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Bass Coast
Unlocking Rural Tourism
Draft Strategy

BASS COAST

urban enterprise planning economics+tourism

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Chapter Summary of Key Findings

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Case Study

Acronyms

BCSC	Bass Coast Shire Council
BURT	Bass Coast Unlocking Rural Tourism Strategy
DALS	Distinctive Areas and Landscapes Strategy
DELWP	Department of Environment, Land, Water and Planning
DMP	Destination Management Plan
LGA	Local Government Area
MPS (MSS)	Municipal Planning Strategy (formerly the Municipal Strategic Statement)
NCR	Nature Conservation Reserve
PINP	Phillip Island Nature Parks
PPF	Planning Policy Framework
RLUS	Bass Coast Rural Land Use Strategy
SA2	Statistical Area 2
SPP	Statement of Planning Policy
TEVE	Victoria's Tourism, Events and Visitor Economy Research Unit
TR	Tourism Region
VEP	Visitor Economy Partnerships
VFR	Visiting Friends and Relatives

Glossary

Agritourism	Agritourism (also known as agrotourism or farm tourism) includes commercial activities that link agricultural production with tourism in order to attract visitors onto a farm, ranch, or other agricultural business for the purposes of entertaining and/or educating the visitors and generating income for the farm, ranch, or business owner.
Ecotourism	Similar to nature-based tourism, ecotourism describes sustainable tourism activities with low impact on natural environments. Ecotourism focuses on providing nature-based experiences and fosters environmental and cultural understanding, and appreciation for and conservation of nature.
Nature-based Tourism	Tourism activities or experiences where the natural environment is the primary attraction or setting.
Tourist Park	A commercial facility that includes various forms of inexpensive accommodation, such as campsites, cabins, caravan or RV parking. Often used interchangeably with Holiday Park or Caravan Park.
Rural Tourism	Rural tourism is simply defined as tourist activities taking place in rural or non-urban areas. The most common types of rural tourism include agritourism, nature-based tourism and ecotourism.
Victoria's Tourism, Events and Visitor Economy (TEVE)	Victoria's Tourism, Events and Visitor Economy (TEVE) research unit analyses and collates a range of research and statistics relating to tourism in Victoria. Their publications include visitation, expenditure, economic contribution, and tourism forecasts.

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Executive Summary

Project Background

Bass Coast Shire Council, in partnership with the Victorian Planning Authority (VPA), has engaged Urban Enterprise to undertake a land use study for Bass Coast Shire's Rural Tourism Precincts. Rural Tourism Precincts identified within the Bass Coast Planning Scheme include:

- 1003 Bass Highway, The Gurdies (Former 'Fantasia' Site)
- Land between Corinella, Coronet Bay and Tenby Point (Waterline Rural Activity Zone Precinct)
- Land between Inverloch and Cape Paterson (Bunurong Road Rural Activity Zone Precinct)
- Land between Massie Road and Bass Highway in Bass (Bass Rural Activity Zone Precinct)
- Land to the North and West of Sunset Strip on Phillip Island (Five Ways Rural Activity Zone Precinct)
- Land between Pyramid Rock Road and the Phillip Island Racetrack (Racetrack Rural Activity Zone Precinct), and
- Land between Surf Beach and Samuel Amess Drive, Newhaven on Phillip Island (Newhaven Rural Tourism Precinct)

With the exception of land in Newhaven, these precincts can be identified by being within the Rural Activity Zone (RAZ).

The study investigates the reason for the limited tourism investment within the rural areas of Bass Coast Shire and in particular within the Rural Tourism Precincts.

Strategic Context

There is strong strategic policy support from local, regional and state government organisations for tourism development and investment in Bass Coast Shire.

The outcomes of this study will address key objectives of the Council Plan -primarily in ensuring land use planning and economic development are aligned to support business investment as well as supporting the creation of new jobs, diversifying the visitor economy, facilitating economic resilience.

Key guiding documents for tourism in Bass Coast are the Phillip Island and San Remo Visitor Economy Strategy and Gippsland Destination Management Plan (DMP).

The Phillip Island and San Remo Visitor Economy Strategy highlight a number of tourism product gaps that would be suited to rural areas such as regional food and wine experiences, eco/luxury accommodation with restaurant, spa/wellness experiences including rural retreats, and farm / rural tourism experiences. It also recommended changes to the Local Planning Policy which have restricted investment.

The Phillip Island and San Remo Visitor Economy Strategy proposed new Rural Tourism objectives to be applied to the Farming Zone through the MSS and Local Policy Framework, including:

- Encourage a viable, ongoing, farming and rural industry;
- Encourage small-scale accommodation, roadside food stalls, value-adding to primary production for tourism consumption and events that allows for more sustainable farming operations through alternative revenue streams.

These objectives limit tourism development to be of small scale and require them to be in nexus with agriculture.

The Gippsland DMP highlights that Bass Coast Shire is projected to experience large increases in visitation over the next ten years that will stimulate demand for the following land uses:

- Increased stock of high-quality and branded accommodation
- New hotels, conference facilities and related amenities for business events
- Elevated regional food and wine product and experiences

The DMP emphasises that in order to drive visitation,

it is necessary to facilitate high-quality, large-scale investment and 'destination product' that aligns with the Gippsland brand themes. Key themes and hero experiences identified for Bass Coast Shire include:

- A Destination Restaurant;
- The Pinot Coast Wine Region Project;
- Ocean and Paddock Product.

The is no existing product development strategy that covers the entire Bass Coast Shire and brings together the needs of visitors from both Phillip Island and mainland Bass Coast. It will be important for the Bass Coast Rural Tourism Study to identify the needs of visitors across the Shire.

Planning Scheme Review

There are four rural land zones currently applied across Bass Coast Shire including Farming Zone (FZ), Rural Activity Zone (RAZ), Rural Conservation Zone (RCZ) and the Rural Living Zone (RLZ).

The RAZ and FZ are the most predominant zones in Bass Coast Shire for rural tourism development.

The purpose of the RAZ is to facilitate agriculture and other land uses compatible with agriculture – conditionally allowing leisure and recreation activities, restaurants, hotels and other group accommodation.

However, the RAZ is further constrained by the local planning provisions, specifically:

- The schedule to the RAZ specifies that development must be small scale, have a rural/costal appearance and maintain lot density.
- Local tourism planning policy further restricts activities to be ancillary or directly integrated with agricultural uses, thus prohibiting most uses allowed under the usual RAZ.

The FZ also facilitates non-agricultural uses but is subject to far fewer local policies. As a result, the RAZ in practice is more restrictive than the FZ.

Overall, analysis shows disconnect between the tourism product demand identified in strategic documents and the local tourism policy. Local planning policy often prescribes location-specific tourism land uses without consideration to current market demand – which is crucial factor for successful investment attraction.

Key land use policy gaps include:

- Provisions and appropriately zoned land for mid to large scale development with the ability to deliver significant economic and employment outcomes.
- Lack of strategic direction for rural areas outside of the key tourist nodes, particularly on Phillip Island.
- Detailed and up to date strategic work has not been completed into the productivity of agricultural land across Bass Coast Shire.

Bass Coast Visitor Economy

Bass Coast Shire captures 3.1 million visitors per annum and the tourism industry contributed $529 million to the region's economy and over 5,900 jobs in 2018-19 financial year.

The majority of visitors to Bass Coast Shire are domestic and international day trippers. Prior to the COVID19 pandemic, Bass Coast Shire was experiencing positive growth of its domestic overnight market. Although benchmarking shows that overall growth has not kept pace with other comparable tourism regions.

Persisting issues for the Bass Coast visitor economy include the skewed spatial distribution of visitors and highly seasonal visitation patterns. Phillip Island attracts more than twice the number of visitors (2.1 million visitors per annum) than the Bass Coast mainland (1.0 million). Although visitation on the mainland has been moderately-high, it has primarily been driven by the VFR market. This is significant as this market type typically spends less and has lower participation in tourism activities.

As a result of the COVID19 pandemic, Bass Coast Shire saw a 54% drop in visitation from 2019 to 2020. However, visitation forecasting shows that Bass Coast Shire will recover and continue to attract visitation growth over the next ten years. At the midpoint growth scenario Bass Coast Shire visitation will grow by approximately 1,329,600 visitors by 2032 – with Phillip Island accommodating the majority of this growth (62%).

Outcomes that land use policy must achieve for sustainable tourism development include:

- Deliver sufficient tourism infrastructure in rural areas, particularly accommodation, with the scale and capacity to meet growing demand.
- Direct tourism investment to rural areas to relieve the pressure on overcrowded destinations and attractions such as Cowes, Penguin Parade and Inverloch.
- Deliver contemporary and motivating rural tourism products, with a focus on the Bass Coast mainland, that will attract holiday/leisure visitors and improve yield from the existing VFR market base.
- Improve the diversity of events, product and experiences that will facilitate year-round visitation and develop the night-time economy.

Tourism Investment in Rural Areas

Bass Coast Shire has key strengths in nature based, wildlife, marine and events tourism. These products leverage off the natural attributes of the region.

Phillip Island has the most well-developed tourism product offer within the Shire, with demand for nature-based tourism seeing continual investment in the Phillip Island Nature Parks and in particular the Penguin Parade. Assessment of past planning applications highlights that most applications were for tourism proposals on Phillip Island, reflective of both market demand and also opportunities for development.

Food and wine, arts and culture, and spa and wellness are emerging areas of strength and opportunity for Bass Coast Shire, leveraging the regions strengths in agriculture and natural amenity. Investment should be directed to these areas that align to the Shire's strengths and unique assets, as well as align to the market expectation for higher quality, contemporary food, drink, accommodation and cultural experiences.

With new investment in a major hot springs development at Phillip Island, there is opportunity for Bass Coast Shire to develop as a premium wellness and nature-based destination and to begin attracting a higher yield market currently not serviced by the Bass Coast Shire tourism offering. This will result in higher levels of visitor yield, increased length of stay and encourage off peak visitation.

An assessment of historic tourism development planning applications highlight that the majority of tourism proposals were located in the Farming Zone, outside of the previously identified Rural Tourism Activity Precincts (59 permits or 87%). Only 6 tourism related land use permits were in the Rural Activity Zone, highlighting that the rural precinct approach has not been facilitative of tourism investment or met market demand for investment in certain destinations.

Agricultural Land Assessment

Most of the rural land in Bass Coast Shire is within the Farming Zone. There is a low supply and availability of land for tourism development in the Rural Activity Zone.

Bass Coast Shire has some of the highest value agricultural land in Victoria. Generally, the region benefits from excellent soil quality and high rainfall. However, issues such as steep terrain and coastal-related dryland salinity cause some areas (particularly Phillip Island) to be unsuitable for broadacre soil-based farming.

Nearly 60% of agricultural land is currently used for livestock grazing, particularly beef cattle grazing (39%), which has become highly lucrative in recent years due to rising demand for grass-fed beef. Only a small proportion (less than 1%) of land being used for vineyards and other commodities.

This has important implications for balancing agricultural and rural tourism land uses in Bass Coast Shire. There is very limited opportunity for ancillary tourism uses for livestock grazing land - which is currently a key requirement for rural tourism development in the Bass Coast Planning Scheme. If the current macroeconomic conditions persist and this land use trend continues, Council may need to consider changes to zoning and local policy to facilitate rural tourism investment.

Additionally, current land use policy heavily focuses on the retention of what is traditionally considered agricultural land, maintaining low lot density and minimising all other development.

As the climate becomes volatile and urban growth continues to add pressure to agricultural land, land use policy should support farmers to sustain their land through diversification, creating multiple streams of revenue and reducing risk.

Environmental Assessment

Bass Coast Shire contains several state-declared environmentally significant areas, that are habitats to native wildlife and play an important role in conserving ecosystems. These areas protected by various organisations DELWP, Phillip Island Nature Parks and Bass Coast Shire Council.

The Bass Coast Planning Scheme applies numerous planning overlays designed to prevent adverse impacts of development on the natural environment.

Land within the RAZ tourism precincts overlap with several environmental and land management overlays which further constrain tourism development. Most of these overlays enforce controls related to built form and design, while other such as the Specific Controls Overlay (SCO) limit the types of tourism activities to be developed on the land. These overlays often incur additional costs for tourism developers and operators through mandatory strategic and technical assessments which often require professional services.

On Phillip Island, tourism development has been a key driver for positive conservation outcomes and improvement in access to natural environments and the increase of supporting infrastructure. The success of the organisation demonstrates how diversification through rural tourism uses can support retention and sustainability of existing land uses.

The Bass Coast Distinctive Areas and Landscapes Statement of Planning Policy (SPP) is currently in development which aims to protected state declared landscapes through changes to policy and limiting settlement growth. The outcomes of the SPP may restrict the land capacity, population base and infrastructure development required for significant tourism investment near existing rural settlements.

Conclusions

There are a number of reasons why the Rural Tourism Precincts have not delivered any substantial tourism investment, these include:

- Rural Tourism Precincts do not reflect demand for investment or visitation patterns, for example Phillip Island has the greatest demand for rural tourism uses, however there is limited land zoned Rural Activity on the Island.
- The Rural Activity Zone Schedule and associated Local Planning Policy together create substantial limitations on investment in the Rural Tourism Precincts.
- Current broadacre land uses such as large lot cattle farming are not conducive to agri-tourism uses and owners have little interest in establishing a tourism enterprise.
- A number of proposals have received significant community backlash and have resulted in permits not being granted.

Another major impediment for tourism investment is the lack of direction within the Bass Coast Planning Scheme around supporting development of tourism uses on Phillip Island. Phillip Island attracts 67% of all visitation to Bass Coast and almost all international visitors. Further direction and support is needed for appropriate tourism development in rural areas within Phillip Island.

The Bass Coast Planning Scheme overwhelmingly supports agricultural land uses over tourism uses, even within the designated Rural Tourism Precincts, whereby Local Planning Policy directs that tourism use be in-conjunction or ancillary to agricultural land use.

The Local Planning Policy within the Bass Coast Planning Scheme has a number of clauses which restrict tourism investment by highlighting the need for nexus between agriculture and tourism, limiting larger scale tourism uses and providing ambiguous and conflicting directions.

Bass Coast Shire has some of the highest quality agricultural land in Victoria and highly versatile soils that should be protected. Consideration, however, should be made where appropriate to support tourism uses as a primary use of land where agricultural productivity is limited and the existing land use patterns support further tourism investment.

There is a need for the Planning Scheme to better reflect the demand for contemporary tourism uses aligned to projected growth, target markets, current land use patterns, environment and agricultural land use.

Strategy

Vision

Bass Cost Shire will be regarded as a leading rural tourism destination acclaimed for its excellence in ecotourism and agritourism.

The rural areas will support investment in contemporary and quality tourism businesses that are sympathetic to Bass Coast's landscape and agricultural activities.

Objectives

1. Attract appropriate rural tourism investment
2. Improve geographic and seasonal dispersal of visitors
3. Grow visitor yield
4. Facilitate sustainable, resilient rural tourism economy
5. Environment improvement

Strategic Directions

- *Subregional approach* - Apply a subregional approach for rural tourism development that reflects the geography, land use and tourism demand across Bass Coast Shire
- *Nexus between tourism and other rural land uses* - Enable the nexus between tourism with other rural land uses which supports productive use of rural land.
- *Tourism as a primary land use* - Support the application of the Special Use Zone in site specific locations where tourism is logically the primary land use.
- *Creating positive design outcomes* - Utilise a Design Development Overlay to create positive design and built form outcomes.
- *Improving the evidence base* - Build an evidence base to support future rural tourism land use.

Overarching Recommendations

- Replace the 'Rural Tourism Precincts' as currently applied across the Bass Coast Scheme with the following 'Rural Tourism Subregions' (Figure 22, page 87) to guide and facilitate tourism investment.
  - Phillip Island and San Remo;
  - Bass Hinterland;
  - Waterline and Bass River Precinct; and
  - Kilcunda to Inverloch Coastline.
- Remove existing Local Planning Provisions regarding rural tourism development including
  - Clause 14.01-2L-02 Sustainable Agricultural Land Use in the Farming Zone
  - Clause 14.01-2L-03 Sustainable Agricultural Land Use in the Rural Activity Zone
  - Clause 15.01-6L Development in the Rural Activity Zone
  - Clause 17.04-1L Facilitating Tourism
  - Schedule 1 to Clause 35.08 Rural Activity Zone
- Replace the Rural Activity Zone in favour of the Farming Zone supplemented with local planning policy to guide rural tourism development and, where appropriate, the Special Use Zone to support larger scale tourism uses.
- Adopt the Strategic Themes, Directions, Land Uses for each Rural Tourism Subregion as outlined in the Bass Coast Unlocking Rural Tourism Strategy (this document) into the Bass Coast Planning Scheme.
- Radically reframe local policy to allow to incentivise tourism development that contributes to a broader range of rural land use objectives including:
  - Restoration and conservation of natural systems,
  - Preservation of heritage assets or areas with cultural significance,
  - Enhance other rural industry (such as forest-based industry, mineral-based industry).
- Undertake consultation with landowners and further technical assessments to investigate whether there is a need for Special Use Zones which prioritize tourism at the following identified investigation areas:

  - Newhaven (Figure 23, page 89): Farming Zone Land south of Phillip Island Rd including the Former Airfield Site.
  - Ventnor (Figure 25, page 89): Land West of the Grand Prix Circuit including 427 Back Beach Rd, Ventnor,
  - Kitty Miller Bay (Figure 25, page 89): Areas surrounding the Kitty Miller Road Wetland, 1\ PS340233 Kitty Miller Road, Ventnor
  - Inverloch (Figure 24, page 89): Parcels along Toorak Road and Drowleys Rd in Inverloch (West of the Inverloch township and behind the RACV Resort).
- Incorporate the recommended framework criteria for future opportunities for specific land holdings to be rezoned to the Special Use Zone for larger scale tourism uses.
- Work with the relevant governance bodies to incorporate the findings of this study into future work which impacts rural tourism including the Bass Coast Economic Development Strategy and Phillip Island San Remo Visitor Economy Strategy reviews.
- Work with Phillip Island Nature Parks to guide tourism development and create a hollistic vision for rural land development on Phillip Island, including:
  - Identify areas for conservation / ecological restoration / wildlife corridors
  - Identify areas of high quality agricultural to be protected
  - Identify rural areas suitable tourism land uses
- Undertake a detailed Agricultural Land Assessment for Bass Coast Shire every 5 to 7 years. The outcomes of the assessment should:
  - Include a survey of agricultural land use across Bass Coast Shire
  - Understand macroeconomic trends in the industry
  - Identify high quality, productive agricultural land that require protection
  - Identify the types of commodities suitable for agricultural land and opportunities for diversification
  - Include discussion around land use conflicts between agricultural, ecological
  - Provide policy recommendations and guidance on the application of zones in relation to agriculture
  - Recommend biosecurity measures and incentives to facilitate financially and ecologically sustainable agricultural practices
  - Identify opportunities for the region to obtain biosecurity and food safety related certification to give the industry a competitive edge in production and trading. For example: Be a declared Phylloxera Exclusion Zone (PEZ).
  - Be publicly accessible for the benefit of all stakeholders including local government, landowners, community members, investors and developers.

Recommendations by Subregion

Subregion and Strategic Theme	Strategic Need	Recommended Uses / Product Gaps	Recommended Zone & Policy
Phillip Island and San Remo • Environment, Nature Based and Wellness and Events	• Meeting long term visitation growth to Phillip island; • Encouraging uses that support increase in visitor yield; • Encourage uses targeted to international visitor markets; • Encourage uses that can support positive environmental outcomes including vegetation and wildlife corridors; • Encourage uses that support year round visitation. • Encourage uses that deliver contemporary product and experiences targeted to Lifestyle Leader segments.	• Hot springs resort (underway) • 5 Star accommodation with coastal views • Wellness retreats • Destination restaurants in a rural and coastal setting • Farm gate and rural tourism experiences • Eco/nature based accommodation • Environmental and eco experiences and tours • Golf course • Gardens • Winery and cellar doors • Distillery and cellar door • Visitor attractions • Walking and cycling experiences	• Rural Activity Zone • Special Use Zone on site specific basis • Local Planning Policy direction • Consider applying a Design Development Overlay
Waterline and Bass River Precinct • Gourmet Food and Wine	• Leveraging off the visitation growth to Phillip Island and Inverloch • Encourage visitors to stop, slow down and spend time on the way to and from their destination • Food and agri business related destination • Encourage visitor dispersal from key tourism nodes	• Farm gate • Agri tourism experiences • Artisan produce • Small to mid scale accommodation • Provedore experience • Farmstay • Winery, cellar door and restaurant experience • Outdoor and adventure activities	• Farming Zone • Local Planning Policy direction • Consider applying a Design Development Overlay

Subregion and Strategic Theme	Strategic Need	Recommended Uses / Product Gaps	Recommended Zone & Policy
Bass Hinterland • Agri tourism, food and farmgate	• Establishment of the hinterland as a destination leveraging from visitors to Phillip Island and Inverloch • Encourage agri tourism, food related tourism, arts and culture • Focus on small scale and boutique tourism opportunities • Food and agri business related destination • Encourage visitor dispersal from key tourism nodes	• Art galleries • Artist studios • Farm gate • Farmstay accommodation • Farm experiences e.g. tours, education • Touring • Food experiences • Destination distillery or brewery • Small scale accommodation	• Farming Zone • Local Planning Policy direction • Consider applying a Design Development Overlay
Kilcunda to Inverloch Coastline • Nature based tourism and agri tourism	• Leveraging off visitation to Inverloch, Cape Patterson and Kilcunda • Providing nature based and agri tourism experiences	• Nature based eco accommodation • Tourist parks in appropriate locations • Outdoor events facilities • Farmstay accommodation • Experiential accommodation e.g. tiny home or glamping • Farmgate produce • Environmental and eco experiences and tours • Walking and cycling experiences	• Farming Zone • Special Use Zone on a site-specific basis • Local Planning Policy Direction • Consider applying a Design Development Overlay

Introduction

Project Background

Bass Coast Shire Council, in partnership with the Victorian Planning Authority (VPA), has engaged Urban Enterprise to undertake a land use study for Bass Coast Shire's Tourism Precincts.

Bass Coast Shire covers an area of approximately 800 square kilometres and has an estimated residential population of 33,317 (ABS, 2016). Tourism is a significant contributor to the region's economy, representing 44% of total GDP and 47% of employment in the region. The Shire, which includes the nationally significant Phillip Island, experiences an annual visitation of 3.1 million people.

The Bass Coast Rural Land Use Strategy, adopted in 2014, introduced the Rural Activity Zone (RAZ) to several areas across the municipality to provide the opportunity for rural based tourism whilst protecting the environmental values of the rural landscapes and opportunities for agriculture. However, since its implementation into the planning scheme, these provisions have been unable to facilitate any significant tourism development.

