5 metres in height.

In addition to the LEP Council has adopted a range of Development Control Plans to provide more detailed controls to guide development including residential flat buildings, industrial development, advertising signs and car parking. However, many of these plans, including those controlling industrial and residential development were originally prepared in the mid 1980s.

4.0 STATE AND REGIONAL POLICIES

Although there is no formal Regional Environmental Plan relevant to the Central Tablelands, PlanningNSW acknowledges a number of significant challenges common to planning in all inland areas of the state. These are to:

- Support sustainable agriculture
- Conserve valuable environmental assets
- Foster new settlement and development in strategically suitable locations
- Encourage jobs and services
- Minimize land use conflict

These effectively represent regional planning objectives and provide a broad regional policy context within which a new local plan for Mudgee Shire will be developed.

At a general policy level Planning NSW has also prepared a retail policy for the State which is strongly focused on supporting and strengthening existing urban centres in both a metropolitan and non-metropolitan context.

5.0 HOUSING MARKET AND POPULATION SCENARIOS

Research in relation to population growth and dwelling demand has been undertaken by Leyshon Consulting. A number of important trends in population and housing have been identified including:

- In the decade 1986-1996 an average of 143 additional dwellings were constructed in the LGA each year

- The average for the five years 1991-1996 was only 99 additional dwellings per annum compared to 192 per annum between 1986 and 1991

- For the five years 1996-2001 an average of 117 new dwelling approvals were issued per annum (including replacement dwellings)

- The 1996 Census showed a high level of unoccupied dwellings at 14.7% of all dwellings in the LGA. This was still a decrease on the levels from 1991 (16.0%) and 1986 (15.2%). Significantly, only 6.7% of dwellings in Mudgee township were unoccupied compared to 21.1% in the remainder of the LGA.

- Based on the ABS estimated population of 18181 in 2001 population is projected to increase to 19689 in 2011 and 21322 in 2021.

- These projections indicate an increase of up to 1508 persons over the next ten years requiring an additional 1169 dwellings, assuming the level of unoccupied dwellings remains unchanged. Up to 50 % of these new dwellings could be expected to occur in Mudgee township.

- This need would be met if the level of dwelling approvals experienced over the last five years continues for the next decade.

The preliminary results from the 2001 Census released on 17 June, 2002 indicate that the estimated population for 2001 used in the Leyshon projections will prove to be only marginally high. The preliminary results also provide confirmation of other key assumptions:

- In 2001 the level of unoccupied dwellings increased marginally to 15.3% for the total LGA.

- Total dwellings increased in the period 1996 to 2001 by 535 to a total of 7927, an average annual increase of 107 dwellings.

- The general trend of an ageing population is confirmed by the increase in the median age in Mudgee LGA to 37 years in 2001 (from 35 years in 1996 and 33 years in 1991).

- The proportion of dwellings being owned/purchased compared to rented has remained essentially unchanged in the decade 1991-2001 being 67% and 23%

respectively in 2001 and 68% and 23% in 1991. The consistently high proportion of rented dwellings indicates a highly mobile element in the workforce.

- The proportion of detached houses remained static between 1991 and 2001 at 86% of all occupied dwellings.

Based on the land use surveys undertaken by Andrews.Neil in February, 2002 there were 78 vacant allotments of less than 2000 m^2 in Mudgee and 38 vacant allotments of less than 2000 m^2 in Gulgong. In both towns there is a substantial area of land zoned for residential development which is yet to be subdivided. Leyshon Consulting identified from Valuer-General's data that in 2001 there were only 12 recorded sales of standard residential allotments in Mudgee township, although this reflects vacant lots only and does not include any house/land package sales.

Data available from the Housing Data and Analysis Service of HousingNSW indicates a relatively steady market in Mudgee LGA over the last three years:

Table 3: Rent and Sales Data, Mudgee LGA

Quarter	**RENTAL DATA – ALL DWELLINGS**		**SALES DATA**
	New Bonds Lodged	**Median weekly Rent $**	**Median Sale Price All Non-strata Dwellings $'000**
Mar-02	180	160	NA
Dec-01	155	150	142
Sep-01	187	160	137
Jun-01	192	150	128
Mar-01	198	155	125
Dec-00	160	160	138
Sep-00	217	150	127
Jun-00	228	150	127
Mar-00	220	150	110
Dec-99	181	145	125
Sep-99			124

Source: HousingNSW, June 2002.

Given that almost one quarter of the available dwelling stock is rented and this proportion has been maintained over the last ten years, it is not surprising that there are a relatively high and relatively constant number of new rental bonds lodged each quarter. Similarly, there have been only small increases in average rents over this period.

Median sale prices do not provide a clear indication of potential movement in the market as all dwelling types are included, regardless of location and allotment size.

The anecdotal evidence provided by industry discussions undertaken by Andrews.Neil and Leyshon Consulting indicate that there has been a slight increase in demand for standard residential lots in Mudgee in the first half of 2002. However, by far the most active area of the housing market is for rural-residential and rural living.

It is likely that this market is still contributing to the high proportion of dwellings outside the town areas which are not permanently occupied.

6.0 INDUSTRIAL AND ECONOMIC DEVELOPMENT

A review of the economic basis of the region is provided in the Rural Strategy discussion paper. Not surprisingly mining, agriculture and meat processing are the major employers in the area. Although the traditional categories of beef, sheep and grain crops still underpin the agricultural sector, viticulture and wineries have been the major growth industries in Mudgee, especially in the last decade. The government sector should not be underestimated as an employer in the region with Council alone employing more than 180 staff and a number of other State government functions represented in the area.

Cellar door wineries are now a significant contributor to tourism in the area and have helped to broaden the appeal of the area for tourism, providing reasons for visitation in addition to the attractions left by the area's gold mining history.

The Mudgee abattoir is also significant in the local economy and is a significant export earner in the region. The Ulan coal mines also remain significant direct and indirect employers of residents of the Shire.

The recently reopened railway will also contribute to the local economy through the movement of goods, although the level of use of the rail line to date has been less than would be desirable from an economic development perspective.

These and other issues will be investigated in detail in Council's forthcoming Economic Development Strategy.

7.0 COMMUNITY VALUES

Consultation with the local community is a key component of the study process. A community reference group was established by Council to provide a checking mechanism during the preparation of the study. There have been three reference groupmeetings during the preparation of this draft Strategy. This process is also supplemented by two community workshops, the first of which was held on 26 March, 2002 to determine community goals for, and attitudes to, the future development of the Mudgee Shire and the second of which will occur during exhibition of the draft strategy in September, 2002. The March 26 workshop was attended by more than 70 people representing a broad cross-section of the community. The priority issues as expressed by those at the workshop are summarised in Table 4 below:

Table 4: Community Priority Issues

LIKES		DISLIKES	
Country Town Feel	30	Poor Roads	24
Diversity of People/Lifestyles	21	Unattractive New Development	24
Heritage	17	Underutilised Rail	20
Tree Covered Hills	14	Sydney Road Entry Industrial Area	17
Vibrant Town Centre/Outdoor Dining	13	Vineyards Spray Drift	16
Clean Air	11	Poor Youth Employment Opportunities	10
Wineries	9	Too Many Vineyards	10
Climate	8	Poor Signage	7
Large Blocks	8	Narrowing Residential Streets	6
Parks and Open Space	6	Water Supply	6
Individual Character of Towns	6	Declining Roadside Vegetation	6
Bush	6	Overhead Power Lines	5
Country Pubs	6	Not Enough Cycleways	3
No Traffic Lights Strong Property Values	6 5	Outdoor Dining TV Reception	2 1
Access to airport	4	Noisy Vineyard Gas Guns	1
Choice of Schools	0	Not Enough Footpaths	0
Location re Sydney	0	Medium Density Housing	0

Source: Andrews.Neil, 2002

Clearly the character of the towns and their heritage and in the case of Mudgee, the surrounding tree covered hills, are major attributes which the community values highly. In relation to negative responses, it is significant that there was strong criticism of the quality of urban design in relation to recent development in general and the Sydney Road town entry to Mudgee in particular.

A strong negative response was also made in relation to the impact of vineyard operations on nearby residents, indicating that there is already a significant level of land use conflict between rural-residential and small holdings residents and adjoining vineyards. Given the importance of the growing wine industry in Mudgee both as a primary industry and a basis for tourism diversification and the strong demand for rural lifestyle residential opportunities, avoiding or mitigating this conflict is a fundamental issue.

Heritage is valued by the community.

The backdrop of treed hills contributes to the character of Mudgee valued by the community.

The quality of urban design is less than the community expects.

The Sydney Road entry to Mudgee presents a poor image to the visitor.

8.0 DEVELOPMENT OBJECTIVES

In 1993, following the introduction of the requirement for Management Plans as part of the new Local Government Act, Council adopted a general policy on development of the Shire. Council's stated aim for this policy is to link control of the rate of population growth, location of future development, development standards imposed by Council and characteristics or features of the area which Council wishes to preserve or enhance with the implementation of Council's Management Plan. The adopted objectives relevant to the policy are:

- To consciously control and monitor the physical environment to achieve a balance between new development and preservation of the existing desired environment so as to deliver a balance of health, social and economic benefits to the community as a whole;

- To stimulate, encourage and facilitate desirable economic development in the Mudgee Shire Council area in order to ensure the long term future of the community;

- To provide recreational, cultural, social and welfare services to encourage and assist community cohesiveness, well being and spirit.

General policies to achieve the objectives are stated as:

- Encourage tourist, commercial and industrial developments in order to generate a reasonable level of employment for existing and future residents;

- Provide incentives to encourage education, welfare and social services to be provided by the private sector;

- Favour developments which are compatible with the environmental qualities of the area, increase diversity of the district's economic base whilst reinforcing the rural character of the district;

- Discourage developments which will adversely affect existing tansport networks

- Discourage developments which will adversely affect the long distance views of Mudgee and Gulgong or are not visually compatible with the rural landscape along the approaches to each town.

The policy also deals specifically with the towns of Mudgee and Gulgong. Specific policies in relation to Mudgee to achieve the objectives are:

- Council values the current urban form comprising distinct commercial and industrial sectors with high quality residential neighbourhoods;

- Discourage developments which contradict this urban form or will result in ribbon development between the two employment sectors of the CBD and industrial estate;

- Provide incentives for developments which facilitate the conservation fo items of the environmental heritage;
- Discourage developments which will disrupt the rural backdrop to the town;
- Encourage developments which strengthen the role of Mudgee as a subregional centre;
- Over the decade 1993 – 2003 direct residential growth to the south and south-west sections of the town in the areas of Henry Baily Drive, Common Lane and Rifle Range Road;
- Long term residential growth will be directed to the south-east of the town;
- Council will not consider rezoning for residential purposes north of the Cudgegong River;
- Encourage developments which provide increased retail and service facilities and consolidate development within the existing shopping centre;
- Encourage low-key commercial developments on the fringe of the shopping centre which are compatible with existing buildings and streetscape.

Specific policies in relation to Gulgong are:

- Give priority to heritage issues in the consideration of development proposals;
- Provide incentives for development which will facilitate the conservation of items of environmental heritage;
- Encourage developments which increase opportunities for use of the existing rail network
- Allow new residential neighbourhoods to be developed having a contemporary design outside the designated conservation area;
- Discourage new developments which simply imitate heritage items and place more emphasis on building form, scale and bulk.

A revised policy framework will be implemented as part of this Strategy.

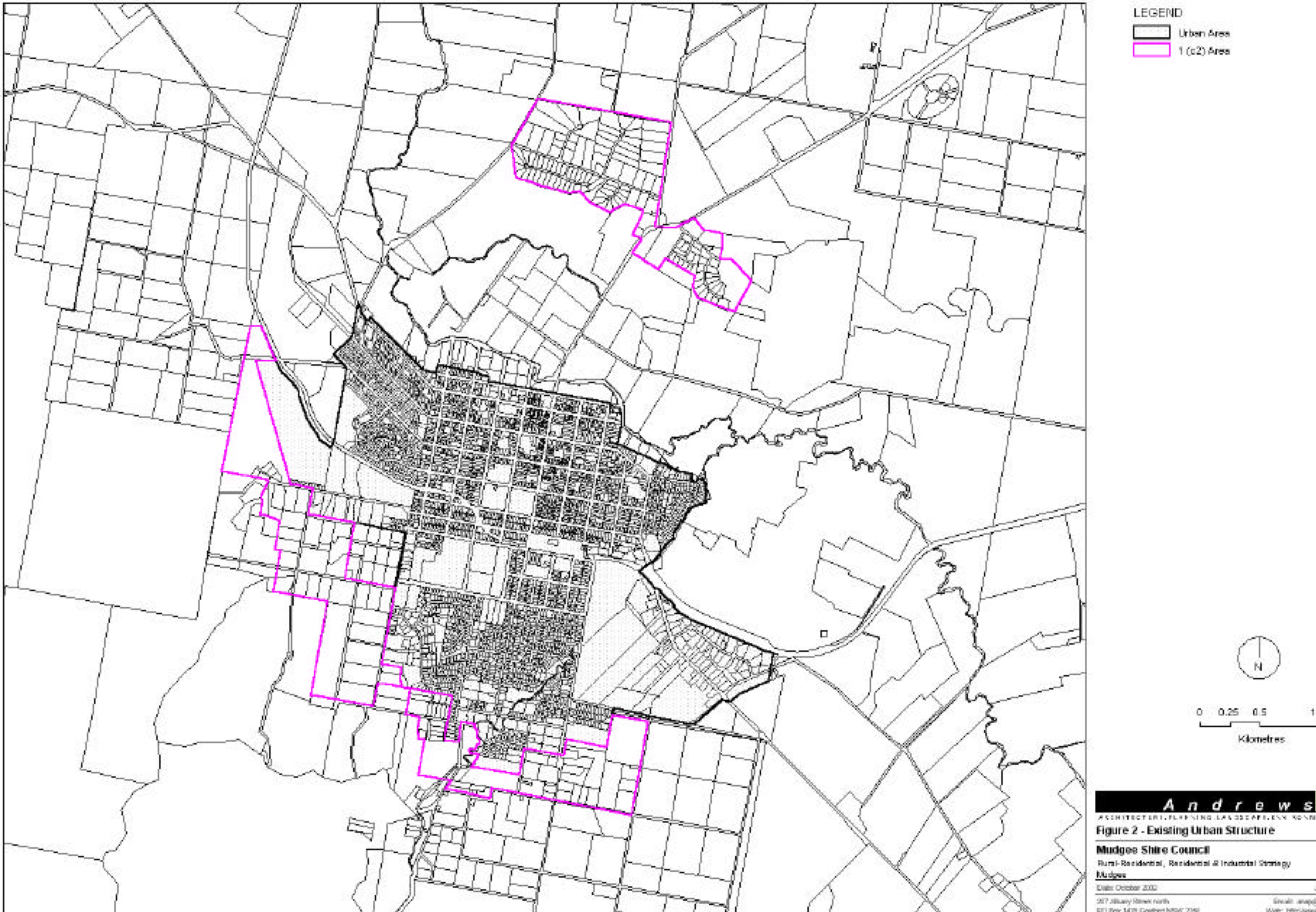
9.0 DEVELOPMENT ISSUES AND CONSTRAINTS - MUDGEE

9.1 Flooding

The Cudgegong River floodplain forms the northern boundary of the town of Mudgee as shown in Figure 2. However, only a relatively small part of the existing developed area is floodprone and flooding does not represent a major constraint to expansion of the town in other directions. Flooding in the Redbank Creek catchment is relatively minor and mitigation strategies have already been identified in the Floodplain Management Study and Plan.

9.2 Upper Slopes

Previous strategies have recognised the visual significance of the backdrop of hills and of the sensitivity of this environment. With only a few minor exceptions, land above the 520 metre AHD contour has generally been excluded from development. The expansion of release area residential and rural-residential development has already occurred to an extent that development is close to and in some cases marginally higher than the 520 metre contour, particularly to the south of the town. Avoiding steeper slopes and the visually significant upper slopes will be a constraint to further development.



Andrews Neil

ARCHITECTURE, PLANNING, LANDSCAPE, ENVIRONMENT, URBAN DESIGN

Figure 2 - Existing Urban Structure

Mudgee Shire Council

Rural-Residential, Residential & Industrial Strategy

Mudgee

Date: October 2002 Job Number: 01882

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9.3 Access

North-south access through the town is inhibited by the railway line which runs in a generally east-west direction. Up to the 1970s the town was essentially contained between the railway and the river but almost half the town is now south of the railway line. Access across the railway line is currently available via level crossings at Sydney Road and Douro Street and a bridge at Church Street. The barrier to access presented by the railway is a constraint to further development on the western fringe of the town unless additional access by bridge or level crossing is provided.

9.4 Mudgee Bypass

Despite publicity of a number of issues in the local media including a bypass of Mudgee, this was not raised as a significant issue at the Community Workshop. Notwithstanding, there is potential for increases in heavy vehicle movements in the future to create amenity problems and conflicts along the routes they traverse through the town. The current alternative route along Douro Street does not exhibit a degree of heavy vehicle use at present which would justify the considerable expense of constructing a bypass route in the short term and the RTA has no current plans for a new town bypass.

However, there are limited options for providing a bypass route in future should conflicts increase to a level to warrant its provision. Prudent planning should ensure that an option remains open to provide a bypass if required. The most likely option for at least a partial bypass is across the railway at the industrial area to connect to Lue Road. This would not need to be a completely flood free route. However, the designation of a future route in detail would require a separate study by the RTA.

9.5 Water and Sewerage

Augmentation of both the water supply and sewerage systems in Mudgee has commenced to accommodate additional development over the next 10 years. Additional reservoir capacity for the water supply has been completed and a new water treatment plant will be commissioned in 2003. Augmentation of the existing sewage treatment plant will provide sufficient capacity to at least 2010 and reduce discharge to the river system by introducing a reclaimed water irrigation scheme. The most likely option beyond this timeframe is the decommissioning of the existing plant and construction of a new plant to the north west of the town where additional opportunities for effluent reuse may also exist.

There are therefore no absolute capacity constraints in either the short or the long term for provision of water supply and sewerage which would limit development options for Mudgee. However, some areas will be more costly and difficult to service than others and the efficiency of utilisation of existing infrastructure investment is likely to become an increasingly important issue in assessing subdivision proposals within the existing urban release areas.

9.6 Land Use Conflicts

Despite the transitional zoning strategy from residential to rural-residential, small holdings and agriculture there are already areas of conflict between essentially urban dwellers and agricultural enterprises on the fringe of Mudgee. Much of the land to the south-east and north-east of the town is better class agricultural land. In the past there has been adequate room for growth of the town without encroaching into areas under active farming. However, there is increasing competition between urban oriented rural-residential and small holdings residents and productive agriculture, particularly vineyards, for the same land resource.

Although Mudgee is relatively close to Sydney by road and there is ample evidence of the impact of this accessibility on the local economy and on land development patterns, the importance of Mudgee Airport and the provision of scheduled air services should not be underestimated in the long term as a factor which supports economic development in the region, whether growth in existing industries or the potential to attract new economic activities.

Rural-residential and other development has already encroached closer to the airport in recent years. This trend needs to be halted and an adequate buffer retained around the airport to protect its potential in the long term.

9.7 Salinity

The Mudgee Salinity Background Study identifies Mudgee township as in a High Salinity Hazard area and documents evidence of existing urban salinity problems. Although the factors affecting urban salinity are generally greater in the surrounding agricultural landscape than within the urban area itself, the absence of revegetation and inappropriate water management strategies in new subdivision development can contribute to the problem.

9.8 Urban Character

The individual character of the towns of Mudgee and Gulgong is strongly influenced by both topography and history. Mudgee township is strongly defined by its location in the Cudgegong River valley with the floodplain forming the northern border of the town, the series of substantial hills providing a significant backdrop to the south and the Great Dividing Range visible to the east. Mudgee is the second oldest town west of the range and the many heritage buildings add to the sense of place created by the town's geography.

In Mudgee there are three distinct areas comprising the original town and the later north-west and southern extensions. The more recent development comprises curvilinear streets and has an entirely different character to that created by the original grid pattern streets.

Previous detailed heritagestudies are shortly to be reviewed by Council in conjunction with a Community Based Heritage Study. Further detailed review of this aspect of urban form is therefore unnecessary in the context of this strategy.