Taking into consideration the existing strategies, tourism environment and product mix, visitor markets, competitive strengths and weaknesses and opportunities for visitor attraction, the project will provide clear planning policy recommendations to encourage tourism investment in the community by removing planning and infrastructure barriers to further economic development and assist with ongoing COVID-19 recovery in Bass Coast.

Objectives

The key objectives to be addressed through the Strategy include:

- Review, identify and fill any data or knowledge gaps in existing strategic documents and policy;
- Assess the current real and perceived barriers to growing rural tourism investment and development in Bass Coast;
- Develop a vision for rural tourism in Bass Coast alongside key stakeholders;
- Provide recommendations to:
  - Resolve key land-use issues and infrastructure barriers;
  - Implement changes to Council processes and policies and future capital or strategic work to support rural tourism;
  - Assist in Council's advocacy to state and federal governments for funding opportunities and legislative changes to support the rural tourism industry; and
- Where required, present robust strategic justification for recommended changes to the Planning Scheme to support a Planning Scheme amendment.

Report Structure

The Strategic Paper for the Land Use Study is structured as follows:

Part A – Strategy and Policy Context

- **Strategic Context**: Review of strategic tourism documents that provide direction of the role and development of rural tourism and land.
- **Planning Scheme Review:** Analysis of Bass Coast Planning Scheme policy relating to rural tourism land use planning including the local policy framework, planning zones and schedules.

Part B -Tourism Assessment

- **Overview of Tourism Investment in Rural Areas:** includes a tourism product profile of the rural areas of Bass Coast including current tourism investment projects in development as well as an analysis of tourism planning permit activity.
- **Profile of the Bass Coast Visitor Economy:** Overview of the economic contribution of tourism to the Bass Coast Economy, visitation trends, visitor profile and an overview of key market segments.

Part C - Agriculture, Environment and Landscape Assessment

- **Agricultural Land Assessment:** includes rural land supply assessment and analysis of agricultural land uses, and other land characteristics.
- **Environmental Assessment**: includes an overview of significant environments and landscapes, a review of the governance and current policy mechanisms in place to protect these environments.

Part D - Strategy and Recommendations

- **Conclusions and Recommendations:** Overview of key findings from previous analysis, issues to be addressed, recommended approach for rural tourism.

What is Rural Tourism?

Rural tourism is simply defined as tourist activities taking place in rural or non-urban areas.

The most common types of rural tourism include agritourism, nature-based tourism and ecotourism.

Common Types of Rural Tourism

Agritourism

Agritourism (also known as agrotourism or farm tourism) includes commercial activities that link agricultural production with tourism in order to attract visitors onto a farm, ranch, or other agricultural business for the purposes of entertaining and/or educating the visitors and generating income for the farm, ranch, or business owner.

Key agribusiness products prominent in agritourism include wine, craft beer and spirits, gourmet foods (cheese, olives, condiments, and confectionary), fruit, vegetables, nuts, meat and seafood. Agritourism activities are many and diverse and examples include direct shop front outlets with produce tastings, regional markets, farm and winery tours, cooking classes, food and wine festivals, farm stays, restaurants sourcing local produce, self-picking experiences and farm gate sales.

Nature-based tourism

Tourism activities or experiences where the natural environment is the primary attraction or setting. Examples include birdwatching, photography, stargazing, camping, hiking, hunting, fishing, and visiting parks.

Ecotourism

Similar to nature-based tourism, ecotourism describes sustainable tourism activities with low impact on natural environments. Ecotourism focuses on providing nature-based experiences and fosters environmental and cultural understanding, and appreciation for and conservation of nature.

Rural Tourism in Land Use Planning

There are four rural land zones currently applied across Bass Coast Shire including:

- Farming Zone (FZ),
- Rural Activity Zone (RAZ),
- Rural Conservation Zone (RCZ) and
- the Rural Living Zone (RLZ).

The **Rural Activity Zone and Farming Zone** are the most predominant zones in Bass Coast Shire for rural tourism development. The analysis in this report will predominantly focus on these land within these two zones.

Rural Tourism Precincts

The Bass Coast Planning Scheme as well as the 2014 Rural Land Use Strategy identify a number of precincts where rural tourism is appropriate.

These include:

A. 1003 Bass Highway, The Gurdies (Former 'Fantasia' Site)

B. Land between Corinella, Coronet Bay and Tenby Point (Waterline Rural Activity Zone Precinct)

C. Land between Inverloch and Cape Paterson (Bunurong Road Rural Activity Zone Precinct)

D. Land between Massie Road and Bass Highway in Bass (Bass Rural Activity Zone Precinct)

E. Land to the North and West of Sunset Strip on Phillip Island (Five Ways Rural Activity Zone Precinct)

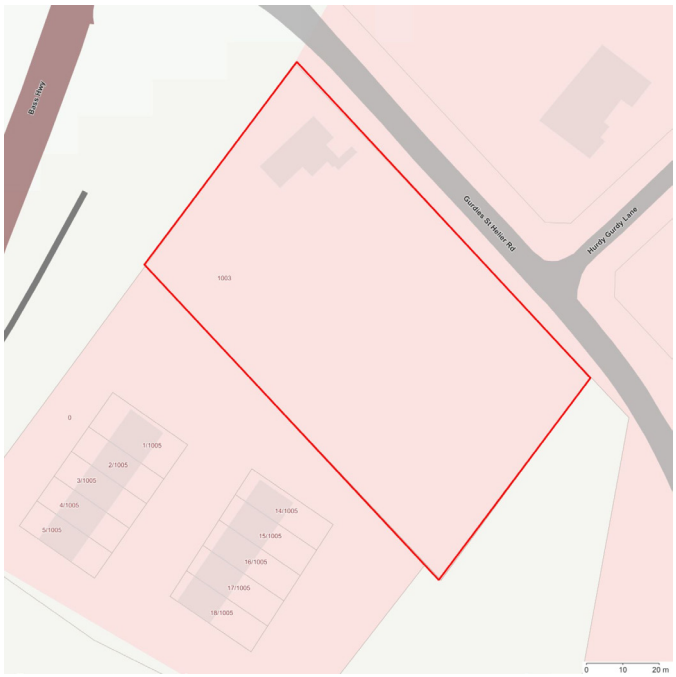
F. Land between Pyramid Rock Road and the Phillip Island Racetrack (Racetrack Rural Activity Zone Precinct), and

G. Land between Surf Beach and Samuel Amess Drive, Newhaven on Phillip Island (Newhaven Rural Tourism Precinct)

With the exception of land in Newhaven, these precincts can be identified by being within the Rural Activity Zone (RAZ).

F1 Overview of Rural Tourism Precincts

A. Former Fantasia Site



B. Waterline Rural Activity Zone Precinct



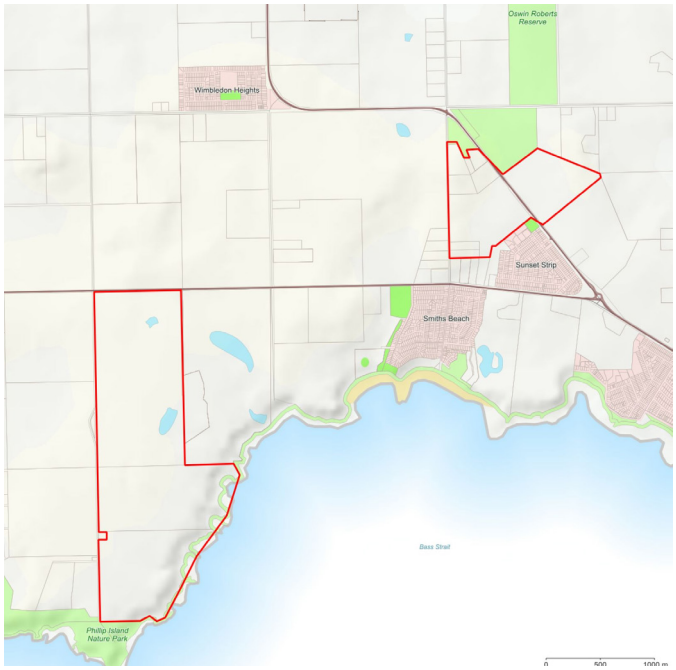
C. Bunurong Road Rural Activity Zone Precinct



D. Bass Rural Activity Zone Precinct



E. Five Ways Rural Activity Zone Precinct & F. Racetrack Rural Activity Zone Precinct



G. Newhaven Rural Tourism Precinct



Rural Tourism Subregions

Due to the geographic diversity, distinctive landscapes, dispersal of product and experiences, and varying visitor markets, this paper proposes to use the following sub regions for future land use planning directions relating to tourism in rural areas.

- Phillip Island and San Remo;
- Bass Hinterland;
- Waterline and Bass River Precinct;
- Kilcunda to Inverloch Coastline.

These subregions roughly align to the precincts outlined in the Bass Coast Distinctive Areas and Landscapes Assessment and SPP.

Phillip Island and San Remo

Phillip Island is an iconic destination with significant landscape, environment and heritage values. Its notable features include:

- Agriculture, environment and landscape: important bird and marine habitat at Rhyll Inlet and Rhyll Swamp and at the island's south-western coast, Ramsar-listed wetlands, Churchill Island Marine Park, the reserves managed by Phillip Island Nature Parks, The Nobbies (Round Island), Pyramid Rock and Cape Woolamai. Whilst agriculture exists on the island the versatility and scale of agricultural production is limited.
- Tourism: the island attracts the largest number of visitors in Bass Coast Shire and is a hub for international tourism. There are many tourist attractions in the rural areas including the Penguin Parade and the Phillip Island Grand Prix Circuit, Phillip Island Road which is the major transit route on and off the island and Cowes Jetty.
- Heritage and culture: sites of importance to the Bunurong People are found on Phillip Island as well as Churchill Island Heritage Farm and a strong surfing culture and heritage.

Bass Hinterland

The Bass Hinterland Precinct's eastern boundary aligns with the administrative border of the Bass Coast Shire local government area, with the north western boundary divided by the administrative areas of the Port Phillip and Westernport Bay Catchment Management Authority and West Gippsland Catchment Management Authority.

The precinct's notable features include:

- Agriculture, Environment and landscape: the steep, rolling, cleared hills of the Strzelecki Ranges; and Powlett River, which runs through the high-quality agricultural land of the Powlett River valley, which has significant flood storage capacity during flooding events. The area is highly productive from an agricultural perspective and has high levels of versatility.
- Tourism: The Bass Hinterland has some agri tourism and arts related activity. The scenic countryside and connections through to South Gippsland provide opportunity for hinterland touring.
- Heritage and culture: The area is predominantly farming communities and highly valued as a productive farming area.

Waterline and Bass River Precinct

The Waterline and Bass River Precinct's northern boundary aligns with the administrative border of the Bass Coast Shire, with the eastern boundary divided by the administrative areas of the Port Phillip and Westernport Bay Catchment Management Authority and West Gippsland Catchment Management Authority.

The Waterline and Bass River Precinct's notable features include:

- Environment and landscape: internationally recognised Ramsar-listed wetlands, the Bass River catchment, the Bass Hills and the views along the Bass Highway corridor, the Gurdies Nature Conservation Reserve (NCR), the Hurdy Gurdy Creek NCR, the Grantville NCR and the Reef Island and Bass Mouth NCR

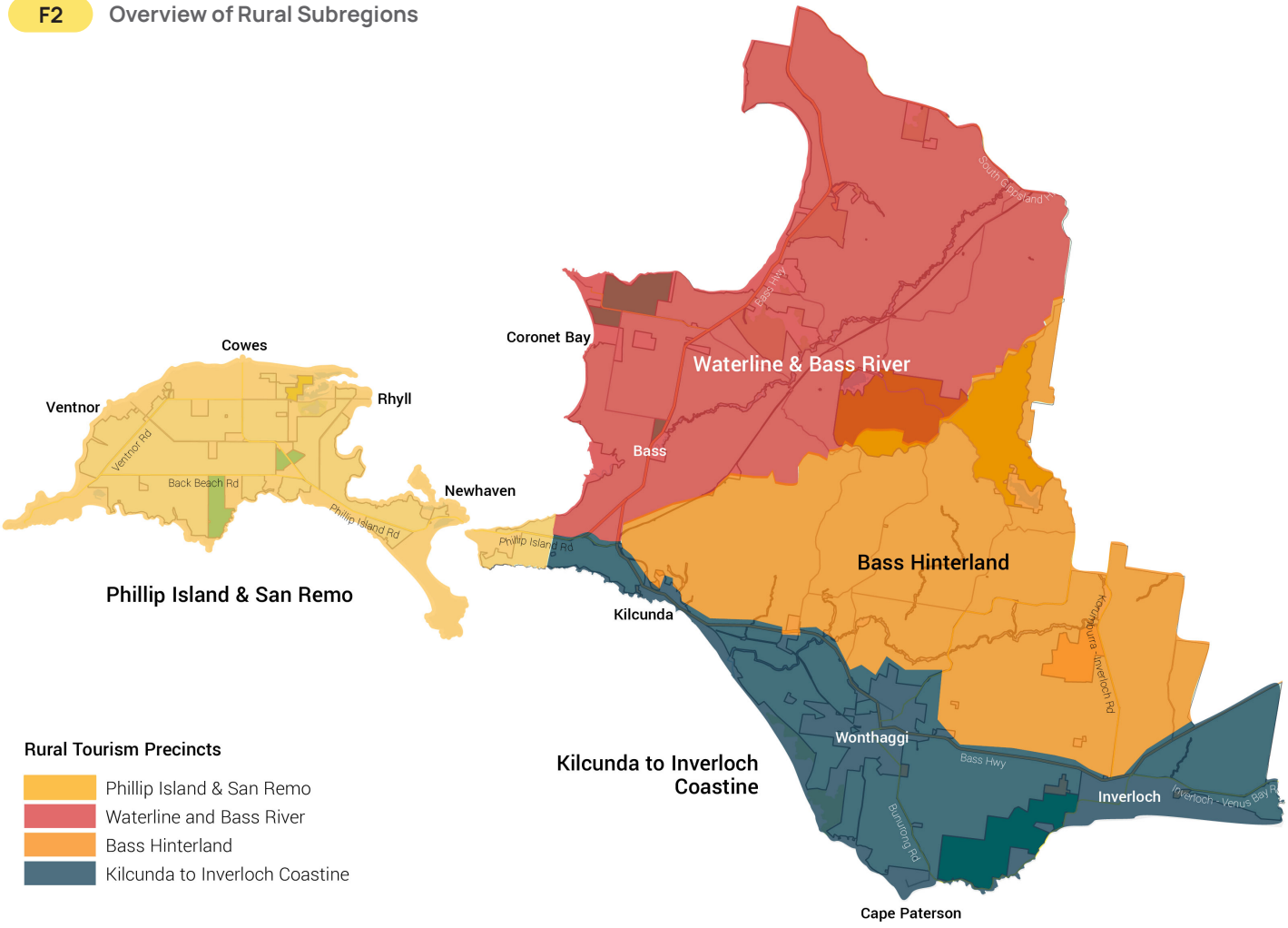
- Tourism: The precinct is a major thoroughfare to both Phillip Island and Inverloch, there are a number of tourism operators that leverage from passing trade. Agri-tourism is a growing strength in the region, with value adding to produce that leverages from tourism trade.

Kilcunda to Inverloch Coastline

The Bunurong Coast Precinct extends from Inverloch to Wonthaggi, and the east of San Remo. The precinct's notable features include:

- Environment and landscapes: the future Yallock Bullock Marine and Coastal Park and important intertidal habitats; Powlett River and its floodplain, Bourne Creek, Wreck Creek and Screw Creek, all of which provide habitat for endangered birds species and breeding grounds for fish and eels; state-significant landscapes and geological features (such as Eagles Nest). Agriculture is predominantly broadacre beef cattle grazing however the area is considered to have high levels of versatility with high natural rainfall and high quality soils.
- Tourism: There is limited tourism investment in the rural areas, however the region has some of the key destinations in the Shire including Kilcunda, Cape Patterson and Inverloch. The broad hectare nature of farming and the predominance of cattle farming has not been conducive to agri-tourism investment in rural areas.
- Heritage: sites of significance to the Bunurong People, the Bourne Creek Trestle Bridge at Kilcunda and the Amazon shipwreck.

F2 Overview of Rural Subregions



Part A: Strategy and Policy Review

Strategic Context

This section provides the strategic policy context relevant to the use and development of rural land for tourism and commercial purposes in Bass Coast. The policy context provides a framework for this project to build upon and ensures that the project aligns with existing strategies and policy.



There is strong strategic policy support from local, regional and state government organisations for tourism development and investment in Bass Coast Shire. Key guiding documents for tourism in Bass Coast are the Phillip Island and San Remo Visitor Economy Strategy and Gippsland Destination Management Plan (DMP).

The Phillip Island and San Remo Visitor Economy Strategy highlight a number of tourism product gaps that would be suited to rural areas such as regional food and wine experiences, eco/luxury accommodation with restaurant, spa/wellness experiences including rural retreats, and farm / rural tourism experiences. It also recommended changes to the Local Planning Policy which have restricted investment.

The Phillip Island and San Remo Visitor Economy Strategy proposed new Rural Tourism objectives to be applied to the Farming Zone through the MSS and Local Policy Framework, including:

- **Encourage a viable, ongoing, farming and rural industry;**
- **Encourage small-scale accommodation, roadside food stalls, value-adding to primary production for tourism consumption and events that allows for more sustainable farming operations through alternative revenue streams.**

These objectives limit tourism development to be of small scale and require them to be in nexus with agriculture.

The Gippsland DMP highlights that Bass Coast Shire is projected to experience large increases in visitation over the next ten years that will stimulate demand for the following land uses:

- **Increased stock of high-quality and branded accommodation**
- **New hotels, conference facilities and related amenities for business events**
- **Elevated regional food and wine product and experiences**

The DMP emphasises that in order to drive visitation, it is necessary to facilitate high-quality, large-scale investment and 'destination product' that aligns with the Gippsland brand themes. Key themes and hero experiences identified for Bass Coast Shire include:

- **A Destination Restaurant;**
- **The Pinot Coast Wine Region Project;**
- **Ocean and Paddock Product.**

The is no existing product development strategy that covers the entire Bass Coast Shire and brings together the needs of visitors from both Phillip Island and mainland Bass Coast. It will be important for the Bass Coast Rural Tourism Study to identify the needs of visitors across the Shire.

Tourism Governance

Bass Coast Shire is located within two tourism regions - Gippsland and Phillip Island/San Remo. Phillip Island, widely acknowledged as one of Victoria's premier tourist destinations, has significant domestic and international tourism markets and is the focus of national and state tourism strategies. Whilst Phillip Island/San Remo come under the regional development area of Gippsland, for tourism planning it sits separately from the Greater Gippsland region and has its own Regional Tourism Board known as Destination Phillip Island.

Destination Phillip Island and Bass Coast Shire Council have developed their own Destination Management Plan (Phillip Island and San Remo Visitor Economy Strategy 2035) to recognise the special nature of tourism to the area. The Phillip Island and San Remo Visitor Economy Strategy 2035 sets out the strategies for tourism growth.

Other government bodies that provide support through advocacy and funding include Regional Development Victoria – Gippsland.

Destination Gippsland is guided by the Gippsland Destination Management Plan completed in 2019.

Visit Victoria provides destination marketing activity for Victoria, whilst Victoria's Tourism, Events and Visitor Economy Research Unit (TEVE) supports investment facilitation for tourism.

F3 **Tourism Governance Structure**

Organisation	Key Roles	Key Strategic Documents
Bass Coast Shire Council	• Facilitate investment, • Visitor services, • Industry development	• Tourism Development Plan 2013 • Rural Land Use Strategy 2014 • Bass Coast Shire Economic Development Plan
Destination Phillip Island Tourism Board	• Industry development, • Destination marketing, • Advocacy	• Phillip Island Strategic Tourism Plan 2014 to 2019, adopted 2014 • Phillip Island and San Remo Visitor Economy Strategy 2035, adopted 2016
Destination Gippsland Tourism Board	• Industry development, • Destination marketing, • Advocacy	• Gippsland Destination Management Plan 2030, adopted 2019
Regional Development Victoria	• Funding support, • Facilitating investment	• Gippsland Regional Plan 2020-2025
Visit Victoria	• Destination Marketing, • Product Development	• Victorian Visitor Economy Strategy & Action Plan 2016–2020
Victorian Tourism, Events and Visitor Economy Research Unit (TEVE)	• Facilitating tourism investment, • Advocacy on infrastructure projects	• Victorian Visitor Economy Strategy & Action plan 2016–2020 • Visitor Economy Recovery and Reform Plan 2020

State Government Policy

Victorian Visitor Economy Strategy Action Plan 2016 to 2020

The Victorian Visitor Economy Strategy, released by the Victorian Government on 26 July 2016, sets the overall direction and framework to grow Victoria's visitor economy over the next ten years. It sets a goal of increasing visitor spending to $36.5 billion by 2024-25 and identifies the following nine priorities to achieve:

- More private sector investment;
- Build on the potential of regional and rural Victoria;
- Improved branding and marketing;
- Maximise the benefits of events;
- Improved experiences for visitors from Asia;
- Better tourism infrastructure;
- Improved access into and around Victoria;
- A skilled and capable sector; and
- More effective coordination

This Action Plan has been developed to outline the key actions required to implement the Strategy over the short to medium term.

- Allocating $101 million for a new Regional Tourism Infrastructure Fund. Under the fund, $48.2 million had been allocated for the redevelopment of the Phillip Island Nature Parks infrastructure.
- Allocating an additional $20 million over four years for a new Regional Events Fund.
- Provide targeted support to smaller regional events that have the capacity to attract interstate visitors, including possible seed development of events
- Support the development of community owned Aboriginal tourism businesses that leverage local land and cultural assets
- Regional Development Victoria and Visit Victoria will continue to have an important role in the $1 million Wine Growth Fund, which aims to increase wine tourism and cellar door sales.
- Support growth in food and wine tourism, and collective marketing, includes supporting targeted food and wine tourism initiatives as part of a greater focus on increasing tourist visitation to regional Victoria.
- Continue to support the development of tailored transport, accommodation and Chinese food options at key tourist locations.
- Prioritise government investment in infrastructure at key visitor attractions such as the Great Ocean Road and the Penguin Parade at Phillip Island Nature Park.

Gippsland Regional Plan 2020 to 2025

The Gippsland Regional Plan is the long-term strategic plan for improving the economic, social, cultural, and environmental outcomes for the Gippsland region.

The Plan looks towards 2040 for its vision and goals, and specifically identifies the priority actions and initiatives required in the coming five years to 2025.

The Plan is centred on 6 strategic themes including: Collaborators & partners, Carers of our Country, environment & natural assets, Creators of a new economy, A connected Gippsland, Highly educated & skilled people, lifelong learners, and A healthy, happy & inclusive community.