9.9 Mudgee Town Centre

Mudgee Town Centre was the focus of a separate Retail Study in 2000. Like previous studies, the report by Ratio Consultants acknowledged the strengths of the centre as well as the need to reinforce the existing core retail area. There is already a degree of dispersed retail and commercial development along the southern end of Church Street which detracts from the streetscape which contains a number of fine heritage buildings. Although the area along Church Street presents a logical opportunity for very long term expansion of the town centre, continuation of the current trend to dispersal of uses into this area in the short to medium term will undermine the prime objective of reinforcing the existing town centre.

It will also be necessary in considering future uses in the Sydney Road industrial area to ensure that demand for some uses is not simply displaced from the outer parts of the retail centre to cheaper land in the industrial zone. There are a range of uses appropriate to each location which should be considered in any changes to zone structures, objectives and permissible uses.

9.10 Residential Land Supply

In accordance with Council's 1993 policy the majority of residential expansion in Mudgee has been on the southern and south-western fringes of the town.

However, as a consequence of the overestimation of likely population growth there is currently an oversupply of land zoned 2(c) Urban Release Area. Approximately 120 hectares of land on the fringes of the town is zoned 2(c) and available for subdivision. Notwithstanding that 40 hectares of this land is in holdings of between 8000 m^2 and 2 hectares, many of which already contain a dwelling and are therefore currently uneconomic to subdivide, the remaining 80 hectares can provide between 600 and 700 subdivided allotments. Of the 80 hectares of 2(c) land in parcels greater than 2 hectares, 37 hectares is in one holding, being the Bellevue Hill Estate with a further 20 hectares in two other holdings.

Even if only 100 additional lots are yielded from the 40 hectares of already highly fragmented land, the total supply could provide for at least 15 years of further growth at the currently estimated demand of 50 lots per annum.

9.11 Medium Density Development

There is an increasing number of medium density developments within the older areas of Mudgee which provide increased housing choice for both purchasers and renters, and maximise opportunities for living close to existing amenities and services. Well designed one and two storey medium density development in locations which are not highly sensitive due to heritage conservation values could be further encouraged through appropriate design guidelines and locational criteria in a DCP. As a form of infill development, medium density or increased density development can provide the higher yields sometimes necessary to encourage redevelopment of difficult sites in high amenity and highly accessible locations within the existing town. Anecdotal evidence also suggests that medium density housing is popular as retirement housing due to this accessibility.

9.12 Industrial Land Supply

Within both the 4(b) Light Industrial and 4(a) Industrial zones along the Sydney Road entry to Mudgee there is vacant land and underutilised or undercapitalised sites. There is estimated to be approximately 10 hectares of land zoned 4(a) with further subdivision and development potential in addition to the existing subdivided sites which are underutilised.

The most intensely developed area is the 4(b) zoned frontage to the Sydney Road.

Consistent with trends in other industrial areas, this area has increasingly developed for service industry and quasi-retail uses, although the inadequate level of control afforded by the existing Industrial Development DCP has resulted in a less than desirable outcome on an important gateway to the town.

However, there is also a substantial area of 4(b) zoned land currently used for non-industrial or employment development purposes. Options for conversion of inappropriately used land or underutilised land should be explored in conjunction with consideration of options for additional land for industrial purposes close to the township.

10.0 DEVELOPMENT ISSUES AND CONSTRAINTS – GULGONG

10.1 Heritage Conservation Area

The character of Gulgong is primarily defined by the compact and intact historical centre of the town. Its elevated position on a small hilltop overlooking surrounding plains adds to the sense of place. The existing urban form of Gulgong is indicated in Figure 3.

As well as being its most significant attribute and the defining element of the town's urban character, the main heritage precinct of Gulgong limits the opportunities for further development. It is important that any further development at Gulgong is sympathetic to the existing town character. This is relevant for both the built form and the spatial form of the town.

10.2 Water and Sewerage

Augmentation of the water supply and sewerage systems in Gulgong is at an advanced stage. A new sewage treatment plant incorporating a reclaimed water irrigation scheme was completed in 1997 and upgrading of the water reticulation system has also been completed. A new water treatment plant should be completed in 2003.

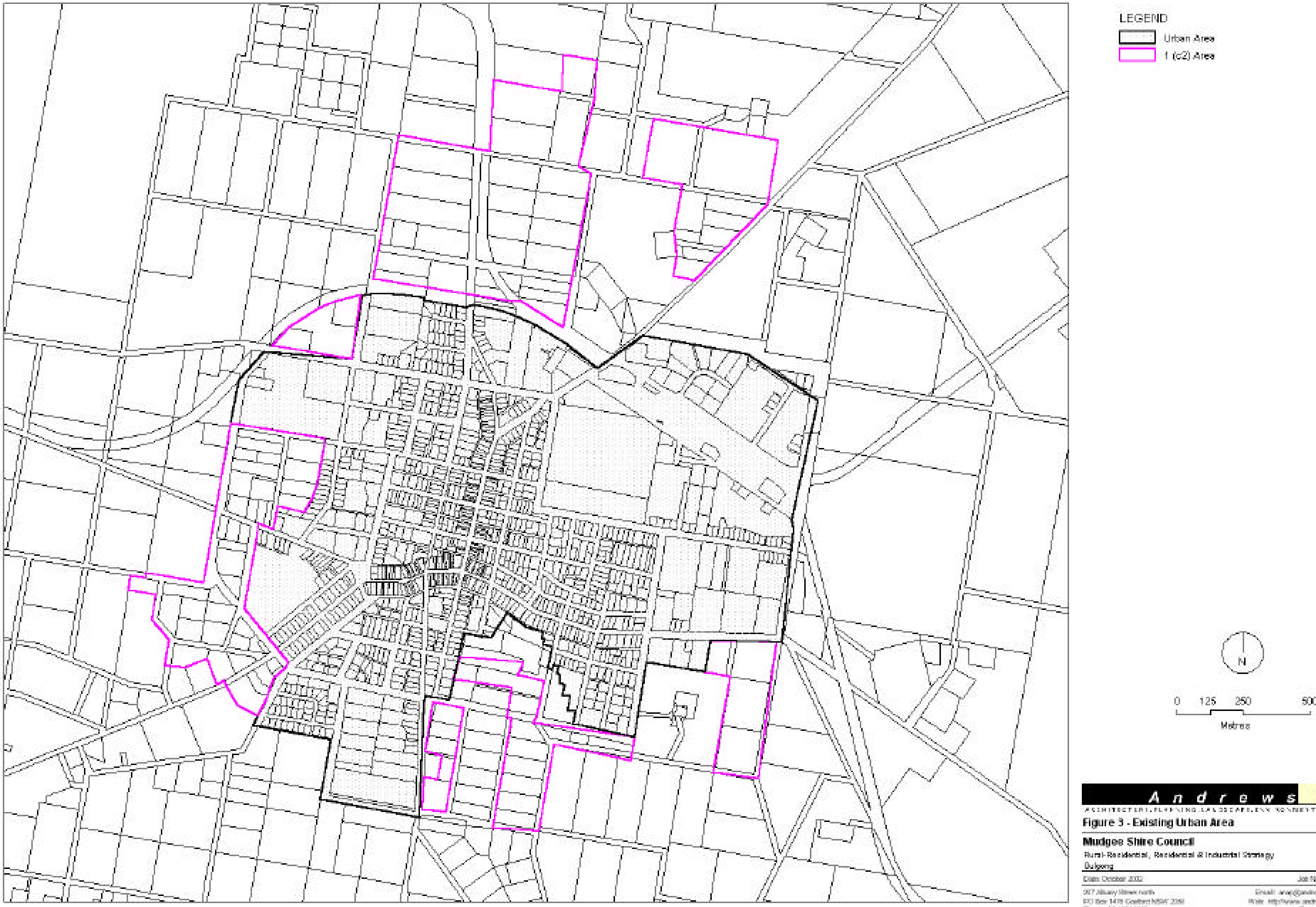

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Figure 3 - Existing Urban Area

Mudgee Shire Council

Rural-Residential, Residential & Industrial Strategy

Gulgong

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Further augmentation of the water supply can occur through provision of additional reservoir storage if required.

The new sewage/wastewater treatment plant has capacity to provide for a population of 3000 compared to the current population of Gulgong of approximately 2000. The plant is designed to be expanded to 4000 EP capacity if required to service either further residential or industrial development at Gulgong.

There are therefore no absolute capacity constraints in either the short or the long term for provision of water supply and sewerage which would limit development options for Gulgong, although there are localized capacity constraints that will influence the staging of development.

10.3 Salinity

Although Gulgong is within a Very High Salinity Hazard area, the potential for urban salinity problems are not as great as in Mudgee due to the topography of the town. Notwithstanding, strategies to minimise the potential for and impacts from urban salinity will still need to be considered in relation to the further development of land zoned 2(c), 1(c2) and 1(c1) surrounding the historical town.

10.4 Residential Land Supply

Like Mudgee, Gulgong has an oversupply of land zoned 2(c) Urban Release Area with approximately 40 hectares of land zoned. However, more than 50 % of this land is in holdings ranging from 4000 m^2 to 2 hectares and many of these lots, if not already built upon are unlikely to be subdivided into normal residential lots. Notwithstanding, even if only the remaining 18.5 hectares of land in 7 parcels ranging from 2 to 4 hectares is considered, there is at least 10 years supply of residential land for subdivision in Gulgong.

10.5 Industrial Land Supply

Industrial land in Gulgong is located on the north-east side of the town adjoining the railway line. Other isolated industrial uses are primarily rural industries and service uses which have existed for some time. Although there are currently vacant sites within the new industrial estate, there is ample capacity to extend the area to the east if demand increases. In the short term there is adequate zoned industrial land at Gulgong

11.0 DEVELOPMENT OPPORTUNITIES AND OPTIONS – MUDGEE

11.1 Potential Areas for Expansion

There are a number of possible approaches to further development on the fringe of Mudgee:

1. *Respond to the demand for rural-residential development and extend the area of the current 1(c2) zone. The current area of 2(c) residential land would be sufficient for many years.*

   This option would address the short to medium term supply issue for rural residential development close to the town. In the long term the potential for residential expansion would be severely limited as it will not be economically feasible to further develop sewered 4000 m^2 allotments. Even lots in the range of 1 to 2 hectares have been shown to severely inhibit or prevent future subdivision. The residentially zoned area of the town would effectively be fixed at today's zone boundary.

2. *Extend the area of the 1(c2) zone to a final edge for the town and also adjust the boundary between the 2(c) and 1(c2) zones to provide an increase in both.*

   The current zone boundaries generally follow current cadastral boundaries with some fairly irregular land use patterns resulting. An outer edge of development of the town could be defined to provide certainty in management of land use conflicts at the fringe which is more difficult if the interface between conflicting uses continues to move in the long term. A "smoothing" of the edge between 2(c) and 1(c2) zones to take more account of landform would also be appropriate in this context.

3. *Provide a finite edge to the town as above but identify a smaller area for current residential release, as well as areas appropriate for rural-residential development and designate a land bank for future growth which would not be subdividable in the short term.*

   The use of a "holding" zone to preserve land for future urban development is a typical technique for urban growth management. It allows easily subdividable land to be preserved for future urban development and management of potentially conflicting land uses in the short to medium term. It can be seen to be unduly restrictive where the rate of growth is slow and affected land owners feel they are missing out as the potential for development appears too remote. Notwithstanding, there can be benefits to the broader community in terms of efficient and affordable provision of infrastructure. These benefits generally can only be realizedby also providing areas for "rural residential" demand through provision of large lot urban development of say 2000 – 4000 m^2 lots to minimise the pressure for premature release of holding zones.

4. *Extend the rural residential area in the short term but restrict subdivision to a 2 hectare minimum to preserve potential for conversion of some of these areas to*

residential in the long term. Identify alternative areas which in the medium to long term could be released for rural-residential development to maintain supply.

Although this option attempts to provide for a transition of uses over time, the cost and difficulty of future residential development would be substantially increased to the point of non-viability in many cases. Short term rural-residential areas would form the land bank for future urban development, with alternative areas identified for permanent rural-residential use. This would introduce a high degree of uncertainty over future residential land supply and would also require strict controls on building envelopes in rural-residential areas which would meet with public resistance. Greater control of the siting of dwellings would also be required and would also be unpopular.

5. *Restrict the short and long term supply of rural-residential land to ensure sufficient long term opportunities for residential development.*

   Options for long term residential expansion would be maximized if short term demands for rural-residential land are not responded to.

In all cases it is necessary to deal with potential land use conflicts at the fringe where the "urban" area meets the surrounding rural area. This requires control of both the form and density of urban development and of the type of activity permitted and management of that activity in adjoining zones. This latter issue is further explored in the Rural Strategy.

The most appropriate option for Mudgee is likely to be a combination of the elements of options two and three outlined above.

11.2 Sydney Road Industrial Area

The existing industrial area at the Sydney Road entry to the town contains a broad range of uses from quasi-retail uses along the main road frontage to transport depots and engineering workshops. The standard of development also varies considerably with a number of buildings of very basic standard as originally built more than 30 years ago. Development along the Sydney Road frontage is also of variable standard and is generally acknowledged as an unattractive entry to the town.

The current zoning of 4(a) Industrial away from the main road and 4(b) Light Industry along the main road frontage may no longer be appropriate given the growth of the town and the changes in the types of uses typically attracted to "industrial" areas. There is also a need to accommodate growth in service industries over the next 20 years and growing demand for "bulky goods" style retail uses which will not be compatible with the existing poor quality of development within most of the 4(a) zoned land.

Although there is a substantial area of light industrial land currently occupied by a caravan park, it is likely to be a medium to long term scenario for demand to increase to a level to make redevelopment of the site for non-residential purposes viable. However, there are sufficient other opportunities in the short term to cater for likely demand, especially if the rate of population growth continues to moderate. The viability of development of industrially zoned land behind the caravan park could be substantially increased by proactive policies to establish an internal road network and construct key access links.

Left to current trends, this area is likely to become an increasingly disparate mix of retail and commercial services and genuine industrial uses with little opportunity to improve the streetscape of Sydney Road.

The main alternative is to acknowledge the role of the Sydney Road frontage with a more appropriate limited business zone and restrict the remainder of the area to light industrial and service uses. In this way there may be an increase in land value over time and an incentive for redevelopment of a number of underutilized or unattractive sites.

There may be potential for some rural service industries to relocate to cheaper land at Gulgong over time also. The potential to rezone some of the excess land held by the golf club and obtain greater utilization of adjoining land should also be further investigated.

If all options are achieved (new zoning, access to currently unused land and better development of underutilised sites) there is potential to almost double the level of industrial uses close to Mudgee.

The only long term option for further industrial land for service industries requiring a location close to Mudgee township is on the land north of the railway adjacent to the existing industrial area. However, development of any form in this area would seriously compromise the character and heritage values of the historic Burundulla Homestead. This is not a realistic or desirable option.

11.3 Industrial Clusters

There is now a considerable body of research to support regional economic development based on the concept of competitive advantage and promotion of industry clusters. In the case of Mudgee, the abattoir provides an opportunity to promote a potential industry cluster based on meat products and processing. Notwithstanding the present volatility of the meat processing and products industry, further research on the potential for an industry cluster could occur as part of Council's proposed Economic Development Strategy.

Although attracting new industries to regional areas is an extremely difficult task, a medium to long term focus on establishing an industry cluster based around the abattoir provides one of the key opportunities for further economic development beyond mining and wine industries.

While demand is likely to be limited, preserving the option for industrial development around the abattoir site also ensures the potential for opportunistic industries which may require larger sites, isolation from residential areas and not be in conflict with the abattoir and saleyards.

12.0 DEVELOPMENT OPPORTUNITIES AND OPTIONS – GULGONG

12.1 Residential and Rural-Residential Development

Options for Gulgong are substantially simpler as there is an existing supply of residential and rural-residential land and more limited demand which is unlikely to increase substantially in the future. The most likely options are: to

1. *Rationalize the boundary between the 2(c) and 1(c2) zones and expand the rural residential area to the south of the existing township.*

   This option would address the short to medium term supply issue for rural residential development close to the town. In the long term the potential for residential expansion would be severely limited as it will not be economically feasible to further develop sewered 4000 m^2 allotments. Even lots in the range of 1 to 2 hectares have been shown to severely inhibit or prevent future subdivision. The residentially zoned area of the town would effectively be fixed at todays zone boundary.

2. *Rezone a combination of 2(c) and 1(c2) land on the fringes of the town to accommodate large urban lots of say 2000m^2 to 4000m^2 to provide for expansion of the rural-residential market and provide expanded 1(c1) zones adjoining this to provide larger lots.*

   The current zone boundaries generally follow current cadastral boundaries with some fairly irregular land use patterns resulting. An outer edge of development of the town could be defined to provide certainty in management of land use conflicts at the fringe and a means of ensuring that the character of the townwill not be substantially changed in the long term.

12.3 Gulgong Industrial

There is currently limited demand for industrial land at Gulgong although there is substantial potential for expansion of industrial uses around the railway corridor on the northern side of the town. The most likely role for future industrial land at Gulgong is to provide support services for rural and mining industries which occur in the LGA and can access Gulgong as easily as Mudgee.

This will particularly be the case if the Sydney Road area is transformed over time to a primarily bulky goods retail and urban services location, presenting opportunities for relocation of some uses to Gulgong.

13.0 PREFERRED STRATEGY APPROACH

The preferred strategy approach is one which acknowledges current community values as well as planning principles for sustainable urban development in setting directions for future growth of the urban areas of the Shire. This means the strategy must:

- Acknowledge housing preferences (type and location of housing) as well as housing demand (amount of housing) but not to the extent that satisfying housing preferences would compromise other community values

- Encourage growth in locations with good access to services rather than in remote locations. This requires consideration of housing demand and preferences on a Shire wide basis and not just in relation to Mudgee and Gulgong townships.

- Control the urban footprint of the towns to reinforce rather than diminish the unique character and strong sense of place that is part of the attraction of both Mudgee and Gulgong and facilitate management of land use conflicts at the urban-rural fringe.

- Protect distant views from and to both towns to preserve their landscape setting

- Balance the growing significance of wine tourism in the regional economy with the core role of Mudgee and Gulgong as service centres for traditional forms of agriculture.

- Set clear directions for management of development over the next decade but maintain sufficient flexibility to respond to changing trends and circumstances in the long term

14.0 RECOMMENDED RESIDENTIAL AND RURAL RESIDENTIAL STRATEGY

14.1 Mudgee

Figure 4 illustrates the main aspects of the preferred urban structure for Mudgee. This land use strategy is based on the following principles:

- No new residential or rural-residential development areas north of the Cudgegong River ie no new zonings other than minor adjustments of the existing zoned rural-residential area.
- Avoid intrusion into the visually sensitive upper slopes to the south and west of the town, generally agreed to be above the 520 metre contour.
- Provide for a range of housing types and preferences but avoid inefficient use of land resources.
- Manage growth through control of infrastructure provision as well as land zoning and development staging policies.
- Establish an urban footprint based primarily on physical topographic features rather than cadastral boundaries.
- Establish a “hard edge” to the urban footprint on the southern side of the town to preserve town identity and sense of arrival and enable management of land use conflict in the long term for uses on adjoining productive agricultural land
- Conversion of some poorly located fringe excess 2(c) zoned land to large lot residential development to encourage more efficient use of land resources and provision of adequate medium term land supply.

The strategy substantially reduces the area of land zoned 1(c2) in favour of a new large lot residential zone to acknowledge that allotments of 4000m^2 adjacent to the urban release areas of the town are essentially an urban rather than rural form of development. As well as adjusting the spatial distribution of housing types, the strategy relies on active management of provision of infrastructure to support the desired outcomes. In this regard, an additional access over the railway line in the western urban release area is a key component of the strategy.

There is substantial scope within the recommended urban footprint for consolidation and infill development in addition to new residential release area and large lot residential development and it is likely that the recommended urban structure could accommodate housing needs for at least twenty years. However, the strategy still provides the opportunity for further residential expansion in the north-west precinct in the long term if required. This area can accommodate rural small holding development in the short to medium term without compromising long term options provided a minimum subdivision size of 10 hectares is retained.