Key actions relevant to this project include:

- Review and update policy, planning and regulatory settings to enable:
- Climate change readiness, including updated riverine and coastal flood modelling
- Sustainable agriculture, settlement and land use planning, and protection of distinctive and fragile environments
- Protection of and Aboriginal cultural heritage and realisation of cultural rights
- Environmentally sustainable design principles
- Large and small-scale renewable and clean energy
- Embedding circular economy and resource recovery principles and requirements
- Support delivery of Towards 2030 Gippsland Destination Management Plan by advocating for regionally significant tourism destinations and Traditional Owner and Aboriginal cultural tourism

Visitor Economy Recovery and Reform Plan 2021

The Visitor Economy Recovery and Reform Plan (the plan) provides a framework for industry and the Victorian Government to work together to restore and grow the Victorian visitor economy.

The Vision for the Plan is outlined as follows:

Victoria's visitor economy and tourism industry quickly recovers from the combined impacts of bushfires and the COVID-19 pandemic by growing and rebuilding its domestic visitor economy market share and preparing for growth and resilience when international borders reopen.

Themes focus on supply and demand pillars and core enablers of the visitor economy.

Supply - Facilitate the development of visitor economy experiences, products and infrastructure

- Products and Infrastructure: Invest in and develop tourism experiences through delivery of key flagship and stimulus projects including:
- Gippsland Tourism Recovery Package: Create a vibrant destination of choice for visitors, including providing more options for visitors to get close to nature and relax in luxury surrounds.
- Phillip Island - Rusty Water Brewing Experience, Phillip Island Brewing
- Industry Strengthening
  - Funding of $8 million to support businesses to improve their digital and business capabilities.
  - Undertake a Workforce Planning and Skills Audit and provide funding to VEP's to implement tailored local workforce plans.

Demand - Attract international, interstate and intrastate visitors to Melbourne and regional Victoria.

- Destination Marketing
  - Funding of $58 million will support Visit Victoria's marketing activities targeted to Melbourne, interstate visitor, New Zealand and major international markets.
  - $44 million Travel Voucher campaign including 160,000 vouchers in regional Victoria
- Events Attraction
  - Additional investment of $152 million over four years into Victoria's major events calendar to enable new and innovative events.

Enablers

- Strategic collaboration and planning
- Transition Regional Tourism Boards to Visitor Economy Partnerships
- Data and insights: Use data and insights to drive robust decision-making

2017-2021 Victorian Wine Industry Development Strategy

Victoria's Wine Industry Development Strategy aims to recalibrate the Victorian wine industry, setting it on a pathway to sustainable prosperity.

This strategy has been structured around four core strategic platforms. A series of programs is proposed to fulfil the strategic aim of each platform.

- Adapt: Support adaptation to a new industry operating environment
- Visit: Increase visitation and expenditure within Victorian wine regions
- Trade: Develop profitable and sustainable export markets
- Lead: Strengthen industry structure and coordination

The Wine Growth Fund has been established by the Victorian Government to develop and grow Victoria's wine industry. Projects funded in 2016–17 have a total value in excess of $3 million, with government contributing $750,000 and industry in the order of $2.3 million. The fund will support the development of export markets, marketing and tourism initiatives, improvement in wine production, new infrastructure developments and job creation.

Regional and Local Government Strategy

Phillip Island and San Remo Visitor Economy Strategy 2035

The Phillip Island and San Remo Visitor Economy Strategy 2035, adopted in 2016, sets out the strategies for tourism development specific to the Island. The vision for the region is stated as follows:

Phillip Island (including San Remo) is recognised nationally and globally as a world leading sustainable tourism destination, where tourism is embraced by the community.

The strategy identifies a number of product and experience gaps that will need to be addressed to meet 2035 growth market needs.

- Spa/Wellness experiences including rural retreats;
- Food and wine related activities and events;
- Eco/luxury accommodation with restaurant;
- Farm / rural tourism experiences;
- Year-round events calendar (particular focus on cultural events);
- Events infrastructure to host events (including sporting facilities);
- Walking and cycling trails, marine events and experiences, Motorsport precinct activities and new golf courses;
- Touring Loops;
- Eco-education facility / gardens.

Many of the needs identified within the Phillip Island and San Remo Visitor Economy Strategy would need to be supported in rural areas and do not have any nexus with agriculture.

To support these uses, consideration must be made to how rural areas can support investment where tourism is the primary land use.

A number of principles of enablers of success are outlined in the Strategy.

- Clear vision, leadership, cohesion and clear communication between State Government, Council, the tourism industry and the community;
- A tourism-oriented planning framework with training and a rural tourism policy;
- Identification of priorities and focussed investment in those areas;
- Design guidelines to balance infrastructure with destination appeal;
- Advocacy of Phillip Island and San Remo as being 'investment ready';
- Support for entrepreneurs and investors (reduce hurdles); and
- Diversity of products to reduce risk from market shifts and unplanned events.

To help facilitate the tourism objectives, the Strategy proposes major changes to the Bass Coast Planning Scheme, the following was recommended:

1. Include an Expanded Tourism Policy in the Bass Coast Planning Scheme

The Strategy recommends an expanded Tourism Policy in the Bass Coast Planning Scheme to incorporate the new vision, targets and accepted limits to infrastructure development as well as giving reference to a new Policy Section on Rural Tourism.

Specifically, it is recommended that the Municipal Strategic Statement (MSS) (now the MPS or PPF) be expanded to include key principles to guide the future development of Tourism (including Rural Tourism), being:

- Support for tourism that protects and enhances the regions natural environment through sustainable development and management principles;
- Encourage tourism events, marketing and developments that enhance the lifestyle of the local community through the creation of employment, supporting community facilities, enhancing conservation and supporting community events;

- Seek to foster tourism activities that grow visitor markets that will support local jobs and workforce retention and demand for skilled employment and quality people;
- Actively encourage tourism activities that shift the peak demand periods and that attract visitors more likely to stay and spend time (and money) in the region; and
- Attract investment by supporting year-round visitation and dispersal of visitors.

In addition to this, the strategic planning framework policy would also be amended to reflect the guiding principles, and strategic directions set out in this Visitor Economy Strategy.

2. Encourage Rural Tourism through a Rural Tourism Policy

It is recommended that a Local Planning Policy for Tourism, including Rural Tourism be added to the MSS (now the MPS) covering all areas currently zoned 'Farming' in Phillip Island and San Remo to encourage rural and ecotourism tourism opportunities for farmers

This section would recognise the following objectives:

- Encourage a viable, ongoing, farming and rural industry for the Bass Coast, including on Phillip Island, that protects the visual qualities of the landform;
- Support rural tourism uses including small-scale accommodation, roadside food stalls, value-adding to primary production for tourism consumption and events, that not only meets the planning controls used to preserve the appeal of rural areas, but improves environmental conditions and allows for more sustainable farming operations through alternative revenue streams and promotion of rural industries; and
- Provide a Farming Zone that allows for diversification into Rural Tourism, supported by a wide range of business support programs.

Include Rural Tourism in the proposed Tourism Policy to encourage diversification of economic activities in the rural zone and to help the rural tourism industry thrive.

Towards 2030 - Gippsland Destination Management Plan

Destination Gippsland | 2020

Vision: Gippsland's natural beauty, outstanding experiences and life changing moments inspire the world to visit.

The Gippsland Destination Management Plan, adopted August 2019, is the guiding strategic tourism document for the Gippsland region and identifies the unique offerings that lie within the region that can be leveraged to support tourism and facilitate economic growth and employment to 2030.

The Plan sets out the goal of the region to:

"Grow the value of tourism to Gippsland by increasing the number of visitors, length of stay and spend in region"

Seven strategic priorities to guide tourism development, including.

1. Collaborative and effective leadership and governance across industry and community
2. Strengthen Gippsland's appeal as a destination through brand awareness and co-ordinated marketing
3. Develop Gippsland's experiences that encourage new and existing markets to visit, stay and spend
4. Invest in diverse and exciting regional events
5. Invest in place-making to support the visitor economy
6. Revitalise visitor servicing across the region
7. Create industry partnerships to foster and grow the Gippsland visitor economy

Each strategy has a suite of actions identified that aim to increase leadership, visitation, average length of stay, yield, customer satisfaction, and repeat / referral visitation throughout the year and into the future.

The plan identifies key infrastructure gaps and investment opportunities that need to be met to encourage visitors to stay longer. These include:

- Accommodation is a key consideration for tourism growth to the region – without enough stock of high-quality (and potentially branded) accommodation, the region will be unable to keep up with the strong growth in demand and it will not be able to compete with other destinations.
- Gippsland has deep roots and connections with the agricultural sector, particularly dairy, beef and lamb production. A significant opportunity exists to elevate the regional food and wine as a truly unique Gippsland experience that cannot be easily replicated in other areas of regional Victoria.
- Business events also offer strong growth opportunity for Gippsland given its proximity to Melbourne and the variety of experiences on offer. Suitable accommodation and conference facilities will be required to support this market.

Further to this, Baw Baw and Bass Coast Shires are projected to experience large increases in population over the next ten years due to their relative proximity to Melbourne, including the Cardinia Employment Corridor with new residents settling within commuting distance to metropolitan workplaces. This growth is expected to increase demand for leisure and recreation facilities and services, particularly in areas close to Melbourne, and to stimulate demand for new hotels, conference facilities for business events, as well as visitor services, experiences (including events and festivals) and related amenities.

New Brand and Experience Themes

Focused and coordinated implementation of the new brand and experience themes for Gippsland is essential to build awareness and preference for Gippsland, that lead to bookings, more visitors and increased spend in the region. This will need to be driven by the creation of new and exceptional experiences within each of the five established experience themes:

Projects identified for the Bass Coast region include:

Hero Experiences

- George Bass Coastal Walk: The southern Gippsland Coast between Phillip Island and Inverloch has the potential to be one of the great coastal experiences in Australia leveraging existing accommodation in local towns and villages as well as showcasing the proposed Yallock-Bulluck Marine and Coastal Park.
- Destination Restaurant in Gippsland: A destination restaurant is one that has a strong enough appeal to draw customers from beyond its community and create demand from both domestic and international markets. As an example, a world class architectural showpiece somewhere on the Gippsland Coast would attract the Lifestyle Leader market.

Supporting Experiences

- The Pinot Coast: The Pinot Coast Project is creating a competitive and recognised brand and visitor experience around a 'one wine tourism proposition' that is single minded in its marketing focus on Pinot Noir and is aiming for a leadership position for this variety in the world market. While having such well recognised wine produced in the region, the region is not well known in the market, nor considered a wine destination.
- Paddock and Ocean Produce: Gippsland's produce is world class - a growth in products from the food grown in Gippsland would see a value add and a likely increase in return on investment for farmers as well as creating a significant experience across the region for visitors and residents alike. One element of showcasing Gippsland's produce is to hold an annual event bringing the chefs of Australia and the world to Gippsland and connect food producers with chefs and consumers.

Strategic work does not identify specific rural tourism gaps and needs for the Bass Coast mainland. Unlike Phillip Island, the directions from the Gippsland Destination Management Plan are for a much larger region and do not provide detailed guidance on rural land uses.

Bass Coast Rural Land Use Study 2014

In 2010 Bass Coast initiated the preparation of a Rural Land Use Strategy, triggered by the translation of the new suite of rural zones to the Bass Coast Planning Scheme in 2006 and completion of a number of Council studies.

In 2010 Council undertook preparation of a Rural Strategy Background Paper and in 2012 consultation on a Directions Paper.

The Bass Coast Rural Land Use Strategy sets out a long term vision for the Shire's rural areas that aims to:

- Protect the opportunity for agriculture
- Protect rural landscape and maintain green breaks between towns
- Provide for rural based tourism
- Ensure that environmental values are protected and enhanced
- Protect the liveability of Bass Coasts' rural areas.

The RLUS identifies Tourism Investigation Precincts for consideration of rural based tourism. These Tourism Investigation Precincts were assessed and appropriate locations for the application of the Rural Activity Zone were identified at: Coronet Bay – Corinella. The Gurdies Inverloch-Cape Paterson and Phillip Island.

The preferred mix of uses in the Rural Activity Zone in these localities includes:

- Agriculture
- Tourist and recreational activities
- Accommodation.

All development should be:

- Of modest scale, relevant to the land size, surrounding uses and the ability to nestle into the landscape
- Subservient to the landscape so as not to detract from the quality of the landscape
- Capable of net gain environmental outcomes
- Self-sufficient in the provision of relevant infrastructure and associated development costs.

Uses that would not be supported include a convenience shop, equestrian supplies, motor racing track, hotel, landscape gardening supplies, tavern and similar uses.

While this section of the Strategy has clearly articulated the preferred approach to tourism in rural areas of the municipality, it is acknowledged that there may be one-off proposals of a substantial size not associated with agriculture that may have significant regional benefits. Such proposals would be subject to a rezoning proposal.

Rural Activity Zone

It is recommended that the:

- Rural Activity Zone is retained in locations where it currently applies.
- Rural Activity Zone be applied to land in Coronet-Bay / Corinella (Figure E2), The Gurdies (Figure E3), Newhaven (Figure E4) and Cape Paterson / Inverloch (Figure E5) to provide for agriculture and rural based tourism.
- Minimum lot size for subdivision within proposed Rural Activity Zone precincts vary by locality:
- Coronet Bay – Corinella 40 ha
- The Gurdies 40 ha
- Newhaven 40 ha
- Inverloch to Cape Paterson 260ha
- A local policy is prepared to provide additional guidance on subdivision, dwellings and tourism facilities and activities in the Rural Activity Zone.



The Rural Land Use Strategy is silent on the land use planning needs for rural Phillip Island. It is highly focused towards protecting farming as the primary activity across Bass Coast, without acknowledging the important role of tourism as the key economic driver in the rural areas of Phillip Island. In addition, the Study relies on dated agricultural quality mapping, which is difficult to interpret.

Bass Coast Shire Council Plan 2021 to 2025

The Bass Coast Shire Council Plan 2021 to 2025 commits Council to a strategic direction and guides decision making over four years. The Vision for the Council Plan is adopted from the Bass Coast Community Vision 2041.

The Plan is centred around six strategic objectives. Protecting our natural environment, Healthy communities, Our Places, Growing our Economy, Sustainable Development and Leading for our Community

Directions and actions related to tourism and rural land use development include:

- Ensure Council's planning instruments protect the environmental assets of the Bass Coast.
- Support the creation of new jobs through the development of local businesses, activity centres and business innovation.
- Take a Shire-wide approach to enhancing and diversifying our visitor economy and attraction.
- Facilitate economic resilience and diversity so industry can succeed in local, national and global markets.
- Partner with key stakeholders to grow and deliver signature events that showcase Bass Coast.
- Support our agricultural and farming industry and facilitate biodiversity conservation and transitions to regenerative farming practices.
- Ensure land use planning and economic development are aligned to facilitate business investment.
- Promote environmentally sustainable and universal design principles as standard.
- Build partnerships that enhance service provision, infrastructure delivery and funding opportunities.

Bass Coast Shire Economic Development Strategy 2016 to 2021

The Bass Coast Shire Economic Development Strategy provides the provides a framework to promote and facilitate sustainable economic development in Bass Coast.

The Strategy clearly identifies the importance of the visitor economy to Bass Coast Shire and promote Bass Coast as an all year unique tourist and events destination.

The Strategy highlights how agriculture and farming will remain a significant economic driver in the Bass Coast economy in the future and that land use policies and regulations will have important ramifications for future directions in agriculture and tourism and events.

Strategic directions provided in the Strategy include:

- As industrial and residential growth continues to fragment agricultural land, Council's existing land use planning policy should be supported to ensure retention of good quality agricultural land.
- Bass Coast has the potential to diversify its agricultural output, taking advantage of high-quality soils and innovations in technology and smart and sustainable farming practices. Other innovations such as agri - and eco -tourism are also emerging.
- Council need to work with farmers to support the shift to more environmentally sustainable farming practices and to consider innovations that will add value, such as intensive cropping and agri-tourism.

Much of the local and regional strategy relating to tourism highlights the importance of promoting year-round visitation. The peaks and troughs of the tourism sector in Bass Coast create issues for business sustainability. There is opportunity to strengthen the use of assets and infrastructure in the off peak season.

The promotion of rural tourism uses, including nature based, agri-tourism and other attractions in the rural areas present the strongest opportunity to encourage year-round visitation. The Mornington Peninsula has undergone significant off-peak visitation growth through the enhancement of its rural tourism offering including farm gate, wineries, arts and culture and destination and experiential accommodation investment.

Planning Scheme Review

This section includes an overview and assessment of the Bass Coast Planning Scheme in relation to rural tourism development.



There are four rural land zones currently applied across Bass Coast Shire including Farming Zone (FZ), Rural Activity Zone (RAZ), Rural Conservation Zone (RCZ) and the Rural Living Zone (RLZ).

The RAZ and FZ are the most predominant zones in Bass Coast Shire for rural tourism development.

The purpose of the RAZ is to facilitate agriculture and other land uses compatible with agriculture – conditionally allowing leisure and recreation activities, restaurants, hotels and other group accommodation.

However, the RAZ is further constrained by the local planning provisions, specifically:

The schedule to the RAZ specifies that development must be small scale, have a rural/ costal appearance and maintain lot density.

Local tourism planning policy further restricts activities to be ancillary or directly integrated with agricultural uses, thus prohibiting most uses allowed under the usual RAZ.

The FZ also facilitates non-agricultural uses but is subject to far fewer local policies. As a result, the RAZ in practice is more restrictive than the FZ.

Overall, analysis shows disconnect between the tourism product demand identified in strategic documents and the local tourism policy. Local planning policy often prescribes location-specific tourism land uses without consideration to current market demand – which is crucial factor for successful investment attraction.

Key land use policy gaps include:

- Provisions and appropriately zoned land for mid to large scale development with the ability to deliver significant economic and employment outcomes.
- Lack of strategic direction for rural areas outside of the key tourist nodes, particularly on Phillip Island.
- Detailed and up to date strategic work has not been completed into the productivity of agricultural land across Bass Coast Shire.

T1 Overview of Bass Coast Planning Scheme Rural Tourism Policy

Municipal Planning Strategy	
Municipal Planning Statement	
Strategic Framework	
Local Planning Policy	
Natural Resource Management	• LPP 14.01-2L-02 Sustainable agricultural land use in the Farming Zone • LPP 14.01-2L-03 Sustainable agricultural land use in the Rural Activity Zone
Built Environment and Heritage	• LPP 15.01-6L Development in the Rural Activity Zone
Economic Development	• LPP 17.01-1L Diversified economy • LPP 17.04-1L Facilitating tourism
Zones	
Rural Zones	• Rural Activity Zone (RAZ) • Farming Zone (FZ) • Rural Living Zone (RLZ) • Rural Conservation Zone (RCZ)
Other Zones	• Special Use Zones (SUZ)

Municipal Planning Strategy

Vision

The Bass Coast Shire's Council Plan 2021-2025 provides the following vision:

From its flowing hills to its wild unspoiled coastlines, the Bass Coast is a source of celebration for all who live in and visit the region.

Our townships are vibrant, rich with culture and full of life, each with its own distinct character. Drawing on our creativity, innovation and resilience we've created a thriving and diverse economy that supports sustainable agriculture and industry.

We live proudly on Bunurong Country, and build on learnings from our First Peoples and their knowledge. We coexist in harmony with our environment, and are prepared for future challenges and changes.

We are the people of the Bass Coast. Experience our cultures and history, and contribute to our story.

This is supported by six objectives that shape Council's vision for land use planning

1. Protecting our natural environment: Building resilience and protecting and enhancing our natural assets.
2. Healthy Community: An inclusive community that embraces its lifestyle and supports health and wellbeing.
3. Our Places: Strengthening the connection between people and the public places they share.
4. Growing our Economy: Progressing opportunities for visitor economy and business growth in harmony with our natural environment and sustainable values.
5. Sustainable Development: Prepare for growth while ensuring the intrinsic values and character of Bass Coast are retained.
6. Leading for our Community: Demonstrating leadership through good governance, transparency and accountability.

Settlement

Council seeks to:

- Maintain a separation between townships.
- Support agriculture and rural landscapes in maintaining distinct non-urban breaks between towns.
- Discourage urban development that encroaches or impacts on significant environmental features.

Environmental and Landscape Value

Council seeks to:

- Protect areas of environmental, landscape, agricultural, cultural or recreational significance such as rural, coastal and hinterland landscapes.
- Protect locally significant views and vistas that contribute to the character of the region.
- Protect the undeveloped character of the coastal strip

Natural Resource Management

Agriculture

Council seeks to:

- Support the retention of productive agricultural land by restricting development within agricultural areas.
- Limit the fragmentation of rural land through the creation of small rural lots within the Farming Zone, the Rural Activity Zone and the Rural Conservation Zone.
- Support the retention of agricultural land for the cost-effective production of food and raw materials.
- Prevent unplanned rural living development from displacing agricultural production or impacting on the viability of farm businesses by impeding on their 'right to farm'.
- Prevent land use conflicts in agricultural areas by discouraging uses in rural areas that are not directly related to or that have an adverse impact on current and future agricultural opportunities.
- Support a mix of uses in the Farming Zone that supports agricultural activities and associated rural industries and facilitates the retention of productive agricultural land.

- Support a mix of uses in the Rural Activity Zone that provide for agriculture and other uses that are compatible with the rural, environmental and landscape values of an area.

Economic Development

Diversified Economy

Council seeks to:

- Grow and diversify the local economy by supporting rural activities, home based business, tourist development and other commercial enterprises.
- Support business services that cater to both residents and visitors.

Agriculture

Council seeks to:

- Protect the economic viability of rural areas.
- Support the diversification of the agricultural industry and the development of value-adding rural industries.
- Support innovative rural activities that implement sustainable land management practices and contribute to the economic diversity and viability of local and regional produce.

Tourism

Tourism is the pillar of the Bass Coast economy with internationally recognised tourism destinations such as Phillip Island and the coastlines of Western Port and Bass Strait.

Nature plays an important role in tourism in the Shire. A range of accommodation, food premises and shops also contribute to the visitor's experience and to the economy by providing job opportunities, investments and facilities for residents to enjoy.

Tourism is broadening its focus and seeking to capitalise on a wider product-base around the agricultural, environmental and landscape values of the rural hinterland.

There is a growing demand for environmentally sustainable tourism development and, more recently, for large-scale tourism development.

Key tourist areas within Bass Coast include:

- Cowes.
- Fiveways, Phillip Island.
- Newhaven.
- Inverloch.
- Rhyll.
- San Remo.
- Bass.

Similarly, rural-based tourism areas include:

- Coronet Bay.
- Corinella.
- The Gurdies 'Fantasia Site'.
- Inverloch-Cape Paterson.