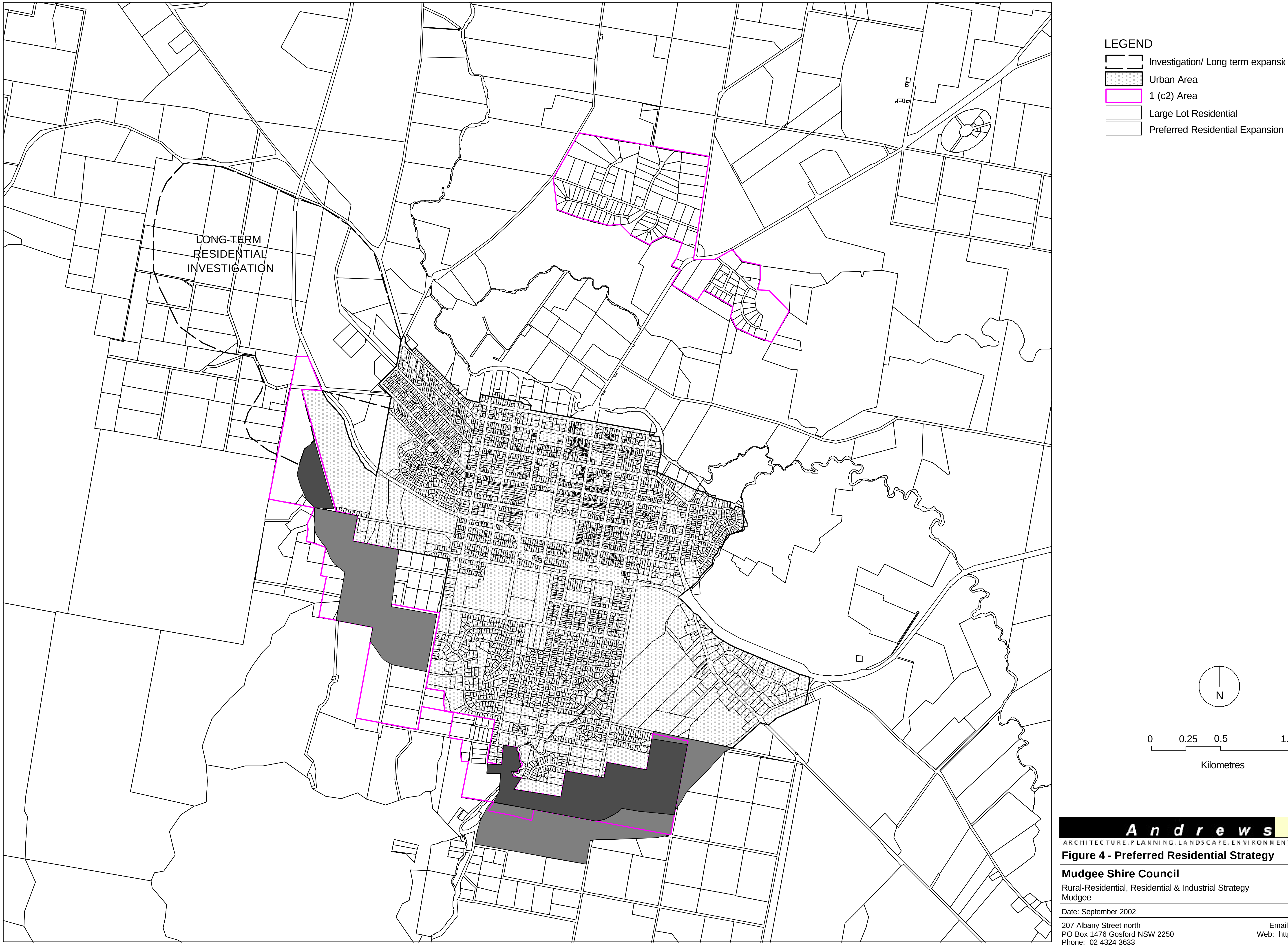

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Figure 4 - Preferred Residential Strategy

Mudgee Shire Council

Rural-Residential, Residential & Industrial Strategy
Mudgee

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14.2 Gulgong

Figure 5 illustrates the main aspects of the recommended urban structure for Gulgong. This land use strategy incorporates the following principles:

- Preservation of the historically compact form of the town
- Conversion of the southern most 2(c) zoned area torural fringe small holdings to limit the potentially detrimental impact of standard residential subdivision on the southern entry to the town.
- Protection of the Red Hill conservation area and open hills to the south
- Introduction of large lot residential development to define the eastern and northern edges of the town.
- Retention of the 2(c) zone on the eastern side of the town to provide for long term residential development opportunities close to the school and with northerly aspect
- Protection of the rural views from the traditional hilltop town core
- Provision for additional rural small holdings development to the south west of the town by enabling development of some existing smaller parcels without further subdivision

The housing markets at Mudgee and Gulgong currently operate with a large degree of independence (i.e. if a purchaser cannot find the housing product they want at Mudgee, they will not necessarily change location to Gulgong even if the product is available there and vice versa). With historically much higher levels of growth in Mudgee than Gulgong and more constrained options due to the town's heritage core, Gulgong has a more limited market than Mudgee.

However, it has been suggested in market consultations that in the future, Gulgong could supply a much greater proportion of new rural-residential housing than Mudgee. Given the relative proximity to Mudgee and services and facilities available in the town of Gulgong, it is possible that there would be a degree of demand substitution if there were no further opportunities or dwindling opportunities at Mudgee.

While in the short to medium term there will be adequate opportunities for a variety of residential types in both locations, it would be possible and even desirable in the medium to long term to promote a process of market adjustment by maintaining some form of rural-residential opportunities close to Gulgong once they become more limited close to Mudgee. However, this will not be a significant consideration for at least a decade.

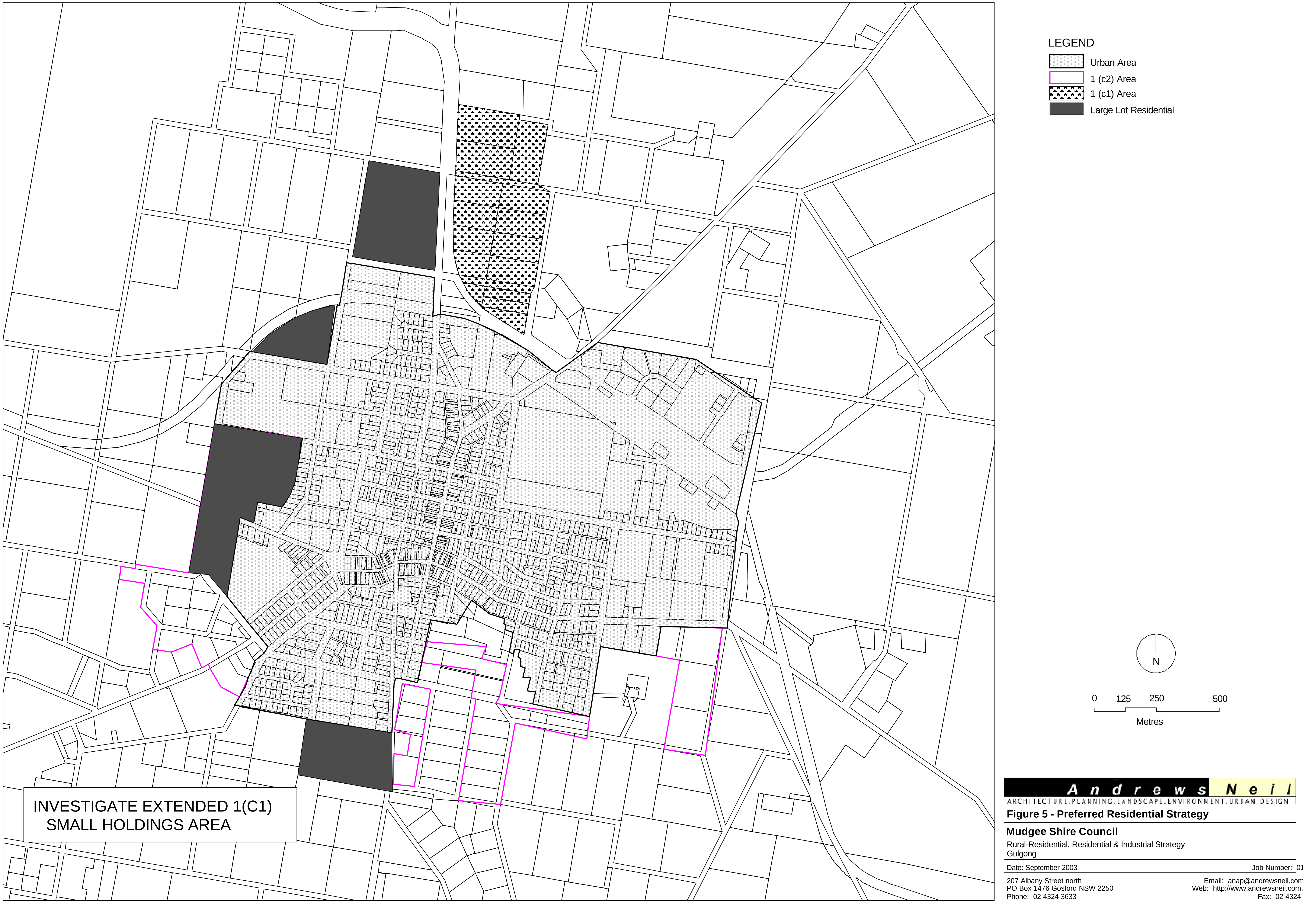

Figure 5 - Preferred Residential Strategy

Mudgee Shire Council

Rural-Residential, Residential & Industrial Strategy
Gulgong

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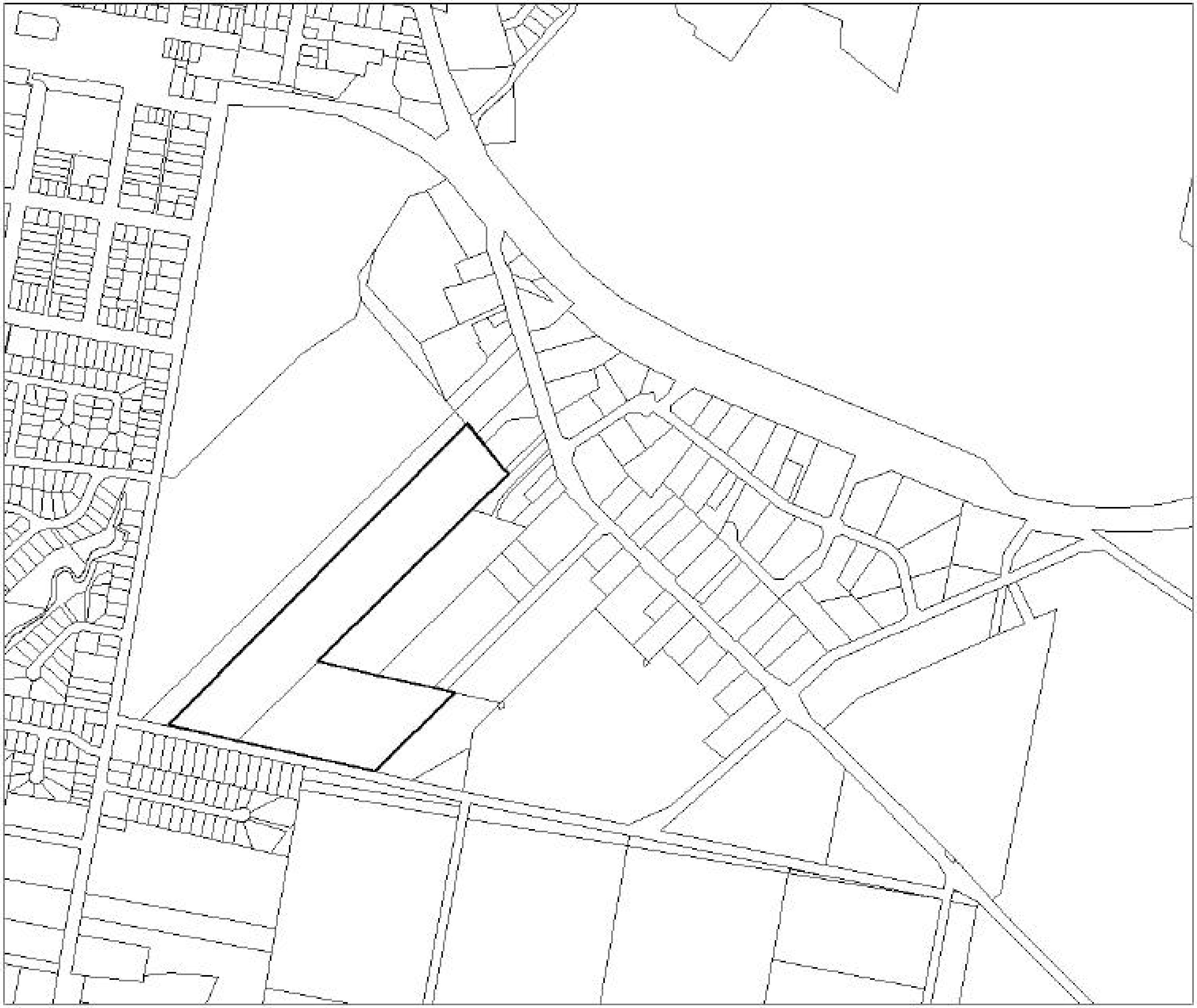
15.0 RECOMMENDED INDUSTRIAL AND EMPLOYMENT LANDS STRATEGY

There are five main components to the strategy for future industrial development:

- Facilitate quality bulky goods development in the existing Sydney Road industrial area
- Encourage development of additional service industrial uses on the southern side of Sydney Road, particularly uses which relate to urban rather than rural functions
- Preserve and promote opportunities for an industrial cluster based around the abattoir north of Mudgee and for any additional major industrial opportunities which may arise and be compatible with this location
- Promote Gulgong as an alternati ve location for uses which service agriculture and other activities which are widely distributed
- Investigate the opportunity for expansion of the Mudgee industrial area to the northern-west on land currently not utilised by the golf club.

Figure 6 indicates the extent of possible expansion of the industrial area off Sydney Road at Mudgee.



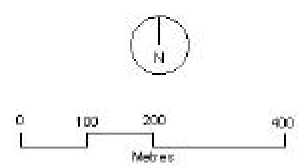


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Figure 6 - Industrial Area Expansion

Mudgee Shire Council

Rural-Residential, Residential & Industrial Strategy

Mudgee

Date: November 2002 Job Number: 01582

16.0 STRATEGY IMPLEMENTATION

16.1 Land Use Planning

Although the 2(c) zone is called a Release Area zone, only the inclusion of roads as permissible without consent differentiates it from the 2(a) Residential zone. Despite the zone objectives, there are no other provisions or assessment criteria for the staging of development within the release areas. It is therefore proposed to have only one residential zone and introduce mechanisms other than the 2(c) zone to manage growth.

The current 1(c2) zone permits rural-residential development ranging from small rural holdings (2 hectare lots) to what is closer to large urban lots (4000 m^2 sewered lots). There are no assessment criteria for the spatial distribution of these quite different forms of development within the 1(c2) zone and the determination of the pattern of sewered small lots versus larger unsewered lots is currently an ad hoc market process.

The 1(c2) zone will be modified to a rural fringe zone with a minimum subdivision size of 1 hectare. A new urban zone will be created for large lot residential development providing for lots with a minimum of 2000 m^2 and a maximum of 4000 m^2 with sewer and other urban services as a form of permanent fringe development in suitable locations at both Mudgee and Gulgong.

The 1(c1) zone will also require modification to provide a minimum subdivision size of 10 hectares as a rural living zone. This will enable part of the current 1(c1) zoned area adjacent to the north west residential area at Mudgee to act as a land bank for future urban development.

The 4(b) zone will be further refined to promote appropriate forms of bulky goods development at Mudgee and the boundaries of 4(b) and 4(a) zones adjusted accordingly in both Mudgee and Gulgong.

Changes to the LEP will need to be supported by appropriate Development Control Plans. This will require:

- Specific controls in a new Industrial DCP to provide design parameters for bulky goods development and a local road and access network to facilitate development of existing and possible additional industrial land.

- A new Residential DCP to provide design criteria for medium density development and for residential and large lot residential development in nominated locations

- Identification of the pattern of principal roads, locations for open space and pedestrian/cycle routes and criteria for development staging for urban release areas and adjacent large lot urban development areas. This may require a separate DCP or could be incorporated in the Residential DCP for simplicity. In either case, controls should be place based to acknowledge spatial differences.

16.2 Land Supply Implications and Staging

16.2.1 Mudgee

In Mudgee, the strategy proposes to create potential for approximately 188 hectares of land for 2000-4000 m^2 lots in a new "large lot urban" zone, only 8 hectares of which is currently zoned for agriculture. This would result in a reduction in existing zones as follows:

1(c2)	118 hectares
2(c)	22 hectares
1(c1)	40 hectares

However, the net result is an increase in development potential with in the order of 600-700 lots anticipated in the large lot urban area.

Approximately 60 hectares of 1(c2) zoned land will be retained as a new "rural fringe" zone with a 1 hectare minimum lot size, probably yielding in the order of 50 lots.

Almost 100 hectares of land would remain zoned for new residential development. However, potential for a further 40 hectares of residential land in the medium term has been identified at Mudgee South.

Clearly, not all of the proposed changes from the strategy should be implemented immediately in zoning changes and the preferred staging of development will require further consultation with the community and key land holders and more detailed analysis of the most efficient infrastructure staging.

However, the recommended scenario for discussion purposes is:

- Reduce 2(c) zone from 120 hectares to 98 hectares

- Introduce 2(L) zone with 38 hectares at Mudgee South (stage 1 Lions Drive) and up to 107 hectares at Mudgee South-West, although conversion of some of the latter to "rural living" (minimum 10 hectare lots) as a holding zone in the short term would be preferred

- At Mudgee South, create a holding zone for future residential (40 hectares) and 2(L) zone stage 2 (43 hectares) with the "rural living" zone (minimum 10 hectare lots to preserve future subdivision potential)

This would produce approximately 15 years supply of residential and rural-residential land with potential for a further 6-8 years supply at Mudgee South under the preferred strategy. The Mudgee North-West area has potential to provide for long term residential and rural-residential growth and to maintain a range of living opportunities after the current 15 years supply is exhausted.

Staging of zoning and development in Mudgee must ensure that:

- There is a balance in residential land supply between Mudgee South and South-West over the long term and development in Mudgee South-West is made more viable in the short to medium term
- There is a realistic balance in housing opportunities between normal residential subdivision and the new large lot urban development type
- Investment in new water, sewerage, drainage and road infrastructure isable to be undertaken in an efficient manner

Figure 7 indicates the preferred short term strategy for zoning at Mudgee as well as areas identified for further investigation in the short term.

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Figure 7 - Mudgee Short Term Strategy

Mudgee Shire Council

Rural-Residential, Residential & Industrial Strategy
Mudgee

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16.2.2 Gulgong

In Gulgong, the introduction of the "large lot urban" zone will also be achieved primarily through conversion of existing 1(c2) and 2(c) zones. Of approximately 41 hectares identified for large lot urban development, 9 hectares is currently zoned 2(c), 28 hectares is zoned 1(c2) and only 4 hectares is currently zoned for non-residential use.

Although the area of vacant 2(c) residential land will be reduced from 40 hectares to approximately 31 hectares, this wil be more than compensated by the increased development potential in the other 32 hectares of land proposed to be zoned 2(L) where potential lot yield will likely double.

Gulgong will therefore retain potential for a further 350-400 dwellings but with a more appropriate range of housing opportunities which should satisfy demand for the next 15-25 years.

16.3 Monitoring and Review

Strategic plans should be flexible enough to accommodate changing circumstances in the future. However, too often there is inadequate attention to identifying such changes which may require review of the assumptions underlying components of a plan or strategy. It is therefore proposed that Council implement a series of monitoring procedures for residential and industrial development which would support a process of regular review. Monitoring should be at least on an annul basis and could be in the form of an annual status report. Review of the assumptions of the strategy and adjustments to land use zonings if required should occur every five years. Ad hoc changes to zoning within the five year period should be avoided.

APPENDIX A

REVIEW OF RESIDENTIAL AND INDUSTRIAL LAND MARKET

1 INTRODUCTION

1.1 Background

This Report has been prepared for Mudgee Shire Council (Council) by Leyshon Consulting Pty Ltd. The Report forms an input into a study being prepared by Andrews Neil for Council entitled *Rural/Residential, Industrial Strategy for Mudgee Shire*. In particular, the input contained in this Report focuses on three principal issues namely:

- projections of population growth 2001-2011
- residential and rural/residential dwelling demand 2001-2011
- demand for industrial/employment land 2001-2011.

2 DRIVERS of DEMAND

2.1 Introduction

The purpose of this section of the Report is to review those factors most likely to influence the potential future demand for residential land and dwellings in Mudgee Local Government Area (LGA) between 2001-2011. Attention is focussed particularly on the two main 'drivers' of residential demand—namely population growth and demographic change. In the case of Mudgee LGA, however, account is also taken of two other important issues namely:

- the growth in demand for rural/residential properties; and
- the growth in demand for second dwellings from persons who reside outside Mudgee LGA.