Council seeks to:

- Support well-designed tourist development in identified locations, that respond to market demands, as well as the coastal and landscape character, and the environmental significance of the area.
- Support tourism in rural areas provided it does not come at the expense of their landscape, amenity, liveability, environmental, social and agricultural values.
- Encourage diversity in tourist accommodation and attractions

The local policy relating to rural based tourism is restricted to "rural tourism precincts" only and falls silent on the needs and opportunities on Phillip Island and the Bass Coast Hinterland.

Local Planning Policies

Natural Resource Management

14.01-2L-02 Sustainable Agricultural Land Use in the Farming Zone

This policy applies to all land within the Farming Zone.

Objectives

- To identify and support a preferred mix of land uses.
- To minimise conflict with existing agricultural land uses.

Strategies

- Discourage non-agricultural uses other than those that support agriculture.

Policy Document

- Consider as relevant: Bass Coast Rural Land Use Strategy (RMGG, 2014)

Policy Guidelines

- Encourage the following uses:
  - Agriculture.
  - Primary produce sales.
  - Tourism facilities that complement or are associated with the agricultural use of land such as wine tasting and farm gate sales.
  - Rural industry that complements agriculture.
- Discourage the following uses:
  - Convenience shop.
  - Dwelling other that in association with agriculture or tourism.
  - Equestrian supplies.
  - Industry that has no association with agriculture.
  - Motor racing track.
  - Hotel.
  - Caravan Park.
  - Landscape gardening supplies.
  - Store.
  - Bar.
  - Trade supplies.
  - Residential hotel.
  - Service station.
  - Sawmill.
  - Warehouse.

The local policy for Sustainable Agricultural in the Farming Zone actively discourages uses that do not 'support' agriculture. This is also reflected in the Policy Guidelines effectively ruling out tourism uses that have no link to agricultural activity.

14.01-2L-03 Sustainable Agricultural Land Use in the Rural Activity Zone

This policy applies to all land in the Rural Activity Zone.

Objective

- To identify and support a preferred mix of land uses.
- To minimise conflict with adjoining land uses.

Strategies

- Support the use and associated development of land for agriculture, tourism, recreational activities and to a lesser extent, accommodation.
- Support tourism use and associated development that supports the region's tourism strengths and identified market demand.

Policy Document

- Consider as relevant: Bass Coast Rural Land Use Strategy (RMGG, 2014)

Policy Guidelines

- Encourage the following uses:
  - Accommodation such as farm stays and host farms.
  - Tourism facilities in association with, or that complement agriculture such as wine tasting and farm gate supplies.
  - Bed and breakfast.

  - Recreation activities such as trail rides and golf courses.
  - Uses associated with the operation of the Phillip Island Grant Prix Circuit.
- Discourage the following uses:
  - Convenience shop.
  - Dwelling not in association with agriculture or tourism.
  - Equestrian supplies.
  - Motor racing track unless associated with the Phillip Island Grand Prix Circuit.
  - Intensive animal husbandry.
  - Hotel.
  - Landscape gardening supplies.
  - Store.
  - Bar.
  - Trade supplies.
  - Residential hotel.
  - Service station.

Sustainable Agricultural Land Use in the Rural Activity Zone highlights that there is support for tourism use and development, however the Policy Guidelines primarily supports tourism facilities in association with or that complement agriculture. Again, reinforcing the primary role of "Rural Tourism Precincts" in Bass Coast are for farming and not tourism.

Built Environment and Heritage

15.01-6L Development in the Rural Activity Zone

This policy applies to all land in the Rural Activity Zone.

Objectives

- To protect the visual and environmental qualities of rural and coastal landscapes.
- To support development that complements the existing and desired future character of rural and coastal areas.

Strategies

- Support tourism development that is complementary to rural activities and facilitates the region's tourism strengths and identified market demand.
- Site and design development (including development associated with the Phillip Island Grand Prix Circuit) to minimise any adverse impact on surrounding agricultural land, and the environmental and landscape values of the area.
- Minimise any adverse impact on the visual qualities of the site and surrounds through design, siting, materiality, colours and landscaping.
- Design development to be of a small scale with a rural or coastal appearance to complement the character of the area.
- Provide site densities that reflect the rural or coastal character of the area.
- Design development to be self-sufficient in the provision of relevant on-site infrastructure.
- Minimise impacts on water catchments and water quality by incorporating wastewater treatment systems.
- Maintain a scale of development between Inverloch and Cape Paterson that preserves the significant landscape values of the area including the long views along the coast.

Local Policy relating to Built Environment and Heritage has a number of directions that are ambiguous. Firstly, the strategy for tourism development highlights the need to 'support rural activity', however rural activity can refer to any use undertaken in the rural area. Secondly, the strategy specifies that development be small scale. However, 'scale' is relative to the location and is a subjective term. In order to appropriately protect landscape, built form guidelines need to consider the location, siting, use, architectural form and the setting.

Economic Development

Clause 17.04-1L Facilitating Tourism

Location Based Strategies

- Support the location of tourist development in the tourist areas identified in Clauses 02.03 and 02.04 [Cowes. Fiveways, Phillip Island. Newhaven. Inverloch. Rhyll. San Remo. Bass. rural-based tourism areas - Coronet Bay-Corinella, The Gurdies Inverloch-Cape Paterson]
- Encourage tourist, recreational activities and primary produce sales and tasting that are ancillary to agricultural activities in RAZ and areas identified for this purpose in strategic framework plans at Clauses 11.01-1L.
- Integrate tourism-related development with existing settlements and existing tourist and urban infrastructure.
- Discourage tourist development from establishing intermittently along major tourist routes, unless identified as a tourist area.
- Discourage tourist or recreation-based development on high-quality or productive agricultural land and in areas of high environmental and landscape quality.

Diversification Strategies

- Encourage tourist facilities and services that are compatible with and add value to the existing built and natural attractions
- Support tourist development that will contribute and reinforce the municipality as an all-year round tourist destination.
- Facilitate development of integrated recreation, cultural heritage and tourist development at locations identified for these uses.
- Encourage development that is innovative, conducive to overnight stays or leads to new tourist products and promotion.
- Location specific diversification strategies:
  - Corinella, Coronet Bay, Grantville, San Remo, Cowes and Inverloch. Encourage the development of short-term tourist accommodation such as holiday units and cabins.
  - Cowes, San Remo, Wonthaggi, Grantville and Inverloch - Encourage a diverse range of restaurants and entertainment facilities.
  - Coronet Bay-Corinella - Encourage small scale rural-based tourist development with an accommodation component.
  - The Gurdies 'Fantasia Site - Encourage the use and development of land in the Gurdies 'Fantasia Site' for high-quality boutique accommodation and food and drink premises linked to cellar doors, wineries and other local food produce, and nature-based tourism development.
  - Inverloch-Cape Paterson - Support small-scale accommodation and nature-based tourism development that complement the surrounding high quality environment



The location-based strategies for Facilitating Tourism act as a significant barrier to investment. The policy only supports development in the "tourist areas" or Rural Activity Precincts and encourages tourist and recreational uses that are 'ancillary' to agricultural uses.

There is very little consideration in the Local Planning Policy to rural tourism uses such as nature based, environmental, and wellness that have no connection to agricultural, but are legitimate uses of rural land and support strong environmental and landscape outcomes.

In general, tourism uses identified in the Local Policy do not consider contemporary approaches to tourism investment and the need for some rural land to support tourism uses that have no linkage with agriculture.

Overview of Rural Zones

The following table provides an overview of the existing Rural Zones currently applied in the Bass Coast Planning Scheme.

T2 Overview of Rural Zones - RAZ

Zone	Rural Activity Zone
Purpose	• To provide for the use of land for agriculture. • To provide for other uses and development, in appropriate locations, which are compatible with agriculture and the environmental and landscape characteristics of the area.
No Permit Required Tourism Uses	• Bed and Breakfast (Max Capacity of 10) • Informal outdoor recreation • Primary produce sales
Permit Required Tourism Uses	• Bar • Camping and caravan park • Convenience shop • Group accommodation • Hotel • Host farm • Leisure and recreation • Market • Place of assembly • Restaurant • Service station
Prohibited Tourism Uses	• Accommodation (not listed above) • Cinema based facility • Nightclub • Retail premised (not listed above)
Permit Required for Subdivision	Yes
Minimum Subdivision Requirements	Specified in Schedule to the Zone
Schedule No.	Schedule 1 to Clause 35.08 Rural Activity Zone
Schedule Purpose or Statement of Significance and Values	• To support rural based tourism • Retain dominance of pastoral landscape/coastal views • Maintain the current lot density • Avoid large buildings, minimise the visibility of buildings, ensure development is 'tucked into' the landform • Maintain green breaks between settlements • Ensure development is small scale with a rural/coastal appearance • Enhance environmental values, increase indigenous vegetation • Achieve environmental outcomes to improve biodiversity and linkages

Minimum Subdivision Requirements	• Tourism Precincts:
	  • Coronet Bay – Corinella: 40 hectares
	  • The Gurdies 'Fantasia Site': 40 hectares
	  • Inverloch - Cape Paterson – 260 hectares
	• All other land: 40 hectares

T3 Overview of Rural Zones - FZ & RCZ

Zone	Farming Zone	Rural Conservation Zone
Purpose	• To provide for the use of land for agriculture. • To encourage the retention of productive agricultural land. • To ensure that non-agricultural uses, including dwellings, do not adversely affect the use of land for agriculture.	• To protect and enhance the natural environment and natural processes for their historic, archaeological, scientific interest, landscape, faunal habitat and cultural values. • To provide for agricultural use consistent with the conservation of environmental and landscape values of the area.
No Permit Required Tourism Uses	• Bed and Breakfast (Max Capacity of 10) • Informal outdoor recreation • Primary produce sales	• Bed and Breakfast (Max Capacity of 10) • Informal outdoor recreation
Permit Required Tourism Uses	• Camping / caravan park • Freeway service centre • Group accommodation • Host farm • Leisure and recreation • Market • Place of assembly • Residential hotel • Restaurant • Winery	• Group accommodation • Host farm • Market • Primary produce sales • Residential hotel • Restaurant • Winery
Prohibited Tourism Uses	• Accommodation (not listed above) • Cinema based facility • Nightclub • Retail premises (not listed above)	• Accommodation (not listed above) • Leisure and recreation • Place of assembly (exc. Carnival or Circus) • Retail premises (not listed above)
Permit Required for Subdivision	Yes	Yes
Minimum Subdivision Requirements	If unspecified in a Schedule to the Zone, 40 hectares.	If unspecified in a Schedule to the Zone, 40 hectares.
Schedule No.	Schedule 1 to Clause 35.07 Farming Zone	Schedule 1 to Clause 35.06 Rural Conservation Zone
Schedule Purpose or Statement of Significance and Values	None	Conservation Values:: Protection of water catchments, and areas of significant environmental quality
Minimum Subdivision Requirements	• Mainland (Wonthaggi-Inverloch SA2): 80 hectares • Phillip Island: 40 Hectares	All land: 40 hectares

Overview of Special Use Zones

The Special Use Zone is currently applied to select areas and rural tourism facilities in Bass Coast, including the Phillip Island Motor Racing Track, RACV Resort Inverloch and Silverwater Resort in San Remo.

The following table provides an overview of the existing Special Use Zones currently applied in the Bass Coast Planning Scheme

T4 **Overview of Special Use Zones**

Zone	Schedule 1 To Clause 37.01 Special Use Zone - **Phillip Island Motor Racing Track (SUZ1)**	Schedule 5 To Clause 37.01 Special Use Zone - **Inverloch RACV Resort (SUZ5)**	Schedule 6 To Clause 37.01 Special Use Zone - **Silverwater Resort, San Remo (SUZ6)**
Purpose	To provide for the use or development of a motor racing track and associated activities.	To allow a mix of uses to recognise and support sustainable tourism activity and accommodation opportunities at the RACV Inverloch Resort	To provide for a mix of uses to recognise and support sustainable tourism activity and accommodation opportunities at the Silverwater Resort, San Remo.
Tourism Land Uses: Permit not required	• Bed and breakfast • Carnival • Circus • Informal outdoor recreation • Motor racing track	• Camping and caravan park • Carnival • Circus • Informal outdoor recreation • Restaurant • Restricted recreation facility	• Accommodation (other than Caretakers house, Residential hotel, Camping and caravan park, Corrective institution, Dependent person's unit, Host farm, Residential building, Residential village, and Retirement village) • Informal outdoor recreation • Restaurant • Restricted recreation facility
Tourism Land Uses: Permit required	• Accommodation (other than Dependent person's unit and Dwelling) • Equestrian supplies • Leisure and recreation (other than Informal outdoor recreation and motor racing track) • Place of assembly (other than Carnival and Circus) • Retail premises (other than Shop)	• Accommodation (other than Camping and caravan park, Dwelling, and Residential hotel) • Retail premises (excluding Adult sex product shop, Department store, Manufacturing sales, Restaurant, Restricted retail premises, Supermarket and Trade supplies)	• Retail premises (excluding Adult sex product shop, Department store, Manufacturing sales, Restaurant, Restricted retail premises, Supermarket and Trade supplies)
Tourism Land Uses: Prohibited	• Cinema based entertainment facility • Shop (other than Convenience shop and Equestrian supplies)	• Department store • Restricted retail premises • Supermarket	• Department store • Restricted retail premises • Supermarket
Subdivision requirements	A permit is required to subdivide land.	A permit is required to subdivide land. An application must be accompanied by a report which explains how the proposed subdivision: • Promotes the purpose of this zone. • Supports the decision guidelines for this zone.	A permit is required to subdivide land. An application must be accompanied by a report which explains how the proposed subdivision: • Promotes the purpose of this zone. • Supports the decision guidelines for this zone.

Case Study: Green Wedge Zone

The Green Wedge Zone (GWZ) is applied to non-urban land in Metropolitan Melbourne outside of the Urban Growth Boundary (UGB). The zone has been a key factor in facilitating sucessful rural and regional tourism economies including the Mornington Peninsula and the Yarra Valley.

The purpose of the GWZ is to protect non-urban land for its agricultural, environmental, historic, landscape or recreational values, or mineral and stone resources.

As shown below in the table, the zone provides opportunity for all agricultural uses and tourism uses to those that either support **agriculture, natural environments or other rural industries**, that cannot locate in urban areas for amenity and other reasons.

The zone more appropriately reflects the broader range of rural land types that exist in the region (i.e. beaches, forests, hills, heritage sites) and thus enables a greater variety of tourism activities and better protects its rural assets.

Similar to other sucessful tourism regions, Bass Coast Shire has a diverse range of rural land types. Current zoning assigns farming as the primary use of land for much of these areas, potentially inhibiting the best use of land.

The Green Wedge Zone cannot be applied to Bass Coast Shire as it is classified as a regional local government area. However, there is opportunity to adopt similar land use policies seen the GWZ into the Bass Coast Planning Scheme.

T5 Examples from the Green Wedge Zone Land Use Tables

Land Use Type	Permit Requirement	Conditions
Function Centre	Permit Required	Must be used in conjunction with Agriculture, Natural systems, Outdoor recreation facility, Rural industry or Winery. The number of patrons present at any time must not exceed the number specified in a schedule to the zone or 100 patrons, whichever is the lesser. The lot on which the use is conducted must be at least the minimum subdivision area specified in a schedule to this zone. If no area is specified, the lot must be at least 40 hectares.
Restaurant	Permit Required	
Place of Assembly (Carnivals & Festivals)	Permit Required	Must not be used for more than 10 days in a calendar year.
Group Accommodation	Permit Required	The number of dwellings must not exceed the number specified in a schedule to the zone or 40 dwellings, whichever is the lesser. The lot on which the use is conducted must be at least the minimum subdivision area specified in a schedule to this zone. If no area is specified, the lot must be at least 40 hectares.

Discussion of Planning Constraints on Tourism Uses

Local Policy Constraints

A highly agriculture-oriented 'tourism' policy

The overarching Municipal Planning Strategy is heavily in favour of agriculture and farming land uses over rural tourism development.

Section 02.03-4 of the Municipal Strategic Directions strongly supports the retention of agricultural land, restricting development within agricultural areas and actively discourages tourism uses in rural areas that do not directly relate to agriculture.

Ambiguous and undefined terminology

Several strategic directions and terminology throughout the local policy are unclear or undefined.

For example, Clause 17.04-1L, specifies 'nature-based tourism development' in the Inverloch-Cape Paterson area. However, 'nature-based', is not properly described or defined anywhere in the Planning Scheme.

It is mentioned throughout several local policies to 'discourage tourist or recreation-based development on high-quality or productive agricultural land'. However, no detailed and up to date strategic work has been completed into the productivity of agricultural land across Bass Coast to help guide statutory planners and investors. The latest land suitability studies for Bass Coast include

- Assessment of agricultural quality of land in Gippsland. Authored by Swan, I and Volum, A in 1984; and
- Land Suitability Assessment in Melbourne's Green Wedge and Peri-Urban Areas, published by Deakin University in 2018

Strategic land use directions that do not respond to market demand

Highly specific location-based tourism land uses have been adopted that do not align with product gaps identified in strategic tourism documents and without consideration to market demand.

This is demonstrated in Clause 17.04-1L 'Facilitating tourism'. Examples include:

- Coronet Bay-Corinella - Encourage small scale rural-based tourist development with an accommodation component
- The Gurdies 'Fantasia' Site - Encourage the use and development of land for high-quality boutique accommodation and food and drink premises linked to cellar doors, wineries and other local food produce, and nature-based tourism development.

In order to attract significant investment and ensure new tourism product is financially viable, it important that policy direction and zoning aligns with market demand and tourism opportunity.

Limited land supply for mid-to large-scale development

Several policy directions in Clause 17.04-1L 'Facilitating Tourism' greatly restricts the supply of land available for rural development, including:

- Supporting tourist development mostly within the tourist areas identified in the Planning Scheme; and
- Integrate tourism-related development with existing settlements and urban infrastructure.
- Discouraging tourist development from establishing intermittently along major tourist routes, unless identified as a tourist area.

The existing rural tourism precincts and other areas allocated for tourism uses are located next to very small settlement areas with low population bases and limited infrastructure. It will be difficult for these areas to accommodate larger scale investment without causing disruption to these rural communities.

Whilst it is important to discourage 'ribbon' patterns of development, it must also be considered that major tourist routes are often areas most conducive to development as they are best positioned to capture passing travellers. There is opportunity to facilitate tourism development along these routes where adverse impacts to landscape character can be mitigated through setback and built form controls.

Farming Zone Constraints

Purpose of Zone

The Farming Zone assigns the primary use of land for agriculture, to encourage retention of productive agricultural land, and to ensure that non-agricultural uses do not adversely affect the use of land for agriculture.

As expected, rural tourism uses are secondary in this zone.

Land use policy in the Farming Zone is constrained by additional local planning provisions

The Farming Zone permits other land uses other than agriculture – conditionally allowing for uses such as a Caravan Park or Leisure and Recreation. This is contradicted and overridden by Clause 14.01-2L-02 which specifies to 'Discourage non-agricultural uses other than those that support agriculture' and encourage 'tourism facilities that complement or are associated with the agricultural use of land', thus prohibits many uses that are allowed under the usual Farming Zone.

The schedule to the Farming Zone enforces a large minimum subdivision area of 80ha for the Bass Coast mainland. This is often not conducive to rural tourism activities, which most often do not need a lot of land.

Tourism policy is applied with a blanket approach

The Local Planning Provisions (Clause 14.01-2L-02) enforce a blanket approach for the Farming Zone across the whole Bass Coast region without consideration of agricultural land quality, tourism demand and location. There is no differentiation between the Phillip Island and the mainland in land use policy.

Rural Activity Zone Constraints

Purpose of Zone

The Rural Activity Zone assigns the primary use of land for agriculture, and to provide for other uses and development, in appropriate locations, which are compatible with agriculture and the environmental and landscape characteristics of the area.

Rural tourism uses are secondary in this zone.

Inconsistent phrasing regarding tourism development in the Rural Activity Zone

Inconsistent wording and phrasing can be observed throughout the Bass Coast Planning Scheme regarding development in the Rural Activity Zone. Such instances include:

- Clause 35.08 - Prescribes land 'uses which are compatible with agriculture'
- Clause 17.04-1L - Enforces 'tourist activities that are ancillary to agricultural activities in RAZ'
- Clause 15.01-6L - Says to 'support tourism development that is complementary to rural activities'
- Clause 14.01-2L-03 - Specifies 'Tourism facilities in association with, or that complement agriculture'

This can be very difficult to interpret for stakeholders trying to apply this policy. 'Compatible with' simply implies any two uses that can exist together without problems or conflict, whereas 'ancillary to' or 'in association' requires a direct link or integration with agricultural activities or operations.

Land use policy in the Rural Activity Zone is highly constrained by additional local planning provisions

The RAZ facilitate land uses compatible with agriculture – conditionally allowing leisure and recreation activities, restaurants, hotels and other group accommodation. However, the RAZ is further constrained by the local planning provisions.

The schedule to the RAZ specifies small scale, low-key development, avoid large buildings with a rural/coastal appearance that builds on existing tourism activities (Schedule 1 and Clause 15.01 Development in RAZ).

The schedule to the RAZ also advocates to maintain current lot density and enforces large minimum subdivision areas. This can be observed requirements for the Inverloch-Cape Patterson rural tourism precinct, which enforces a minimum subdivision for Rural Activity Precinct of 260ha. Large lots

Local tourism planning policy further restricts activities to be ancillary or directly integrated with agricultural uses, thus prohibiting most uses allowed under the usual RAZ.

Part B: Rural Tourism Assessment

Profile of Bass Coast Visitor Economy

This section provides an overview of visitor economy, visitation trends and dispersal, visitor profile, key markets segments and projected visitation.



Bass Coast Shire captures 3.1 million visitors per annum and the tourism industry contributed $529 million to the region's economy and over 5,900 jobs in 2018-19 financial year.

The majority of visitors to Bass Coast Shire are domestic and international day trippers. Prior to the COVID19 pandemic, Bass Coast Shire was experiencing positive growth of its domestic overnight market. Although benchmarking shows that overall growth has not kept pace with other comparable tourism regions.

Persisting issues for the Bass Coast visitor economy include the skewed spatial distribution of visitors and highly seasonal visitation patterns. Phillip Island attracts more than twice the number of visitors (2.1 million visitors per annum) than the Bass Coast mainland (1.0 million). Although visitation on the mainland has been moderately-high, it has primarily been driven by the VFR market. This is significant as this market type typically spends less and has lower participation in tourism activities.

As a result of the COVID19 pandemic, Bass Coast Shire saw a 54% drop in visitation from 2019 to 2020. However, visitation forecasting shows that Bass Coast Shire will recover and continue to attract visitation growth over the next ten years. At the midpoint growth scenario Bass Coast Shire visitation will grow by approximately 1,329,600 visitors by 2032 – with Phillip Island accommodating the majority of this growth (62%).

Outcomes that land use policy must achieve for sustainable tourism development include:

Deliver sufficient tourism infrastructure in rural areas, particularly accommodation, with the scale and capacity to meet growing demand.