2.2 Past Population Growth

Unlike many LGAs in rural New South Wales Mudgee LGA experienced consistent population growth through the 1980s and 1990s although the rate of growth during the two decades varied in its intensity.

As noted in TABLE 2.1 between 1991-2001 the population of Mudgee LGA increased by an estimated +1,491 persons from 16,690 in 1991 to 18,181 persons in 2001. Between 1991-96 average annual growth (AAG) of +0.83% was recorded while between 1996-2001 AAG increased slightly to an estimated +0.88% per annum.

It is worth noting, however, that the population growth rate experienced in Mudgee in recent years has been substantially below that recorded in previous periods. For example, between 1986-91 the growth rate was +2.27% per annum—a relatively high rate for any non-urban LGA in New South Wales.

TABLE 2.1
CHANGE in ESTIMATED RESIDENT POPULATION – MUDGEE LGA 1991-2001

Factor ...	1991	1996	2001[P]
Population	16,690	17,398	18,181
Intercensal Change	–	708	783
% Average Annual Growth Rate	–	0.83	0.88

Note P: ABS Preliminary estimate.
Source: ABS Regional Population Growth Cat. No. 3218.0.

In the context of the recent population trends evident in rural New South Wales as a whole, the population growth recorded in Mudgee since 1996 has been encouraging. While larger centres in the surrounding region such as Dubbo, Bathurst and Orange have experienced positive population growth, smaller surrounding LGAs such as Gilgandra, Coonabarabran and Coolah all experienced population decline throughout the 1990s (TABLE 2.2 refers).

TABLE 2.2
AVERAGE ANNUAL CHANGE in ESTIMATED RESIDENT POPULATION – SELECTED SLAs, 1996-2001 (%)

SLA ...	% Average Annual Growth Rate
Dubbo	0.70
Gilgandra	(1.50)
Coonabarabran	(0.90)
Coolah	(1.00)
Bathurst	1.00
Cabonne	1.20
Orange	0.90
Rylstone	(1.20)
Mudgee	**0.90**

Note: Growth rates rounded.
Source: ABS Regional Population Growth Cat. No. 3218.0.

2.3 Demographic Change

Demand for residential dwellings in any given area is directly impacted by changes in the demographic attributes of that area's population. In particular, changes in age structure and household type can significantly influence residential dwellings demand.

As noted in TABLE 2.3 in the decade 1986-96 Mudgee experienced growth in the total number of persons in every population age cohort except those in the 20-29 year group. The fall in the latter has, however, been replicated in most non-urban LGAs in New South Wales with the exception of the provincial cities. This phenomenon is primarily due to the out-migration of younger people moving to large centres, particularly Sydney, in search of a greater range of employment opportunities. In broad terms, Mudgee's population exhibited signs of ageing between 1986-96 with the proportion in the 50+ years cohort rising from 26.2% in 1986 to 27.7% in 1996.

TABLE 2.3
CHANGE in AGE STRUCTURE – MUDGEE LGA 1986-96
(No. Persons)

Cohort ...	1986	1991	1996	Change 1986-96
0-9 years	2,522	2,830	2,856	334
10-19	2,462	2,398	2,762	300
20-29	2,041	2,084	1,840	(201)
30-39	2,169	2,400	2,470	301
40-49	1,737	2,246	2,397	660
50-59	1,444	1,629	1,989	545
60+	2,447	2,668	2,724	277
Total	**14,822**	**11,958**	**17,038**	**2,216**

Note: Based on persons in occupied private dwellings.
Source: ABS Census, 1986-96.

With respect to household change, between 1986-96 Mudgee LGA experienced a slight decline in the number of couple only households while there were relatively significant rises in households comprising couples with dependent children, single parent households and lone persons households (TABLE 2.4 refers). The increase in couple plus dependent children and single parent households are both strong 'drivers' of demand for detached dwellings.

TABLE 2.4
CHANGE in HOUSEHOLD STRUCTURE – MUDGEE LGA 1986-96 (No. Households)

Household Type ...	1986	1991	1996	Change 1986-96
Couple + Children	7,701	8,905	8,668	967
Couple Only	3,558	2,705	3,246	(312)
One Parent	722	1,421	1,497	775
Multi Family	531	198	254	(277)

TABLE 2.4
CHANGE in HOUSEHOLD STRUCTURE – MUDGEE LGA
1986-96 (No. Households)

Lone Person	956	1,231	1,491	535
Group	315	391	406	91
Other Family	537	177	173	(364)
Total	**14,320**	**15,028**	**15,735**	**1,415**

Source: ABS Census, 1986-96.

In summary, solid population growth combined with the demographic changes described will underpin ongoing demand for standard detached dwellings in Mudgee LGA. Rising demand for multi-unit dwellings designed to meet the needs of an ageing population can also be expected in the future.

2.4 Future Population Growth

There are no contemporary official forecasts of population growth in Mudgee Local Government Area (LGA) for the period 2001-11. The most recent (but now comparatively dated) official forecasts were those prepared by the (then) Department of Urban Affairs and Planning (DUAP) in 1994. These forecasts projected a population range for Mudgee in 2001 of between 18,100 and 18,600 persons. By 2011, the population was forecast to rise to between 18,700 (low forecast) and 20,200 persons (high).

DUAP's low projection was based on an AAG rate ranging between +0.5% and +0.2% for the period 2001-11. The Department's high projection meanwhile assumed continuation of population growth during the period of around +0.8% per annum.

Some alternative projections of population in Mudgee were undertaken by Ratio Consultants Pty Ltd (*Mudgee Retail Strategy*, April 2000). The Ratio projections were as follows:

- 2001 ... 18,930 persons
- 2006 ... 20,300
- 2011 ... 21,650.

These projections were based on the following growth rates:

- 2001-06 ... +1.41%
- 2006-11 ... +1.03%.

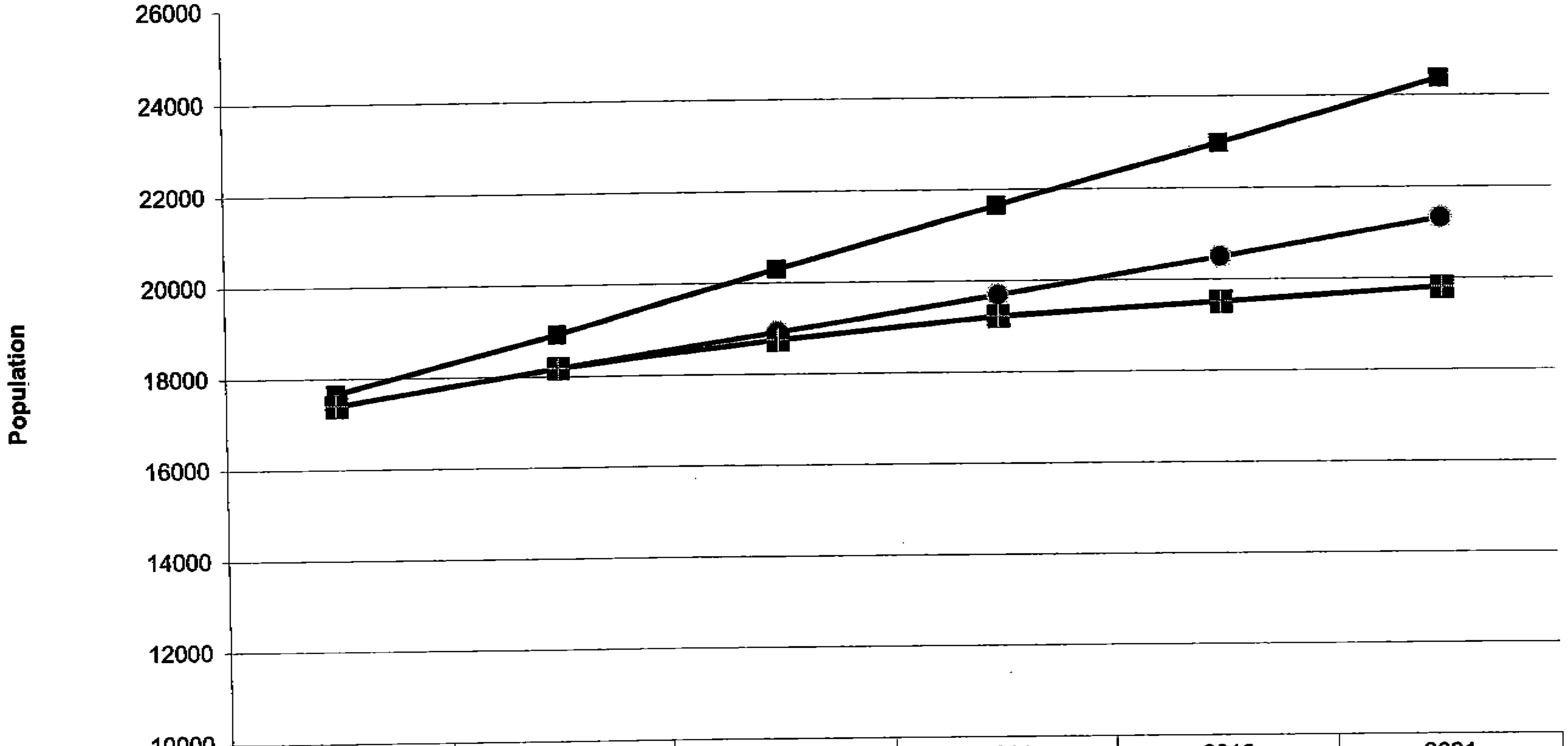
In 2001 the Australian Bureau of Statistics (ABS) forecast the estimated resident population (ERP) of Mudgee at 18,181 persons. In our opinion, therefore, Ratio's starting point of 18,930 persons in 2001 appears too high. Moreover, the growth rates assumed by Ratio of between +1.3% and +1.41% also appear too high given that during the 1990s population growth was consistently around +0.8% to +0.9% per annum.

Based on the ABS's latest estimate, DUAP's low projection for 2001 seems the more appropriate although we believe the growth rate assumed by DUAP under their low projection was too low.