Direct tourism investment to rural areas to relieve the pressure on overcrowded destinations and attractions such as Cowes, Penguin Parade and Inverloch.

Deliver contemporary and motivating rural tourism products, with a focus on the Bass Coast mainland, that will attract holiday/leisure visitors and improve yield from the existing VFR market base.

Improve the diversity of events, product and experiences that will facilitate year-round visitation and develop the night-time economy.

Data Regions

The information summarised in this section is based on Tourism Research Australia (TRA) survey data and Phillip Island Nature Parks visitation statistics over the five-year period between 2015 and 2019. Sub regions for Bass Coast data are:

- **Phillip Island** – refers to the Phillip Island SA2, which comprises Phillip Island including Churchill Island. It excludes San Remo.
- **Bass Coast Mainland** – refers to the Wonthaggi-Inverloch SA2 and includes the 'mainland' of Bass Coast Shire.

F4 Data Regions



Bass Coast Visitor Economy

Economic Contribution of Tourism

Along with agriculture, the tourism industry is a key driver of the Bass Coast Shire economy. Bass Coast is the most tourism reliant Local Government Area in Victoria, one of the most tourism reliant communities in Australia with significant local, national and international visitation.

According to a Tourism Summary released by the Department of Jobs Precinct and Regions, tourism contributed $529 million to the regional economy (direct and indirect) in the 2018-19 financial year, equivalent to 44% share of Bass Coast's Gross Regional Product.

Tourism generated employment for approximately 5,900 people or 47% of all employment in the Shire (direct and indirect jobs).

Visitor Expenditure

As shown in Table 4, the average visitor spend per trip across all visitor markets is lower in Bass Coast Shire in comparison to Regional Victoria and other comparable Council areas. This may be in part due to the supply of tourism infrastructure which can constrain length of stay and subsequently yield.

T6 Average Visitor Expenditure Benchmarking

	Domestic Daytrip	Domestic Overnight	International
Bass Coast Shire	$86	$379/$135	$368/$125
Surf Coast Shire	$86	$355/$140	$432/$98
City of Greater Geelong	$91	$354/$141	$1,588/$88
Regional Victoria	$90	$372	$1,004

Source: TRA LGA Profiles and Regional Summaries, 2019. Figures are based on a four-year average from 2015 to 2019.

Visitation Trends

Visitation Summary

Bass Coast Shire is one top visitor destinations in Victoria. The region includes the nationally significant Phillip Island/Penguin Parade, which was the 5th most popular attraction in Regional Victoria in 2019.

Bass Coast Shire attracted 3.1 million visitors in 2019. 48% of visitors are domestic day-trippers, 25% are domestic overnight visitors and 17% are internationals.

The Shire has achieved moderate visitor growth at an average annual rate of 4.8% over the past 5 years – equivalent to around 575,000 additional visitors since 2015. Growth in overnight visitors has been highest and accounted for 48% of total visitor growth.

Figure 5 benchmarks the pre-COVID19 visitation growth rate of Bass Coast Shire with other comparable regions and the Regional Victoria average. Data shows that visitor growth in Bass Coast has not kept pace with other tourism regions, particularly when compared to regions such as the Mornington Peninsula which have been highly successful in attracting rural tourism visitation and driving growth to the hinterland areas.

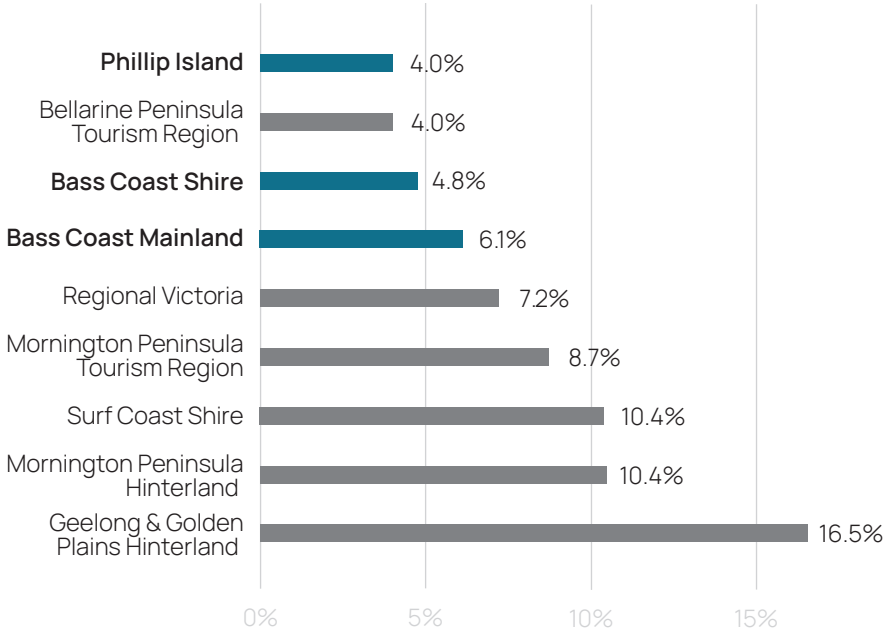
This data demonstrates there is a large existing market and strong demand for regional and rural tourism. The indicates the need for additional and renewed investment in existing rural tourism products and experiences to attract new and repeat visitation.

T7 Bass Coast Shire Visitation Summary

	No. Visitors 2019 (% of Visitors)	Growth Since 2015 (% of Growth)	5 Year AAGR
All Visitors	3,106,729	+574,673	4.8%
Domestic Daytrips	1,492,613 (48%)	+255,790 (45%)	3.8%
Domestic Overnight	1,077,953 (35%)	+280,524 (48%)	6.2%
International Visitors	536,163 (17%)	+38,359 (7%)	1.5%

Source: National and International Visitor Survey, Tourism Research Australia (TRA), 2015 to 2019 YE Dec, Phillip Island Nature Parks Annual Report, 2015 to 2019. Please note: International trips include both daytrip overnight visitors.

F5 Pre-COVID19 Average Annual Visitor Growth Rates



Source: National and International Visitor Survey, Tourism Research Australia (TRA), 2015 to 2019 YE Dec.
*Mornington Peninsula Hinterland includes the Flinders SA2 and Hastings-Somers SA2.

Visitor Dispersal

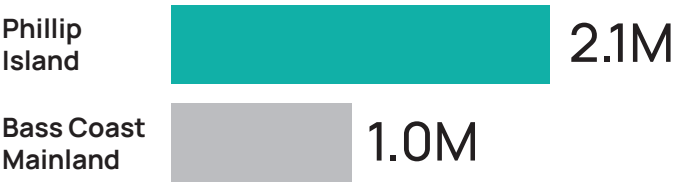
As expected, Phillip Island receives the majority of visitors to Bass Coast Shire, attracting 2.1 million visitors in 2019 (67% of total visitation) - over twice the number of visitors on the Bass Coast mainland (1.0 million). Although traditionally a daytrip destination, Phillip Island had achieved strong growth of its domestic overnight market pre-COVID19 which accounted for half of all total visitor growth since 2015.

Phillip Island continues to attract most international travellers to Bass Coast Shire (98%). These visitors are typically one-time day-trippers who visit to see a specific attraction (i.e., the Penguin Parade or the Koala Conservation Centre).

Although achieving a lower level of visitation overall, the Bass Coast Mainland has experienced a higher rate of growth, averaging 6.1% per annum compared to Phillip Island (3.3% AAGR). The majority of the market are domestic daytrippers (62%). However, pre-COVID, growth in both domestic daytrips and overnight trips had been strong. The Bass Coast Mainland saw an increase of almost a 50% in overnight visitation in a short span of 5 years, equating to an additional 124,000 visitors.

Figure 12 illustrates the average annual traffic volume along the main roads in Bass Coast Shire. Data indicates the areas that receive the most passing traffic include the northern stretch of the Bass Hwy and the towns of Wonthaggi, Inverloch, Cowes, and Newhaven.

Phillip Island attracts 67% of all visitors to Bass Coast and has the highest demand for tourism products, experiences and accommodation. The strength of demand for products and experiences, however is not reflected in Land Use Policy. There is limited rural land identified for tourism use, compared to Mainland Bass Coast.



T8 Bass Coast Shire Visitation Dispersal

	Bass Coast Mainland	Phillip Island
2019 YE Dec	1,021,592 (33%)	2,090,166 (67%)
Growth Since 2015	+262,964	+315,486
5 Year AAGR	6.1%	3.3%
Market Type		
Domestic Daytrips	633,920 (62%)	858,693 (41%)
Domestic Overnight	378,009 (37%)	704,973 (34%)
International	9,663 (1%)	526,500 (25%)
Growth		
Domestic Daytrips	+136,815 (+28%)	+118,976 (+16%)
Domestic Overnight	+123,923 (+49%)	+160,378 (+29%)
International	+2,226 (+30%)	+36,133 (+7%)

Source: National and International Visitor Survey, Tourism Research Australia (TRA), 2015 to 2019 YE Dec, Phillip Island Nature Parks Annual Report, 2015 to 2019. Please note: International trips include both daytrip overnight visitors.

F6 Annual Traffic Volume 2019



Source: Traffic Volumes for Freeways and Arterial Roads, Department of Transport, April 2020

Visitor Profile

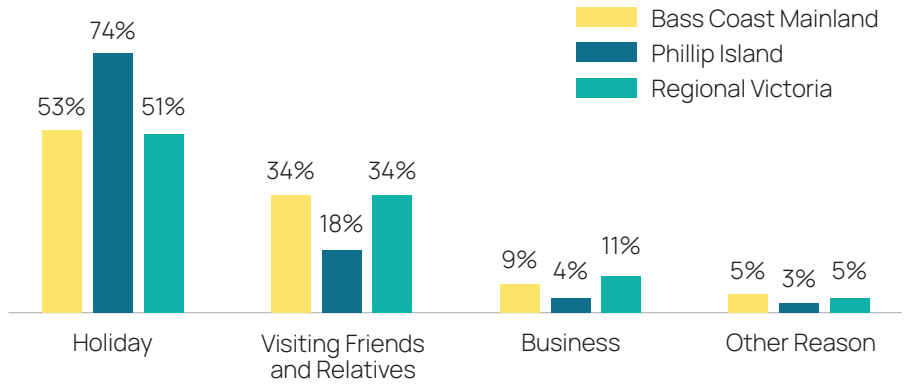
Purpose of Visit

Figure 9 shows the purpose of visit for both domestic daytrip and overnight visitors to Bass Coast Shire benchmarked with Regional Victoria. Compared to Regional Victoria and Bass Coast Mainland, Phillip Island has a high proportion of holiday visitors (74%). A lower proportion of visitors are visiting friends and relatives (18%) and business visitors (4%).

Table 8 analyses the trends in trip purpose – which shows a divergence in the Phillip Island and mainland. Holiday/leisure continues to be the source of visitor growth on Phillip Island (75% of new visitors). In contrast. visitor growth on the Bass Coast mainland has been primarily driven by the Visiting Friends and Relatives market (87% of all new visitors).

Purpose of visit data highlights the need for strategies and policies on Phillip Island to reflect and support the importance of holiday leisure tourism on the island. This data reinforces that Phillip Island has substantially higher demand for holiday leisure activities than mainland Bass Coast. The data identifies the opportunity for Mainland Bass Coast to disperse and capture visitation through product development.

F7 Purpose of Visit



T9 Visitor Growth by Purpose of Visit - Change from 2015 to 2019

	Bass Coast Mainland	Phillip Island	Bass Coast Shire
Holiday	+29,528 (11%)	+209,850 (75%)	+239,378 (44%)
VFR	+227,601 (87%)	+12,686 (5%)	+240,287 (44%)
Business	-37,577 (-14%)	+31,171 (11%)	-6,406 (-1%)
Other reason	+43,530 (17%)	+25,646 (9%)	+69,176 (13%)

Visitor Survey, Tourism Source: National and International Research Australia (TRA), 2015 to 2019 YE Dec

Seasonality

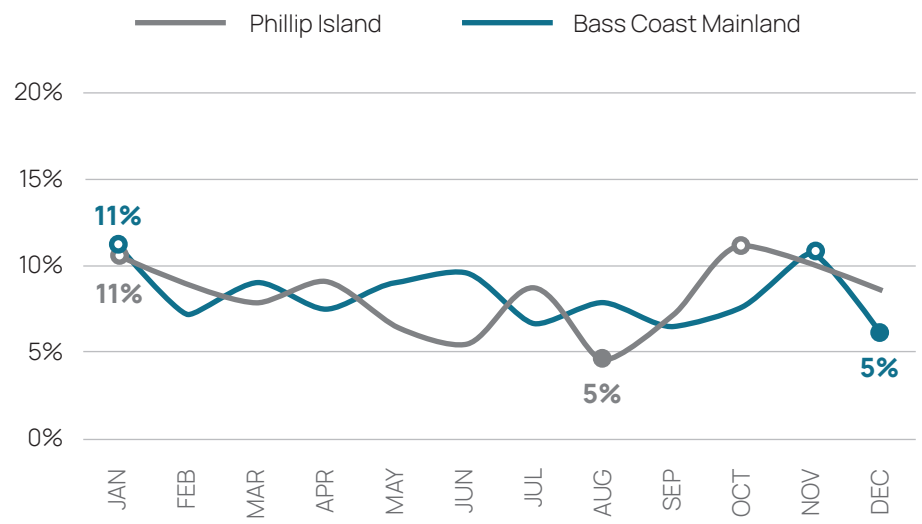
Visitation to Bass Coast Shire is highly seasonal, which reflects the strength of Bass Coast as a summer holiday destination. Visitation patterns for overnight visitors peak during the summer and Easter holidays. Peak months for overnight visitation are in January (17%), March (10%) and April (10%).

Phillip Island / Penguin Parade is generally busy with year-round, peaking at Christmas, Easter, Chinese New Year and school holidays. The lowest levels of daytrip visitation are during the May/June and August/September months

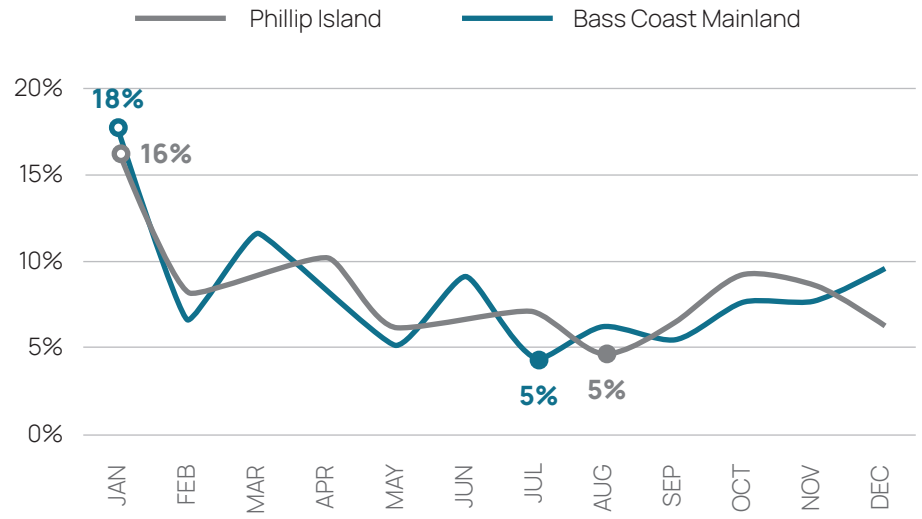
High fluctuations in visitation are often linked to issues such as lack of seasonal workers and worker housing, pressure on infrastructure, instability of income for businesses, inconsistent quality of tourism experiences, and overcrowding causing pollution issues.

Planning policy will need to consider strategies to help encourage year-round visitation and help relieve the pressure on overcrowded destinations/ attractions through facilitating a diversity of attractions to attract different markets for different seasons and locations. Rural tourism development will support year-round visitation, strengthen visitor yield and visitor dispersal from coastal locations.

F8 Domestic Daytrip Visitor Return Month



F9 Domestic Overnight Visitor Return Month



Source: National Visitor Survey, Tourism Research Australia (TRA), 2015 to 2019 YE Dec

Visitor Activities

The following tables show the top visitor activities for domestic visitors to Bass Coast Shire benchmarked against Regional Victoria.

Phillip Island Activities

Visitors to Phillip Island participate in higher degree of eating out, going to the beach, and sightseeing, reflective of Phillip Island strengths as an internationally significant summer destination.

T10 Phillip Island Top Daytrip Visitor Activities

	Bass Coast Mainland	Regional Victoria
Eat out / dine at a restaurant and/or cafe	60%	50%
Go to the beach	52%	14%
Sightseeing/looking around	33%	20%
Visit friends & relatives	23%	33%
Visit or stay on an island	11%	<1%
Go shopping for pleasure	10%	15%
Visit national parks / state parks	10%	8%
Visit wildlife parks / zoos / aquariums	7%	1%
Bushwalking / rainforest walks	7%	8%
Pubs, clubs, discos etc	6%	7%
Picnics or BBQs	6%	5%
Fishing	5%	2%
Surfing	5%	1%

T11 Phillip Island Top Overnight Visitor Activities

	Bass Coast Mainland	Regional Victoria
Go to the beach	69%	25%
Eat out / dine at a restaurant and/or cafe	62%	57%
Sightseeing/looking around	33%	27%
Visit friends & relatives	32%	43%
Go shopping for pleasure	19%	17%
Pubs, clubs, discos etc	19%	21%
Bushwalking / rainforest walks	14%	16%
Visit wildlife parks / zoos / aquariums	14%	<1%
Visit national parks / state parks	12%	14%
Go to markets	11%	8%
Visit or stay on an island	8%	<1%
Surfing	7%	2%
Picnics or BBQs	7%	6%
Fishing	6%	6%

Source: National Visitor Survey, Tourism Research Australia (TRA), 2015 to 2019 YE Dec (5 Year Average).

Bass Coast Mainland Activities

The top activities of visitors to the Wonthaggi-Inverloch SA2 include going to the beach, visiting friends and relatives and eating out.

Overall, there is a low engagement in visitor activities, particularly amongst daytrippers, to the Bass Coast Mainland compared to Phillip Island. This reflects the low supply of tourism product and experiences in the area and also higher levels of visiting friends and relatives market compared to Phillip Island.

T12 Bass Coast Mainland Top Daytrip Visitor Activities

	Bass Coast Mainland	Regional Victoria
Eat out / dine at a restaurant and/or cafe	46%	50%
Visit friends & relatives	38%	33%
Go to the beach	34%	14%
Sightseeing/looking around	21%	20%
None of these	12%	10
Go shopping for pleasure	12%	15%
Pubs, clubs, discos etc	8%	7%
Go to markets	5%	3%
Bushwalking / rainforest walks	5%	8%

T13 Bass Coast Mainland Top Overnight Visitor Activities

	Bass Coast Mainland	Regional Victoria
Go to the beach	59%	25%
Eat out / dine at a restaurant and/or cafe	59%	57%
Visit friends & relatives	43%	43%
Sightseeing/looking around	31%	27%
Pubs, clubs, discos etc	21%	21%
Bushwalking / rainforest walks	16%	16%
Go shopping for pleasure	16%	17%
Go to markets	12%	8%
Exercise, gym, or swimming	11%	7%
Visit national parks / state parks	9%	14%
Go on a daytrip to another place	8%	5%
Cycling	8%	3%
Fishing	7%	6%
Picnics or BBQs	7%	6%
Visit botanical or other public gardens	5%	4%

Rural Tourism Activities

Table 13 and 14 compare visitor engagement in rural tourism activities against other comparable regions such as Surf Coast, Mornington Peninsula and Geelong and the Bellarine. Overall, the proportion of visitors to Bass Coast Shire engaging in rural tourism activities is low compared to other regions.

Analysis shows that Bass Coast achieves higher levels of engagement for nature-based activities and attractions such as visit national parks, visiting wildlife parks, and guided tours. Most of this type of product offering is located on Phillip Island, again, indicated the lack of tourism product and experiences on the mainland.

T14 Rural Tourism Activities - Domestic Daytrip Benchmarking

	Bass Coast (S)	Surf Coast (S)	Geelong & Golden Plains Hinterland*	Bellarine Peninsula	Mornington Peninsula (TR)	Mornington Peninsula Hinterland	Regional Victoria
Visit national parks / state parks	7.4%	7.5%	29.7%	3.7%	5.8%	7.5%	8.1%
Visit farms	0.6%	1.2%	2.3%	0.4%	0.6%	1.5%	1.3%
See an aboriginal site / performance / aboriginal art	0.0%	0.1%	0.7%	0.0%	0.0%	0.1%	0.2%
Visit amusements / theme parks	0.7%	0.2%	4.4%	0.8%	0.6%	0.8%	0.7%
Visit wildlife parks / zoos / aquariums	4.4%	0.2%	2.2%	0.2%	0.3%	0.6%	1.1%
Go on guided tours or excursions	1.2%	0.4%	0.0%	0.3%	0.1%	0.0%	0.4%
Visit industrial tourist attractions / mines	1.8%	1.5%	0.0%	0.3%	0.3%	0.8%	0.8%
Visit wineries	0.7%	0.9%	1.7%	4.9%	4.9%	12.5%	3.2%
Visit a health spa / sanctuary / well-being centre	0.0%	0.1%	0.0%	0.7%	3.4%	5.6%	0.7%
Visit breweries or distilleries	0.3%	0.5%	0.0%	0.0%	0.6%	1.0%	0.4%
Visit farm gates	0.1%	0.0%	0.0%	0.7%	0.5%	1.3%	0.3%
Visit food markets	1.4%	0.8%	0.0%	0.7%	0.7%	0.8%	0.8%

Source: National Visitor Survey, Tourism Research Australia (TRA), 2015 to 2019 YE Dec (5 Year Average).

Lower levels of engagement are seen for agritourism activities including going to visiting farms, farm gates, visiting wineries and distilleries.

Other product and experience types underrepresented in visitor activities include health and wellbeing, and arts and cultural experiences.

Many of these uses are accommodated in the rural areas in the Mornington Peninsula, Surf Coast and Bellarine Peninsula.

T15 Rural Tourism Activities - Domestic Overnight Benchmarking

	Bass Coast (S)	Surf Coast (S)	Geelong & Golden Plains Hinterland*	Bellarine Peninsula	Mornington Peninsula (TR)	Mornington Peninsula Hinterland	Regional Victoria
Visit national parks / state parks	10.9%	15.4%	8.4%	7.3%	11.4%	11.6%	14.4%
Visit farms	1.4%	0.4%	3.0%	0.7%	1.4%	2.9%	2.1%
See an aboriginal site / performance / aboriginal art	0.1%	0.2%	0.0%	0.1%	0.2%	0.0%	0.5%
Visit amusements / theme parks	1.3%	0.7%	3.0%	1.2%	1.2%	1.1%	0.8%
Visit wildlife parks / zoos / aquariums	9.3%	0.5%	0.6%	1.2%	0.7%	1.2%	1.5%
Go on guided tours or excursions	1.9%	0.5%	0.6%	0.6%	0.4%	0.6%	1.0%
Visit industrial tourist attractions / mines	2.4%	1.1%	2.2%	1.0%	0.5%	0.6%	1.3%
Visit wineries	2.7%	1.9%	2.1%	8.7%	11.4%	20.3%	5.9%
Visit a health spa / sanctuary / well-being centre	0.2%	0.2%	0.2%	0.1%	4.1%	4.4%	0.9%
Visit breweries or distilleries	1.1%	0.7%	0.0%	1.5%	1.8%	4.0%	1.4%
Visit farm gates	0.3%	0.5%	0.0%	0.4%	0.7%	0.9%	0.4%
Visit food markets	3.2%	2.4%	1.1%	3.0%	1.5%	1.8%	2.0%

Source: National Visitor Survey, Tourism Research Australia (TRA), 2015 to 2019 YE Dec (5 Year Average).

Key Market Segments

Tables 14 and 15 provide an overview of the key market segments for Phillip Island and the Gippsland region. These draw on direction taken from the Phillip and San Remo Visitor Economy Strategy and Gippsland Destination Management Plan.

T16 Phillip Island Key Market Segments

Segment	Descriptors	Preferences	Objectives

The Fun-Makers	• Families and larger groups, usually including young to mid-teenage children
	• Self-sufficient planners, either
	  • visiting for a specific attraction, or
	  • having an itinerary in mind for a longer stay
		• Want a compact diversity of attractions and experiences that foster enjoyable, quality time.
		• Insta-worth, accessible activities that are fun for everyone
		• Something new or changing each visit, while still have the favourites still on offer
		• Prefer affordable but quality dining and accommodation options
			• To explore the Island beyond a single attraction or familiar destination
			• To visit more often throughout the year
			• To make Phillip Island their regular family/group destination

The Take-a-Breakers	• Urban couples and groups of friends, without children or grownup children • Relaxed planners - they may have some activities booked, or in mind, but are also happy to go-with-the-flow • Very comfortable venturing off-the-beaten track, but also like the finer things in life	• An authentic, open, unmanufactured Island escape that offers a recharging balance of action and relaxation • Want a varied product offering, not just the typical 'famous' attractions • Expect a high standard of quality across all tourism product and experiences • Nature is either the stage or the backdrop for their various activities • More socially/environmentally aware	• Improve awareness of the island 'lifestyle' experiences • Invest their dollars in culinary, culture and learning experiences • To stay longer and return more often
The Special Occasioners	• Looking for somewhere new, different and with a little 'extra' to host their event, function, group getaway or reunion, as well as the attendees and guests of the event • Planning every detail - they have high expectations, specific objectives to achieve and time restrictions • High yield - they may be one-off or irregular occasions, but they are high value	• A unique Island locale and backdrop • Quality accommodation, dining, venues and wellness facilities and the ability to see this online before visiting in person is a priority • An easy way to see all the options available to them for every aspect of their event • Professionalism, easy logistics and efficiency so the event can feel relaxed and uncomplicated for guests	• To explore beyond their event and booked accommodation • To extend their stay and bring family and friends to join them • To share their experiences and encourage others to attend/ host events on the Island

Source: Phillip Island Communications Framework, 2021

T17 Gippsland Destination Management Plan Target Markets

Segment	Descriptors
Existing Markets	
Domestic Daytrip	• Opportunity to engage with this market while in region • Encourage a return visit, disperse through the region and stay longer.
Domestic Overnight	• Most significant market • Refreshed and new products are necessary to grow the market • Interstate visitation is low • Appropriate product development needed to grow market • Active family market is an important and will continue to grow.
55+ Market	• The 55 plus market is the largest travel group in Australia. • No longer just the grey nomads • Hold the majority of Australia's wealth. • Most likely to travel outside of peak periods
International Market	• Small but high growth market • Developed further with specific products that appeal to them. • Current main markets : UK, Germany NZ and the USA. • The Asian market, is evolving rapidly, becoming more sophisticated in the experiences that are seeking. • Specifically Chinese and Indians visitors on their second or third trip to Australia or visiting family and travel in groups.
Visiting Friends and Relatives Market (VFR)	• Opportunity to develop and implement a VFR campaign to increase yield from the VFR market, allowing local people to show off their own backyards.
Aspirational Markets	
The 'Real Seeker' or 'Lifestyle Leaders' Market	• Lifestyle Leaders are based on a mindset, are found in all regions, ages and lifecycle groups. • Lifestyle Leaders are educated, professional and progressive individuals who enjoy seeking out new information and being the first to try new products. They have a higher level of discretionary expenditure than the general population so they can afford to indulge more often in travel, with a particular desire to escape city life and embrace nature/outdoors and new discoveries.

Projected Visitation

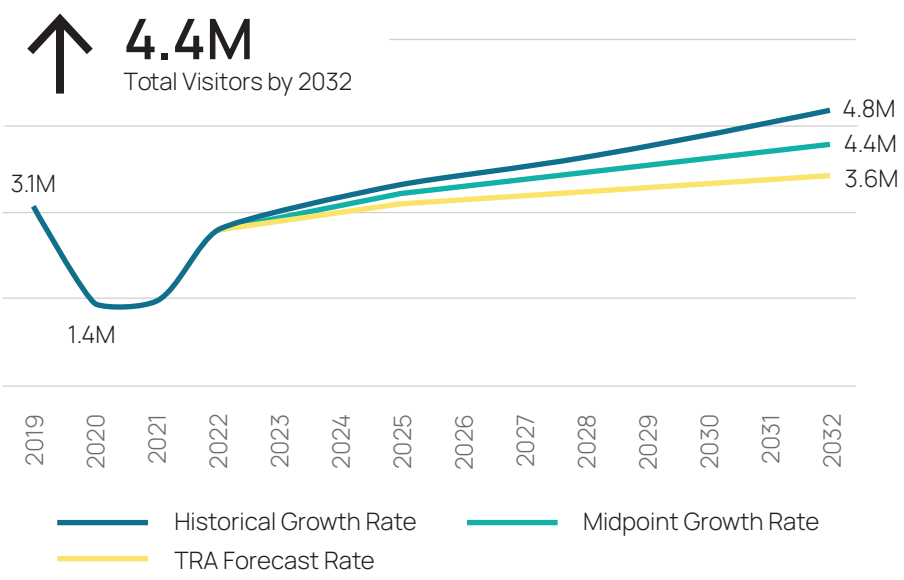
The following provides 10 year forecasts visitation to Bass Coast Shire, with consideration of:

- Historical Growth Rate (High Growth Scenario): 4.8% Based on the pre-COVID19 average visitor growth rate from 2015 to 2019
- Tourism Research Australia Forecast Growth Rate (Low Growth Scenario): 1.2% average annual growth rate, based on state-wide forecasts
- Adopted Midpoint Growth Rate.

For the purposes of this study, the midpoint growth rate has been adopted. These forecasts are based on pre-COVID19 tourism forecasts and require continued monitoring during the recovery phase.

Forecast visitation modelling estimates that Bass Coast Shire will attract 4.4 million visitors annually by 2032.

F10 Bass Coast Shire Visitor Forecast Scenarios - 2022 to 2032



T18 Bass Coast Shire Visitor Forecast Scenarios by Region - 2022 to 2032

	TRA Forecast Rate (Low)	Midpoint Growth Rate	Historical Growth Rate (High)
2019 (Pre-COVID19)	-	-	3,106,728
2020 (COVID19)	-	-	1,416,071 (-54%)
Forecast 2022	2,716,883	2,716,883	2,716,883
2027	3,317,707	3,576,048	3,834,390
2032	3,636,862	4,436,328	4,803,901
Forecast Change	+919,979	+1,719,445	+2,087,019
Forecast AAGR	3.0%	5.0%	5.9%
Forecast AAGR	4.1%	4.2%	5.0%

Source: Urban Enterprise, 2021

Table 17 provides visitor forecasts for the Shire broken down for Phillip Island and the Bass Coast mainland. The analysis utilises the following assumptions:

- Domestic visitation will return to pre-COVID levels in 2022.
- International visitation will return to pre-COVID levels by 2025.

Forecasts predict that Phillip Island will accommodate an additional 830,000 visitors – equivalent to 62% of total visitation growth above pre-COVID levels by 2032. Visitation will grow by almost half a million visitors on the Bass Coast mainland.

Land use planning must respond to projected demand. In the case for tourism uses, the Bass Coast Shire will need to support 1.3 million additional visitors between 2022 and 2032. These visitors will drive demand for accommodation, attractions and experiences. It is critical that rural areas of Bass Coast support well designed and environmentally sensitive development to meet projected visitor need.

T19 Bass Coast Shire Visitor Forecast Scenarios by Region - 2022 to 2032

	Bass Coast Mainland	Phillip Island	Bass Coast Shire
Visitation 2019	1,021,592	2,090,166	3,106,728
Visitation 2020	633,638 (-38%)	787,129 (-62%)	1,416,071 (-54%)
Forecast 2022	1,021,592	1,695,291	2,716,883
2023	1,059,264	1,867,543	2,926,807
2024	1,099,108	2,041,281	3,140,388
2025	1,141,269	2,216,569	3,357,838
2027	1,233,196	2,342,853	3,576,048
2032	1,516,269	2,920,059	4,436,328
Forecast Change 2022 to 2032	+494,678	+1,224,767	+1,719,445
Forecast Change pre-COVID to 2032	+494,677	+829,893	+1,329,600
Forecast AAGR	4.1%	4.2%	5.0%

Source: Urban Enterprise, 2021

Tourism Investment in Rural Areas

This section provides an overview of existing tourism product and key tourism projects currently in development in the rural areas of Bass Coast.



Bass Coast Shire has key strengths in nature based, wildlife, marine and events tourism. These products leverage off the natural attributes of the region.

Phillip Island has the most well-developed tourism product offer within the Shire, with demand for nature-based tourism seeing continual investment in the Phillip Island Nature Parks and in particular the Penguin Parade. Assessment of past planning applications highlights that most applications were for tourism proposals on Phillip Island, reflective of both market demand and also opportunities for development.

Food and wine, arts and culture, and spa and wellness are emerging areas of strength and opportunity for Bass Coast Shire, leveraging the regions strengths in agriculture and natural amenity. Investment should be directed to these areas that align to the Shire's strengths and unique assets, as well as align to the market expectation for higher quality, contemporary food, drink, accommodation and cultural experiences.

With new investment in a major hot springs development at Phillip Island, there is opportunity for Bass Coast Shire to develop as a premium wellness and nature-based destination and to begin attracting a higher yield market currently not serviced by the Bass Coast Shire tourism offering. This will result in higher levels of visitor yield, increased length of stay and encourage off peak visitation.

An assessment of historic tourism development planning applications highlight that the majority of tourism proposals were located in the Farming Zone, outside of the previously identified Rural Tourism Activity Precincts (59 permits or 87%). Only 6 tourism related land use permits were in the Rural Activity Zone, highlighting that the rural precinct approach has not been facilitative of tourism investment or met market demand for investment in certain destinations.

Current Tourism Uses in Rural Areas

Table 18 provides an overview of tourism product strengths of Bass Coast Shire sub regions. This considers the comparative strengths of each sub region compared to each other and other destinations in similar proximity to Melbourne that are considered as competitor destinations.

The Bass Coast Shire has strengths in nature based, wildlife, marine and events tourism. These leverage off the natural attributes of the region, with Phillip Island having the most well-developed tourism product.

Areas that are emerging for Bass Cost Shire are food and wine, arts and culture, spa and wellness. In order for Bass Coast Shire to extract higher levels of visitor yield, increase length of stay and encourage off peak visitation, investment should be directed to these areas of emerging strength and opportunity.

T20 **Product Strengths by Tourism Subregion**

	Phillip Island and San Remo	Bass Hinterland	Waterline and Bass River Precinct	Kilcunda to Inverloch Coastline
Wildlife and Marine Tourism	Primary		Emerging	Secondary
Nature-based Tourism	Primary			Secondary
Food and Wine	Secondary	Emerging	Secondary	Secondary
Spa and Wellness	Emerging			Emerging
Arts and Culture	Emerging		Emerging	Emerging
Heritage	Secondary			Emerging
Events	Primary	Emerging	Emerging	Emerging
Fishing and Boating	Primary		Secondary	Primary

Source: Urban Enterprise, 2021

Nature Based

Nature based tourism is a key product strength and the primary driver of visitation to Bass Coast Shire. The Shire has a diverse range of nature-based assets across the region, these include:

- Wildlife and Marine Tourism: Phillip Island Penguin Parade, Maru Koala and Animal Park, Whale Watching, Koala Conservation Centre, Seal Watching Cruise, Warrook Farm and Fauna Park and The Nobbies Centre.
- Beaches and Surfing – Surfing, snorkelling and fishing are popular visitor activities at Bass Coast's many beaches including Smiths Beach, Sunderland Bay Beach, Forrest Caves Beach, Berrys Beach, Cape Paterson, Kilcunda and Inverloch.
- Walking and Cycling Trails – Bass Coast Rail Trail, Great Southern Rail Trail, Kitty Miller Bay Walk, Bush to Bay Trail, George Bass Coastal Walk, Cape Woolamai Walk.
- Rivers & Coastal Drives: Bunurong Coastal Drive, Powlett Inlet.

Key tourism projects currently in development include:

- Bass Coast Dinosaur Trail Masterplan: The Dinosaur Discovery Trail will see a new trail connecting the towns of San Remo, Kilcunda, Wonthaggi, Eagles Nest, The Caves and Inverloch. The trail will draw on the significance of the region's prehistoric heritage, educate users about the diversity of polar dinosaur fossils and the prehistoric fauna found in the region.
- Yallock-Bulluk Marine and Coastal Park Access and Infrastructure Plan: The Victorian Government is creating the new Yallock-Bulluk Marine and Coastal Park, which will combine existing parks and reserves along 40kms of coastline between San Remo and Inverloch on Bunurong Country. This will include extending and upgrading the George Bass Coastal Walk to link San Remo and Inverloch along the coast, providing a hero walk for the Shire.

These projects will create additional attractions and activities for visitors, providing opportunities to extend visitor length of stay and satisfaction. Continued investment in tracks, trails and nature-based experiences will allow local tourism businesses to leverage from interest in and growth in cycle and nature-based tourism.



Yallock-Bulluk Marine and Coastal Park



Bass Coast Rail Trail



Phillip Island Seal Watching Cruise

Food and Agritourism

Food and agritourism is an emerging strength of Bass Coast Shire and the Gippsland region, having long been Victoria's 'food bowl'.

The region offers a diverse range of high quality producer, including cheeses, free range poultry and meats, truffles, organic fruits and vegetables and other speciality produce. Many of these goods are sold at a range of Farmers Markets across the Shire, with a limited farmgate and provedore experiences available.

In recent years, several rural townships along the Bass Highway have begun to emerge as gourmet food hubs, including the townships of Grantville, Bass, Glen Forbes and The Gurdies. This includes a range of small-scale speciality farms and wineries, such as Maccas Farm Café and Produce Store, Bassine Speciality Cheeses, Bass River Winery, Truffle Paddock (open during the Truffle Melbourne Festival), and The Gurdies Winery.

Aside from this corridor, there are limited food and wine experiences elsewhere in the region. Other key food businesses and wineries dispersed across Phillip Island and the Bass Hinterlands include The Cape Kitchen, Phillip Island Winery, Purple Hen Winery, Harman Wines, Wild Food Farm, and Phillip Island Chocolate Factory.

Bass Coast Shire in is the Pinot Coast Wine region. There is opportunity for Bass Coast to facilitate gourmet food and wine experience in the region that will attract high value traveller and encourage visitor dispersal.

Majority of the producers and food and beverage operators are small family run businesses, lacking the time, staff or financial resources for significant investment that will facilitate increased visitation and consumer awareness of their product. In addition, planning permit costs and time commitment has also inhibited the development of supporting product and experiences (e.g. restaurant or accommodation).



Bassine Speciality Cheeses, Glen Forbes



Macca's Farm, Cafe and Produce Store





Phillip Island Winery

Leisure & Recreation

There are a small number of leisure and recreation activities available in the Shire, which are mostly concentrated on Phillip Island, with little to no product available in the other rural areas of Bass Coast Shire.

Key attractions include:

- A Maze n Things
- Phillip Island Chocolate Factory
- Mini Golf
- Phillip Island Nature Park Penguin Parade
- PI Grand Prix Go-Karting
- Seal Watching Cruise
- Clip 'n Climb Phillip Island
- National Vietnam Veterans Museum
- Maru Koala and Animal Park

The majority of these products and experiences are targeted at the family market and have limited appeal to other markets, such as adult couples, friend groups and lone travellers. In addition, many of these experiences are slightly outdated.

There is a need to encourage a more diverse and contemporary product offer in the rural areas of the Shire, to encourage increased visitor length of stay and improve visitor yield.

The Phillip Island Hot Springs is a major leisure and recreation project currently under construction in Newhaven. Stage 1 of the project will include a $10 million new facility, including an additional restaurant, reception and apothecary room, and will boast 15 outdoor bathing pools. This will become a spa and wellness destination that will attract a new, high-yielding market to Phillip Island.



Maru Koala and Animal Park



A Maze n Things Phillip Island



Phillip Island Hot Springs Concept Imagery

Accommodation

The majority of accommodation stock in Bass Coast Shire is located on Phillip Island, at San Remo or in Inverloch.

The majority of accommodation stock available is in caravan parks, motels and motor inns, and self-contained homes, apartments or units (including Airbnb). There are limited boutique accommodation establishments, as well as few large-scale commercial accommodation establishments.

Despite growing visitation and demand, there have been no recent major accommodation investments in the Shire. The most recent accommodation investments include Silverwater Resort in San Remo (opened 2007), RACV Inverloch Resort (opened 2011) and Ramada Resort (opened 2013).

A number of small scale, boutique accommodation establishments targeted to the Lifestyle Leader market have been recently developed in the rural areas of Bass Coast, such as 5 Acres Luxury Cabins in Ventnor and the Inverloch Glamping Co.

There is opportunity for the rural areas to establish a high-end, mid to large scale integrated accommodation, leisure and conference facilities that will help attract new markets to the mainland/rural areas.

5 Acres Luxury Coastal Cabins, Ventnor





RACV Resort Inverloch





Festivals and Events

Bass Coast Shire hosts a range of major racing, surfing, music and marine events that attract more than 3.5 million visitors each year. Key events include:

- Australian Grand Prix Motorsport Championships, Ventnor;
- Australian Motorcycle Grand Prix, Ventnor;
- Phillip Island Pro QS1000, Cape Woolamai;
- San Remo Fishing Festival, San Remo;
- Island Whale Festival, Cowes;
- Island Festival of Stories, Cowes;
- Ocean Sound Music Festival, Churchill Island;
- NYE On The Hill, Kernot.

These events play a crucial role in growing awareness of the region and boosting visitation in the off-peak season.

There is opportunity for rural areas to grow their boutique events calendar, focusing on food and culture. The key rural event is NYE on the Hill, a three-day, two-night boutique music and camping festival that takes place in the picturesque rolling Hills of South Gippsland near Loch Village.

Arts, Culture and Heritage

The Shire has a limited Arts, Culture and Heritage offering. Whilst there are significant aboriginal heritage sites in Bass Coast, there is very little promotion or activation of these assets.

Churchill Island is the Shire's key heritage asset, being the site of the very first agricultural activities in the state, dating back to the mid 1800s. The Island is also home to Victoria's first European style garden, making it a prime location for weddings.

The Vietnam Veterans Museum is a proposed investment slated for Newhaven, which will provide a new museum and major new attraction focused on military heritage.