FIGURE 2.1 charts the population growth projections prepared by Ratio to 2021 and two alternative growth scenarios we have prepared namely:

- **Scenario #1** ... continuation of growth of around +0.85% per annum

Fig 2.1: Population Growth Scenarios - Mudgee 1996-2021



	1996	2001	2006	2011	2016	2021
Ratio	17660	18930	20300	21650	22980	24360
Scenario 1	17,398	18,181	18,920	19,689	20,489	21,322
Scenario 2	17,398	18,181	18,752	19,225	19,515	19,810

Year

- **Scenario #2** ... a slowing of growth from +0.85% to +0.3% per annum between 2001-21.

As indicated in FIGURE 2.1, under Scenarios #1 and #2 Mudgee's total population could range between 19,689 and 19,225 persons by 2011. This is significantly less than the 21,650 persons projected by Ratio.

Looking beyond 2011, the differences between these projections and those made by Ratio become even more significant. For instance, under Scenarios #1 and #2, Mudgee's population could range between 19,810 and 21,322 persons in 2016. This compares to the Ratio projection of 24,360 persons by that date.

3 RESIDENTIAL TRENDS

3.1 Housing Stock

In the decade 1986-96, +1,455 dwellings were added to Mudgee LGA. This is broadly equivalent to an increase of +143 dwellings per annum (TABLE 3.1 refers). It is worth noting that the average annual growth in the stock of housing was much greater between 1986-91 (+192 per annum) compared with 1991-96 (+99 per annum). This outcome is largely explained by the slowing of population growth between 1991-96 compared with the period 1986-91.

TABLE 3.1
CHANGE in DWELLING STOCK – MUDGEE LGA 1986-1996
(No.)

Dwellings...	**1986**	**1991**	**1996**	**Change 1986-96**
Occupied	5,037	5,792	6,303	1,266
Unoccupied	900	1,107	1,089	189
Total	**5,937**	**6,899**	**7,3921**	**,455**
Total Increase	–	**962**	**493**	**1,455**
Average Annual Increase	–	**192**	**99**	**143**

Source: ABS Census, 1986-96.

A noteworthy feature of Mudgee is the comparatively high incidence of unoccupied dwellings found at the last Census. As indicated in TABLE 3.2, 1,089 dwellings were unoccupied in Mudgee in 1996 which represented 14.7% of total dwellings. In New South Wales, by contrast, 8.9% of all dwellings were unoccupied in 1996.

As also indicated in TABLE 3.2, the majority of vacant dwellings were located outside of the main centre of Mudgee; only 218 dwellings within the township of Mudgee itself were unoccupied in 1996 (6.7%

of the total housing stock). Therefore 871 dwellings were unoccupied in rural areas in 1996 which meant about 21.1% of all dwellings in the balance of Mudgee LGA in 1996 were unoccupied.

TABLE 3.2
OCCUPIED & UNOCCUPIED DWELLINGS – MUDGEE LGA, 1996

Area ...	Occupied Dwellings	Unoccupied Dwellings	Total Dwellings
Mudgee LGA	6,303	1,089	7,392
Mudgee Township	3,042	218	3,260

Source: ABS Census, 1996.

In broad terms, however, the number of unoccupied dwellings on Census night in Mudgee LGA rose by +189 or 21% between 1986-96 vis:

- 1986 ... 900 dwellings unoccupied
- 1991 ... 1,107
- 1996 ... 1,089.

The proportion of the total dwelling stock of Mudgee LGA which was unoccupied on Census night has declined over the decade 1986-96 as follows:

- 1986 ... 15.2% dwelling stock unoccupied
- 1991 ... 16.0%
- 1996 ... 14.7%

This reduction may indicate that either Mudgee is becoming somewhat less attractive in terms of people building weekender accommodation or perhaps that due to an insufficient supply of new dwellings formerly unoccupied dwellings are increasingly being used for permanent accommodation.

3.2 Dwelling Approvals

Since 1996 dwelling approvals in Mudgee have continued at a steady pace. As indicated in TABLE 3.3 between 1995-96 and 1999-2000 526 detached and 60 attached dwellings were approved making a total of 586 approved dwellings or an average of about 117 dwelling approvals per annum.

TABLE 3.3
ANNUAL DWELLING APPROVALS – MUDGEE LGA 1995-96 to 1999-2000

Year	Detached	Other	Total Dwellings
1995-96	63	8	71
1996-97	118	6	124
1997-98	100	6	106
1998-99	89	15	104
1999-2000	156	25	181
Total	**526**	**60**	**586**

Source: ABS Dwelling Approvals, 1995-96 to 1999-2000.

3.3 Future Residential Demand

Future demand for dwellings in any particular area is often calculated by developing a household headship model. Such models take into account factors such as changing household size, age of the population, household structure and the like. Constructing such a model for Mudgee is beyond the scope of this study and, accordingly, another method of projecting likely future dwelling demand has been used.

As a surrogate measure, Leyshon Consulting has compared the growth in the resident population to increases in dwelling stock over the period 1986-96. This comparison takes into account the fact that Mudgee has, at any one time, a significant component of unoccupied dwellings and the fact that the relationship between occupied and unoccupied dwellings has altered over time. As indicated in TABLE 3.4, the ratio of dwelling stock increase to population growth between 1986-91 was 0.61. That is, between 1986-91 for an increase of every one person in Mudgee's resident population there was a commensurate increase in the dwelling stock of 0.61 dwellings. Between 1991-96 this ratio rose slightly to 0.70—that is, for every one additional resident of Mudgee there was an increase of 0.7 dwellings.

TABLE 3.4
RATIO of ESTIMATED RESIDENT POPULATION to DWELLING STOCK INCREASE – MUDGEE LGA 1986-96

Factor ...	1986	1991	1996
Estimated Resident Population (No. Persons)	15,120	16,690	17,398
Intercensal Change (No. Persons)	–	1,570	708
Dwelling Stock (No.)	5,937	6,899	7,392
Intercensal Change (No.)	–	962	493
Ratio Dwelling Stock Increase to Population Increase	–	0.61	0.70

Source: ABS Census, 1986, 1991 & 1996.

Part of the reason why this relationship has changed is the decline in average household size in Mudgee. In 1991 the average household size was 2.59 persons per dwelling. By 1996 it had fallen to 2.55 persons per dwelling. In essence, therefore, households have been growing at a slightly faster rate than population due to declining household size.

These relationships can be utilised to convert the potential increase in Mudgee's population between 2001-11 into a potential increase in demand for residential dwellings. These estimates are shown in TABLE 3.5. As indicated, under Scenario #1, a population increase of +1,508 persons by 2011 could produce a demand for +1,169 additional dwellings.

TABLE 3.5
ESTIMATED DEMAND for ADDITIONAL DWELLINGS – MUDGEE LGA (By Population Growth Scenario)

Scenario ...	2001-06	2006-11	Increase 2001-11
#1			
Population Increase	739	769	1,508
Dwelling Ratio	0.75	0.80	–
Dwellings Required	554	615	1,169
#2			
Population Increase	571	473	1,044
Dwelling Ratio	0.75	0.80	–
Dwellings Required	428	379	807

Source: Leyshon Consulting Estimates, April 2002.

Under Scenario #2 an increase in population of +1,044 persons by 2011 would produce demand for an additional +807 dwellings.

We have further estimated a 'split' of this dwelling demand between the township of Mudgee and the balance of Mudgee LGA—an area termed the rural hinterland. As indicated in TABLE 3.6, between 2001-11 under Scenario #1 the demand for dwellings in the township of Mudgee could range between 395 under Scenario #2 and 573 under Scenario #1 and in the rural hinterland between 412 and 596 additional dwellings.

Based on past trends, the majority of these dwellings clearly are likely to be detached houses. Assuming 90% are detached houses, detached dwelling demand in Mudgee township could therefore range between 375 under Scenario #2 and 516 under Scenario #2. In the rural hinterland, it is likely that almost all the demand for new dwellings will be for detached houses.

TABLE 3.6
ESTIMATED DEMAND for ADDITIONAL RESIDENTIAL DWELLINGS – MUDGEE LGA, 2001-2011 (By Locality)

	Additional Dwellings	
Locality ...	**Scenario #1**	**Scenario #2**
Mudgee Township	573	395
Rural Hinterland	596	412
Total	**1,169**	**807**

Source: Leyshon Consulting Estimates, April 2002.

3.5 Industry Discussions

Discussions were held with a number of local property agents concerning their impressions of the demand for residential land and housing in Mudgee LGA—both the situation at present and the outlook for future demand.

The key point to emerge from these discussions include the following:

- demand for traditional residential allotments within the township of Mudgee has been very limited over the past two years—at least up until late 2001;

- buyers of residential property have shown a much greater preference to purchase existing dwellings although the stock of such dwellings available for sale in Mudgee at any one time is considered quite limited;

- during early 2002 the demand for residential allotments has increased most likely in response to the enhancement of the First Home Buyers Grant by the federal government;

- the demand for residential property within Mudgee LGA overall primarily originates from existing residents. Only a small component of the market is comprised of what agents describe as 'refugees' from the Sydney Region who are attracted to Mudgee by its moderate real estate prices and rural lifestyle;

- rural/residential demand is considered to be quite strong at present particularly for allotments located within a 15km radius of the Mudgee township;

- there is considered to be a very significant shortage of new rural/residential land available within this area;

- nonetheless, demand for rural/residential land is considered to be not as strong as it was a decade ago when there was significant interest in so-called 'hobby farms' on the part of Sydney Region residents;

- demand for rural/residential land in Mudgee chiefly comes from two sources—one being demand for so-called 'retreat' residential housing which typically attracts more wealthy consumers from the Sydney Region and the other being demand from local residents who do not wish to live in the townships of Mudgee or Gulgong;

- generally agents considered that 60% of the demand for rural/residential land is generated by people from outside Mudgee and 40% from existing Mudgee residents;

- the strongest demand is for lots of around 10 hectares (25 acres); and

- agents are aware of an increasing incidence of houses being constructed on rural/residential allotments which were originally purchased by their owners even up to a decade ago with a view to creating retirement housing for themselves.

3.6 Recent Sales

The observations made by agents regarding the rural/residential market are borne out by Valuer-General's sales data for Mudgee LGA. As can be noted from APPENDIX 1 in 2000 and 2001 there were only 18 recorded sales of standard residential allotments in Mudgee. In calendar 2001 there were 12 rural/residential allotment sales which suggests that during 2001 the market for rural/residential in Mudgee was slightly stronger than that for standard residential allotments.