Phillip Island Grand Prix Circuit

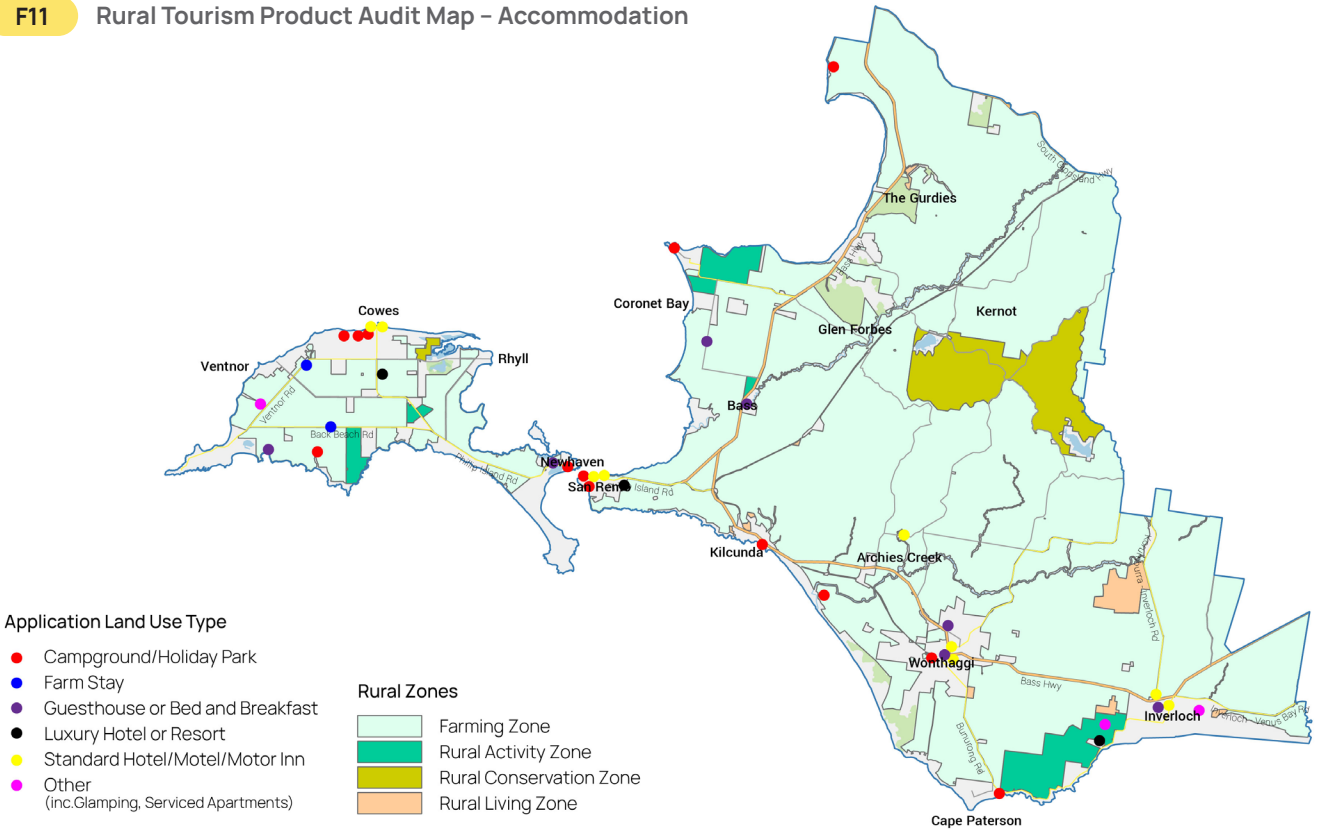


NYE On the Hill I Kernot

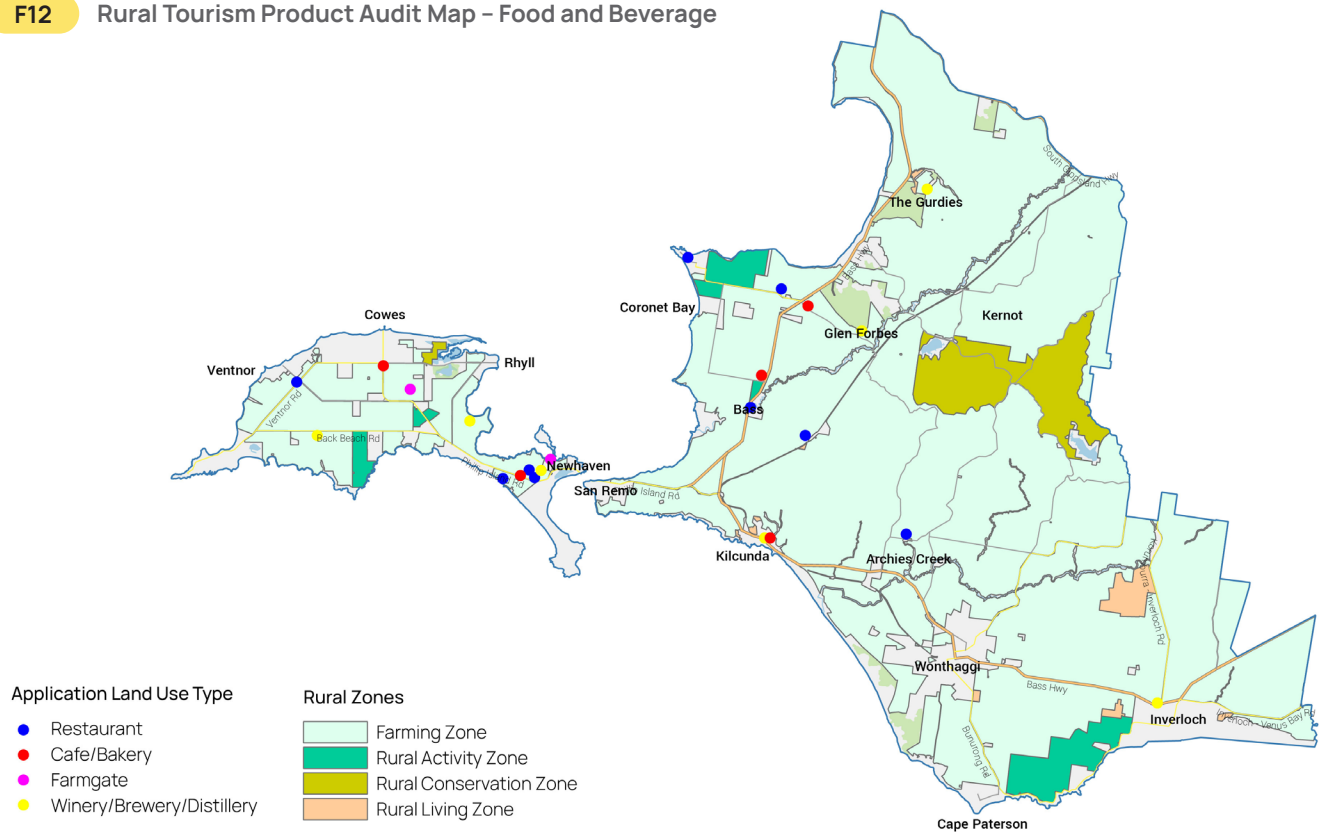


National Vietnam Veterans Museum

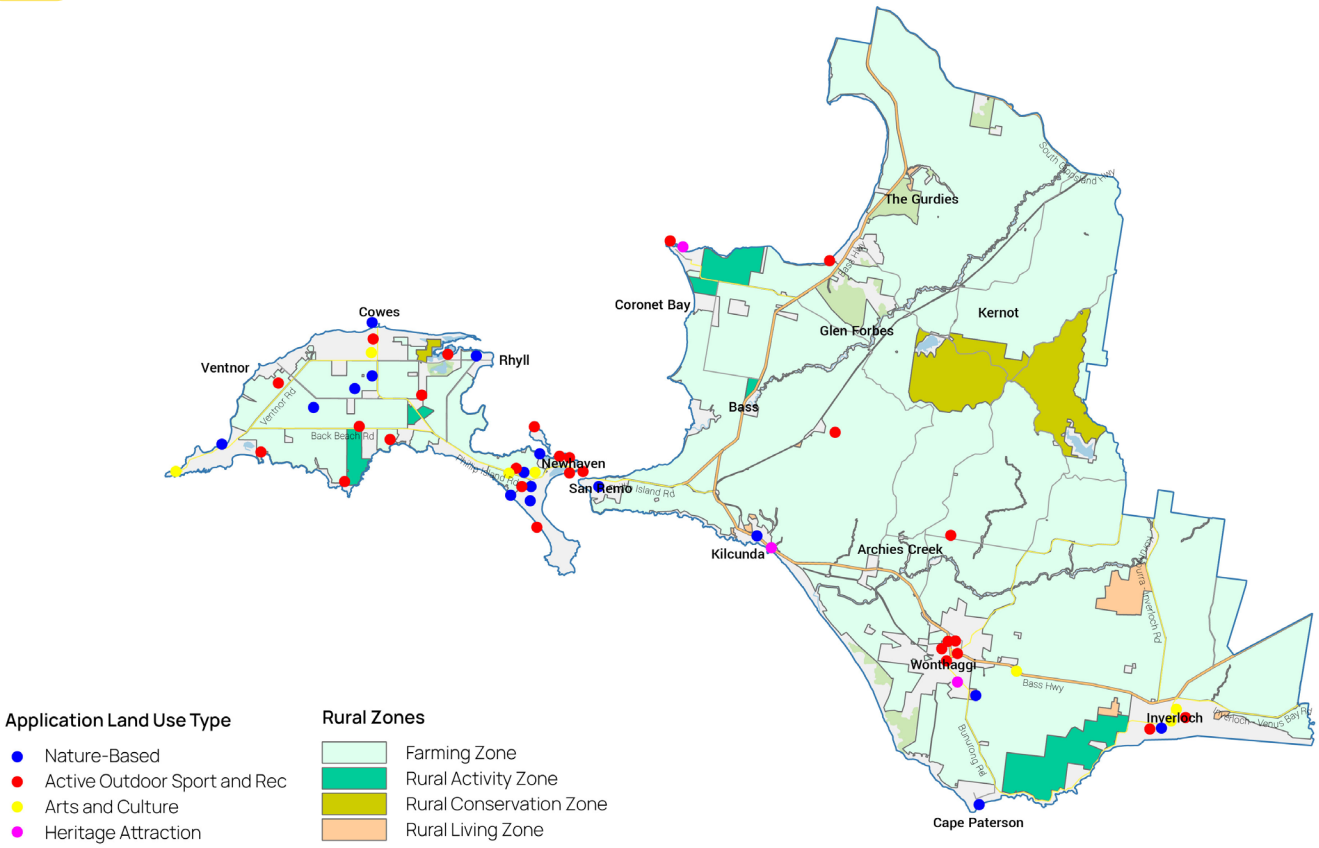
F11 Rural Tourism Product Audit Map – Accommodation



F12 Rural Tourism Product Audit Map – Food and Beverage



F13 Rural Tourism Product Audit Map – Other



Planning Permit Activity

The following provides an analysis of tourism related planning permit activity from July 2014 and 2021

This is to assess the effectiveness of the rural tourism precincts in attracting tourism development since their implementation through the Bass Coast Rural Land Use Strategy (adopted 2014), as well as understand demand for rural tourism.

Tourism Permit Activity

Since 2014 to 2021, there were a total of 68 tourism applications lodged, with an average of 9 tourism permit applications per year. Of these applications, only 44 were granted a permit.

The majority of tourism proposals were located in the Farming Zone outside of the Rural Tourism Activity Precincts (59 permits or 87%). Only 6 tourism related land use permits were in the Rural Activity Zone.

Of the 6 applications located in the Rural Activity Zone, only 3 permits were issued and implemented, including:

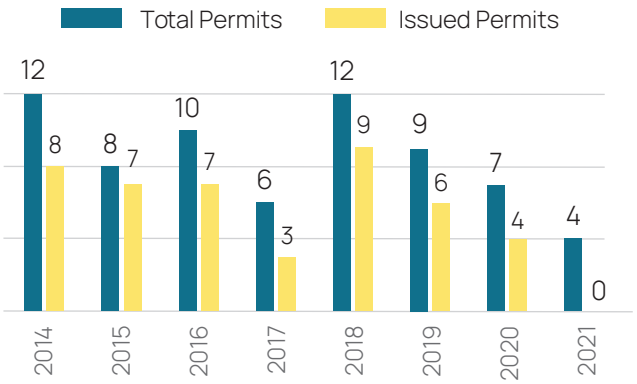
- 5 Luxury Glamping Units (Inverloch Glamping Co.)
- An outdoor rope and climbing course (A-Maze n Things)
- Additional rooms at the Phillip Island Adventure Resort

Tourism Land Use Type

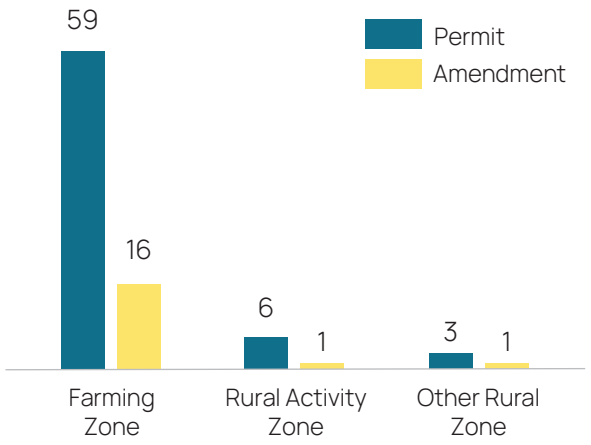
The most common tourism land uses were Accommodation (35% of all permits), Food and beverage (24%) and Place of Assembly for Functions and Events (15%).

The majority of accommodation proposals were for small scale accommodation types such as eco-lodges and cabins. A significant proportion of the food and beverage applications were for obtaining a liquor license.

F14 Tourism Permits by Year - July '14 to October '21



F15 Tourism Permit Activity by Zone



T21 Tourism Permit Activity by Land Use Type

Land Use Type	No. Permits
Accommodation	24 (35%)
Food and Beverage	15 (24%)
Place of Assembly (for Functions & Events)	10 (15%)
Festival / Event Permit (Temporary)	8 (12%)
Outdoor Recreation	7 (10%)
Winery or Brewery	3 (3%)
Health and Well-ness	1
Arts and Culture	1

Source: Bass Coast Shire Council Planning Permit Database, July 2014 to October 2021. Compiled by Urban Enterprise, 2021.

Case Study: Rural Activity Zone - Hotel Development Coronet Bay

In 2014, an application was received for a development site located at 92 Norsemens Road in Coronet Bay. The proposal was for a $38 million mixed use facility including a 192-bed resort hotel, a 300-seat restaurant, function room capable of hosting 500 people, and parking for 330 private vehicles and 10 tourist buses.

The resort intended to promote local tourism through converting the significant international daytrip market into overnight stays and, if successful, would have brought an estimated 300 employment opportunities to the region.

The proposal received strong backlash from the community. A community groups called Our Line in the Sand (OLITS) was formed in response to the development proposal. In total, Council received 363 objections.

Key concerns voiced by the community included:

- Potential negative impacts on the local amenity– The development site was located on a property directly north of the Coronet Bay township – a settlement with a population of less than 1000. Residents were concerned that the large scale of the resort would overwhelm existing infrastructure.
- Adverse environmental impacts the development would have on Western Port Bay's environmentally sensitive areas i.e. bayside views, banksia forest, and lake.
- The appropriateness of the development within the Rural Activity Zone – The proposal was not in accordance with local planning provisions which calls for 'small scale rural-based tourist development' in the Coronet Bay area.
- Negative perceptions of external/foreign investment that bought no direct economic, cultural or social benefit to the community.

The community had previously successfully overturned a proposal to incorporate the culturally significant Homestead on Cutty Sark Road into the Heritage Bay Housing Development. It now operates as the Fig and The Bay Restaurant.

The application was withdrawn in late 2020. Since then, the site has reverted back to agricultural uses.



Artists Impression of the Proposed Resort Hotel in Coronet Bay I Bruce Henderson Architects

Location

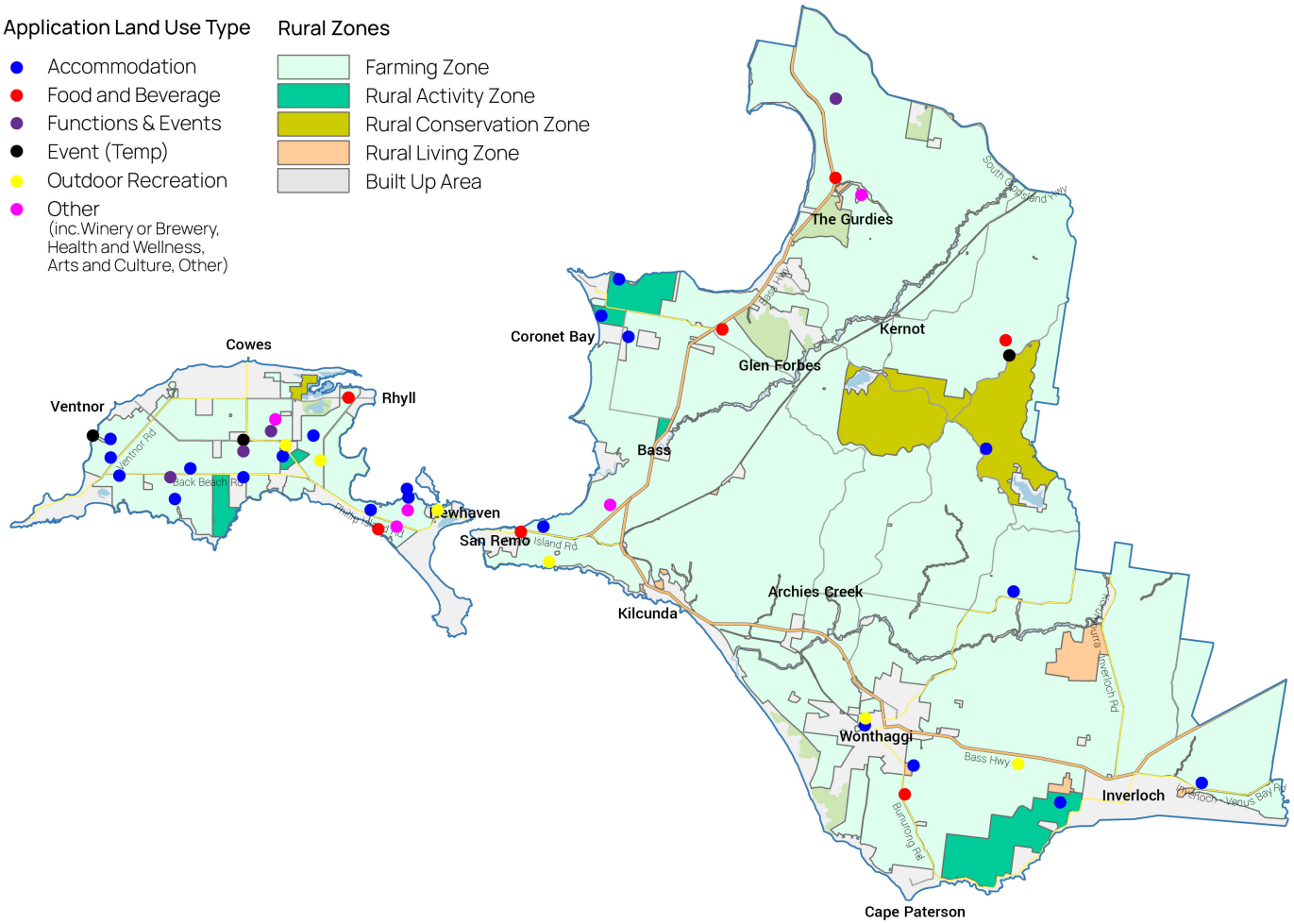
Figure 20 shows all tourism planning permits located within rural zones across Bass Coast Shire from 2014 to 2021.

The mapping shows that most tourism applications were for proposals on Phillip Island, reflective of market demand.

On the mainland, tourism permits were generally dispersed throughout the Shire, showing that the land use policy has not been effective in keeping tourism development concentrated in the areas deemed suitable for rural tourism development as intended.

The dispersal of tourism planning applications in rural Bass Coast Shire highlights much higher levels of investor interest in Phillip Island than Mainland Bass Coast. Interestingly, there were very few applications in the designated Rural Tourism Precincts. It is critical for the Planning Scheme to adequately provide direction and policy support for tourism use in the rural areas of Phillip Island.

F16 All Tourism Applications in Rural Zones - July '14 to October '21



Rural Tourism Investment Needs and Product Gaps

This section identifies tourism gaps and opportunities for Bass Coast Shire tourism sub regions.

The investment opportunities draw on past strategy, align to the existing strengths of each area and consider the appropriateness of development types to the sub-regional location, landscape and rural amenity.

Subregion Product Needs & Opportunities

Phillip Island and San Remo

The rural areas of Phillip Island and San Remo, should consider supporting the following tourism uses that complement the existing visitation to the region and will meet unmet and future demand.

- Hot springs resort (underway)
- 5 Star accommodation with coastal views
- Wellness retreats
- Destination restaurants in a rural and coastal setting
- Farm gate and rural tourism experiences
- Eco/nature based accommodation
- Environmental and eco experiences and tours
- Golf course
- Gardens
- Winery and cellar doors
- Distillery and cellar door
- Visitor attractions
- Walking and cycling experiences

Precedent: Marnong Estate | Bankvale Run



Precedent: Jack Rabbit Vineyard



Bass Hinterland

The Bass Hinterland, should consider supporting the following tourism uses that complement the existing visitation to the region and will meet unmet and future demand.

- Art galleries
- Artist studios
- Farm gate
- Farmstay accommodation
- Farm experiences e.g. tours, education
- Touring
- Food experiences
- Destination distillery or brewery
- Small scale accommodation

Precedent: Never Never Distilling Co





Waterline and Bass River Precinct

The Waterline and Bass River Precinct should consider the following uses:

- Farm gate
- Agri tourism experiences
- Artisan produce
- Small scale accommodation
- Provedore experience
- Farmstay
- Winery, cellar door and restaurant experience
- Outdoor and adventure activities

Precedent: Milawa Cheese Complex





Kilcunda to Inverloch Coastline

Kilcunda to Inverloch Coastline should consider the following uses:

- Nature based eco accommodation
- Tourist parks in appropriate locations
- Outdoor events facilities
- Farmstay accommodation
- Experiential accommodation e.g. tiny home or glamping
- Farmgate produce
- Environmental and eco experiences and tours
- Walking and cycling experiences

Precedent: Kimo Estate





Part C: Agriculture, Landscape and Environment Assessment

Agricultural Land Assessment

The following section includes and analysis of the supply of rural land by zone and an agricultural land assessment including quality and distribution of agricultural land use.



Most of the rural land in Bass Coast Shire is within the Farming Zone. There is a low supply and availability of land for tourism development in the Rural Activity Zone.

Bass Coast Shire has some of the highest value agricultural land in Victoria. Generally, the region benefits from excellent soil quality and high rainfall. However, issues such as steep terrain and coastal-related dryland salinity cause some areas (particularly Phillip Island) to be unsuitable for broadacre soil-based farming.

Nearly 60% of agricultural land is currently used for livestock grazing, particularly beef cattle grazing (39%), which has become highly lucrative in recent years due to rising demand for grass-fed beef. Only a small proportion (less than 1%) of land being used for vineyards and other commodities.

This has important implications for balancing agricultural and rural tourism land uses in Bass Coast Shire. There is very limited opportunity for ancillary tourism uses for livestock grazing land - which is currently a key requirement for rural tourism development in the Bass Coast Planning Scheme. If the current macroeconomic conditions persist and this land use trend continues, Council may need to consider changes to zoning and local policy to facilitate rural tourism investment.

Additionally, current land use policy heavily focuses on the retention of what is traditionally considered agricultural land, maintaining low lot density and minimising all other development.

As the climate becomes volatile and urban growth continues to add pressure to agricultural land, land use policy should support farmers to sustain their land through diversification, creating multiple streams of revenue and reducing risk.

Supply of Rural Zoned Land

The majority of rural land is within the Farming Zone (75,829 hectares), followed by Rural Conservation Zone (3,417 ha), Rural Activity Zone (2,416 ha), and the Rural Living Zone (910 ha).

T22 Rural Activity Zone Lot Size Analysis

Zone	Hectares	Lots
Farming Zone	75,829.46	2,855
Rural Conservation Zone	3417.43	109
Rural Activity Zone	2,416.09	117
Rural Living Zone	910.05	297

Source: Urban Enterprise, November 2021

The low supply of lots available leaves few opportunities for new tourism investment in the designated tourism precinct. This issue is further demonstrated by the findings of the planning application analysis, which showed most planning applications were located in the Farming Zone.

Rural Activity Zone Precincts

There are only 117 lots totalling to 2,416.09 hectares of land in the Rural Activity Zone Precincts. This is particularly an issue on Phillip Island which only has 11 RAZ lots that have mostly been developed.

T23 Rural Activity Zone Lot Size Analysis

Location	Hectares	Lots
Corinella - Coronet Bay	604.30	62
Inverloch - Cape Paterson	1434.06	30
Bass	40.25	13
Sunset Strip (PI Adventure Resort)	83.71	8
Ventnor (Grand Prix Circuit)	252.97	3
Fantasia Site, The Gurdies	0.81	1
Total	2,416.09	117

Source: Urban Enterprise, November 2021

Agriculture Land Assessment

Land Use Type

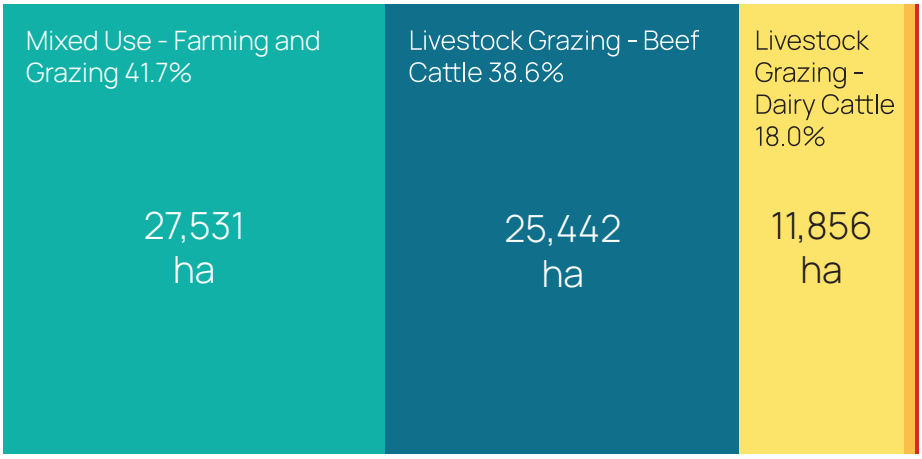
The top agriculture land use types across Bass Coast Shire are summarised in Table 22 which has been sourced from latest data available from Agriculture Victoria (2017). A spatial analysis of agricultural land uses is shown in Figure 16 on the following page.

Approximately 76% of land in Bass Coast Shire is used for agricultural purposes, with a total agricultural holding area of 65,985 hectares.

The majority of land is used for Cattle Livestock Grazing (57%) - including Beef Cattle Grazing (39%), Dairy Cattle Grazing (18%). 42% is land used for mixed use farming purposes, e.g. cropping and grazing/livestock production. Vineyards and other commodities (such as peas, truffles, and eggs) make up less than 1% of agricultural in the Shire.

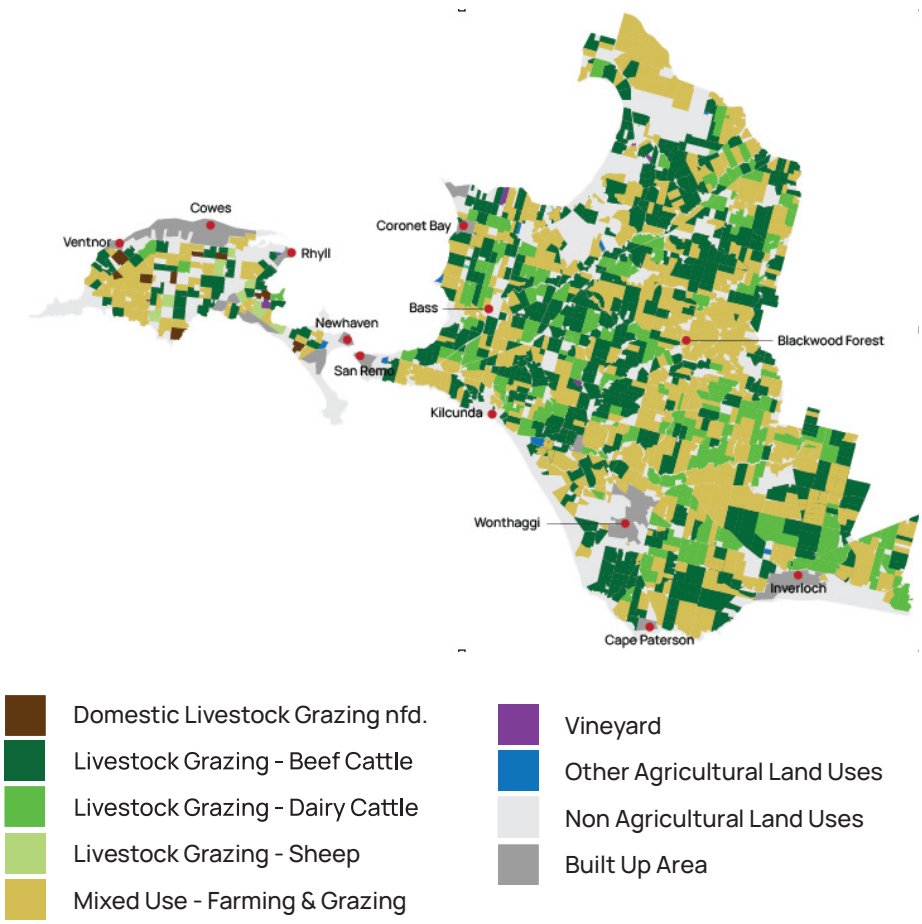
The land use data demonstrates this major shift away from dairy farming and towards beef cattle farming, which has become highly lucrative in recent years due to rising demand for grass-fed beef and the declining profitability of dairy commodities

F17 Agriculture Land Use Type



Other Livestock Grazing 1.3%, Other 0.4%

F18 Spatial Analysis of Agricultural Land Use in Bass Coast Shire



Source: Agriculture Victoria, 2017

Lot Size

Tables 22 and 23 provide a lot size analysis of land within the Farming Zone and Rural Activity Zone.

On Phillip Island, the average lot size in the Farming Zone is 9.6 hectares, showing a higher degree of fragmentation. Lots greater than 40 hectares comprise 64% of all land in the Farming Zone.

The average lots size for the Farming Zone is 29.6 hectares on the Bass Coast mainland. Lots above 40 hectares comprise 81% of all FZ land. Of these, lots above 80 hectares comprise 50% of all land and lots that 500 hectares or more represent 8% of total FZ land.

A minimum subdivision area of 80ha is currently enforced in the Farming Zone on the Bass Coast mainland in order to ensure the sustainability of dairy farms and other intensive farming uses which typically require in the order of 40 to 80 hectares.

Dairy farming has greatly declined in favour of beef cattle grazing, larger lot density should be preserved to ensure the carrying capacity of farms and maintain the reputation for high quality 'grass-fed' cattle that Gippsland is known for.

Although it is typically more desirable to maintain large lot sizes for farming, agriculture is diverse in its land needs and is constantly adapting to changing climates. Farm uses such as market gardens and hydroponics can be sustainable and financially viable on land between 4 to 10 hectares.

However, there are several risks that smaller lots must manage than their larger counterparts, including:

- Less distance between adjacent lots thus increasing the chance of conflicts with neighbours uses;
- Pollution and biosecurity risks that threaten the water quality and biodiversity – particularly if the adjacent land use is residential or tourism related;
- Native vegetation management.

T24 Farming Zone Lot Size Analysis

	Phillip Island	Bass Coast Mainland	Bass Coast Shire
Average Lot Size (Hectares)	9.6	29.6	25.4
Small Farms			
Less than 2 Hectares	416	758	1,174
2 to 9 Hectares	92	479	571
10 to 39 Hectares	63	406	469
40 to 79 Hectares	45	376	421
80 to 499 Hectares	12	202	214
Medium Farms			
500 to 999 Hectares	-	4	4
1000 to 2,499 Hectares	-	2	2
2500 to 24,999 Hectares	-	-	-
Total	628	2,227	2,855

T25 Rural Activity Zone Lot Size Analysis

	Phillip Island	Bass Coast Mainland	Bass Coast Shire
Average Lot Size (Hectares)	30.8	19.6	20.7
No. Lots			
Less than 2 Hectares	1	34	35
2 to 9 Hectares	5	39	44
10 to 39 Hectares	2	22	24
40 to 79 Hectares	2	8	10
80 to 499 Hectares	1	2	3
500+ Hectares	0	1	1
Total	11	106	117

Terrain

Figure 17 illustrates the terrain of Bass Coast Shire.

An overview of the distinctive landscape character of the subregions is summarised below:

The Bass Valley is characterised by a wide, open floodplain edged by undulating to steeply sloping hills. Some areas are subject to flooding and is a key consideration for development in this area.

The Western Port Bay has gently sloping shorelines and marine landscapes of significance including the Ramsar listed wetlands.

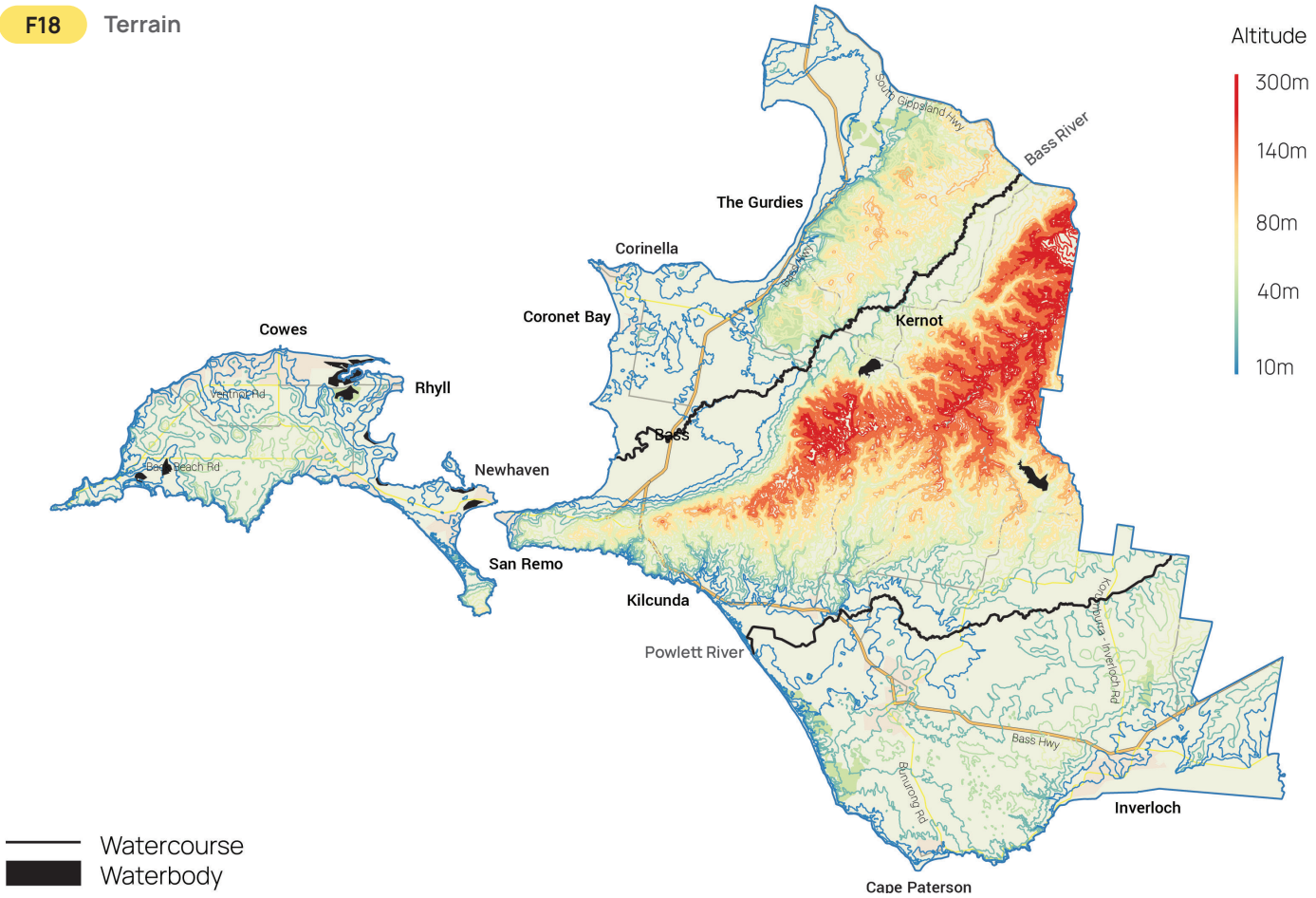
The Bass Hinterlands / Strzelecki Foothills extend from the north-east corner of the Shire to Anderson Peninsula /San Remo. The area comprise primarily farmland set on steeply sloping hills. Land stability issues related to the steep terrain makes the land less suitable for broadacre farming.

The Kilcunda to Inverloch Coastline is characterised by a rugged landscape of high cliffs, bays and spectacular rock stacks such as the Eagles Nest

The natural landscape of Phillip Island is gently undulating farmland. Around the edges are cliffs and bluffs, high dunes and sandy beaches with salt marsh and mangrove-fringed mudflats.

The rural areas of Bass Coast Shire are diverse in character and terrain. There is lack of strategic direction for rural areas outside of the key visitor nodes. Planning policy should be tailored to enhance the strengths of each area and ensure appropriate levels of tourism development.

F18 Terrain



Land Suitability

The following information is sourced from the Land Suitability Assessment in Melbourne's Green Wedge and Peri-Urban Areas undertaken at Deakin University in 2018. The study was commissioned by DELWP to inform the Planning for Melbourne's Green Wedges and Agricultural Land Strategy that is currently in development. The report presents an analysis of the potential for soil-based agriculture as it relates to climate change. The study area is defined as a 100km radius circle from the Melbourne CBD, which covers most of Bass Coast Shire, excluding the Wonthaggi-Inverloch region.

The assessment provides a strategic analysis of 'Land Suitability' through modelling the versatility of land for twelve key commodities under forecast climate changes in 2030, 2050 and 2070.

Table 5, summaries the land suitability assessment findings for Bass Coast Shire.

Assessment findings show that most of the land in Phillip Island, San Remo and Western Port areas will not be suitable for most traditional broadacre soil-based agricultural commodities in the long term. The Bass Cost inland area has much higher levels of suitability.

T26 Agricultural Land Suitability Assessment

CLASS	COMMODITY	SUITABILITY INDEX RATING		
		Phillip Island	San Remo / Western Port	Rural Inland Area
Crops	Canola	High Variability	High Variability	High Variability
	Winter Red Wheat	Medium	Not Suitable	Low/Very Low
Fruit	Cool Grapes	Not Suitable	Not Suitable	Medium
	Warm Grapes	Not Suitable	Not Suitable	Medium-High
	Pomme	Not Suitable	Not Suitable	Medium
	Stone	Not Suitable	Not Suitable	High
Pastures	Lucerne	Low/Very Low	Not Suitable	Low/Not Suitable
	Ryegrass	Low/Very Low	Not Suitable	High
Vegetables	Brassica	Not Suitable	Not Suitable	High
	Lettuce	Not Suitable	Not Suitable	Medium
	Tomato	Low/Very Low	Medium	Medium/High
Total Versatility	All Commodities	Not Suitable	Not Suitable	Low/Medium

Source: Land Suitability Assessment in Melbourne's Green Wedge and Peri-Urban Areas, Deakin University, 2018

Environmental Assessment

The following section provides an overview of the various planning mechanisms to protect the natural environments.

Bass Coast Shire contains several state-declared environmentally significant areas, that are habitats to native wildlife and play an important role in conserving ecosystems. These areas protected by various organisations DELWP, Phillip Island Nature Parks and Bass Coast Shire Council.

The Bass Coast Planning Scheme applies numerous planning overlays designed to prevent adverse impacts of development on the natural environment.

Land within the RAZ tourism precincts overlap with several environmental and land management overlays which further constrain tourism development. Most of these overlays enforce controls related to built form and design, while other such as the Specific Controls Overlay (SCO) limit the types of tourism activities to be developed on the land. These overlays often incur additional costs for tourism developers and operators through mandatory strategic and technical assessments which often require professional services.

On Phillip Island, tourism development has been a key driver for positive conservation outcomes and improvement in access to natural environments and the increase of supporting infrastructure. The success of the organisation demonstrates how diversification through rural tourism uses can support retention and sustainability of existing land uses.

The Bass Coast Distinctive Areas and Landscapes Statement of Planning Policy (SPP) is currently in development which aims to protected state declared landscapes through changes to policy and limiting settlement growth. The outcomes of the SPP may restrict the land capacity, population base and infrastructure development required for significant tourism investment near existing rural settlements.

Governance and Strategic Context

There are multiple governing bodies and planning mechanisms that are responsible for the environmental management strategic direction and policy in Bass Coast Shire.

Bass Coast Shire contains several state-designated environmentally significant areas, that are habitats to native wildlife and play an important role in major ecosystems. These areas are under policy protections enforced by the Department of Environment, Land, Water & Planning (DELWP).

Phillip Island Nature Parks (PINP) is responsible for conservation of nature reserves and the operation of ecotourism activities on Phillip Island. The PINP continually undertake strategic work and management planning for their areas.

These organisations work with Bass Coast Shire Council to incorporate their outputs into the Bass Coast Planning Scheme's strategic framework and planning overlays.

In 2019, Bass Coast was declared a Distinctive Area and Landscape under the Planning and Environment Act 1987. The declaration triggers the requirement to prepare a Statement of Planning Policy (SPP).

Bass Coast Distinctive Areas and Landscape Assessment and SPP (Underway)

The SPP is a 50-year vision and land use strategy to better protect the unique features of the Bass Coast declared area. It will also designate long-term settlement boundaries for townships to provide greater certainty for current and future generations.

The SPP defines the following Precincts (shown in Figure 20):

- Waterline and Bass River Catchment Precinct
- Phillip Island Precinct
- Bass Hinterland Precinct
- Regional Centre Precinct
- Bunurong Coast Precinct

The DALS may restrict the land capacity, population base and infrastructure development required for significant tourism investment near existing rural settlements. The outcomes of the project will be an important consideration for the Final Strategy.

F19 **Proposed Bass Coast Distinctive Areas and Landscapes Precincts**



Phillip Island Nature Parks

Phillip Island Nature Parks (PINP) is a non-for-profit organisation responsible for the management and conservation of over 1,805 hectares of Crown Land on Phillip Island including beaches, bushland and wetland reserves and the operation of complementary ecotourism experiences. The Land is managed on behalf of DELWP, who hold ownership over publicly zoned land.

The organisation is completely self-funded through tourism activities with all funds raised reinvested into vital research, conservation and education programs across Phillip Island Nature Parks. Nature Parks have successfully delivered large scale tourism projects including the Penguin Parade Centre and Nobbies Visitor Centre.

The PINP continually undertake strategic work and management planning for their areas. The PINP are required to apply for planning permits for any development works.

The organisation's success demonstrates how tourism development in Bass Coast has driven positive conservation outcomes, improvement in access to natural environments and the increase of supporting infrastructure. A focus on eco-tourism has also enabled greater preservation of natural environments through financing land buyback schemes and the greater protection of critically endangered species.

The Phillip Island (Millowl) Wildlife Plan has recently been released to manage abundant wildlife on the Island. The five-year plan was developed in response to the growth in populations of some species that are affecting the Island's environment and community through over-browsing of native vegetation and crops, damage to amenity and buildings, and interaction with cars.

The Plan defines management outcomes, strategies and actions to achieve a sustainable population of native wildlife that allows community, particularly farming activities to continue on Phillip Island.

The Plan provide direction to support opportunities for alternate and diversified options and incomes for farms on Phillip Island.



Phillip Island Penguin Parade Viewing Platform





The Penguin Parade Centre at Phillip Island Nature Parks.

Planning Overlays

Heritage Overlay

The Heritage Overlay is applied to conserve and enhance places of natural or cultural significance (see Figure 20).

- Application: The Heritage Overlay applies to Heritage Places listed in the Schedule to the overlay. Land subject to the HO with the Rural Precincts include:
  - HO23: House, 130 Cape Paterson-Inverloch Road, Cape Paterson
  - HO28: 1826 Settlement Point, Corinella
- Land Use Policy and Permit Requirements: A permit is required to carry out most buildings and works. Removal or demolition of heritage protected assets is generally prohibited. Renovations and extensions are more complex with a Heritage Overlay and applications may require the assistance of a Heritage Consultant and/or Architect.

Environmental and Landscape Overlays

Figure 20 maps rural areas subject to Environmental and Landscape Overlays in Bass Coast Shire.

Environmental Significance Overlay (ESO)

The purpose of Environmental Significance Overlay is to ensure that development with declared areas of environmental significance is compatible with identified environmental values.

- Application: There are currently three schedules under the ESO that apply to rural land that are tailored to for specific environmental assets, including:
  - Schedule 1: Coastal Wetland Areas
  - Schedule 2: Sites of Geological and Geomorphological Significance
  - Schedule 3: Significant Flora and Fauna Habitats: Apply to areas within Bass Coast generally located on Crown land.
- Land Use Policy and Permit Requirements: A permit is required to carry out most buildings and works. Assistance from engineers, architects or environmental consultants may be required to ensure built form outcomes are in accordance with environmental protection and design guidelines.

Significant Landscapes Overlay (SLO)

The Significant Landscape Overlay is used to conserve and enhance the character of significant landscapes.

- Application: There are currently five schedules under the SLO that apply to rural areas that are tailored to the identified significant landscapes including:
  - Schedule 1 Strzelecki Foothills and Bass Valley
  - Schedule 2 Phillip Island Western and Southern Coast
  - Schedule 3 Phillip Island Eastern Coast
  - Schedule 4 Kilcunda to Inverloch Coast
- Land Use Policy and Permit Requirements: A permit is required to carry out most buildings and works. Buildings of scale or bold design that do not 'fit in' with the existing landscape is generally prohibited. Assistance from an architect may be required to ensure built form outcomes are in accordance with design guidelines.

Land Management Overlays

Figure 21 maps rural areas subject to Land Management Overlays in Bass Coast.

Erosion Management Overlay (EMO)

The Erosion Management Overlay is applied to areas with land stability issues.

- Application: In Bass Coast, the EMO mostly applies to the Strezlecki Foothills that are characterised by a steep terrain and therefore is generally unsuitable for dense development.
- Land Use Policy & Permit Requirements: A permit is required to carry out most buildings and works. A geotechnical report will be required to demonstrate that the development will not cause stability or land slip issues. Professional assistance may be required to prepare the application.
- Major Exemptions: A permit is not required for non-habitable outbuildings associated with agriculture and agricultural activities.

Bushfire Management Overlay (BMO)

The Bushfire Management Overlay is applied to areas within proximity to a bushfire hazard.

- Application: The BMO applies to within and around forested areas including Wildlife Reserves on Phillip Island, Kilcunda - Harmers Haven Coastal Reserve and Nature Conservation Reserves in Grantville, The Gurdies, Wonthaggi, Lang Lang and other rural inland areas.
- Land Use Policy & Permit Requirements: A permit is required to carry out most buildings and works. A bushfire management statement and plan will be mandatory. Approval from the Country Fire Authority (CFA) and other professional assistance is most often required to prepare the application.

Land Subject to Inundation (LSIO)

The Land Subject to Inundation Overlay areas that may be subject to significant flooding events. Due to a nearby water source, low altitude and drainage issues.

- Application: The LSIO is primarily applied to land surrounding the Bass and Powlett Rivers, as well as low lying areas along the Western Port Bay and Cape Paterson-Inverloch Coastline.
- Land Use Policy & Permit Requirements: A permit is required to carry out most buildings and works. Assistance from engineers, land surveyors, environmental consultants and relevant floodplain management authority will be required to ensure built form outcomes are in accordance with flooding and design guidelines.
- Major Exemptions: For land with a Rural Zone, a permit is not required for outbuildings, open agricultural and farm buildings, and works associated with horticulture, and sports grounds that are the ground level.

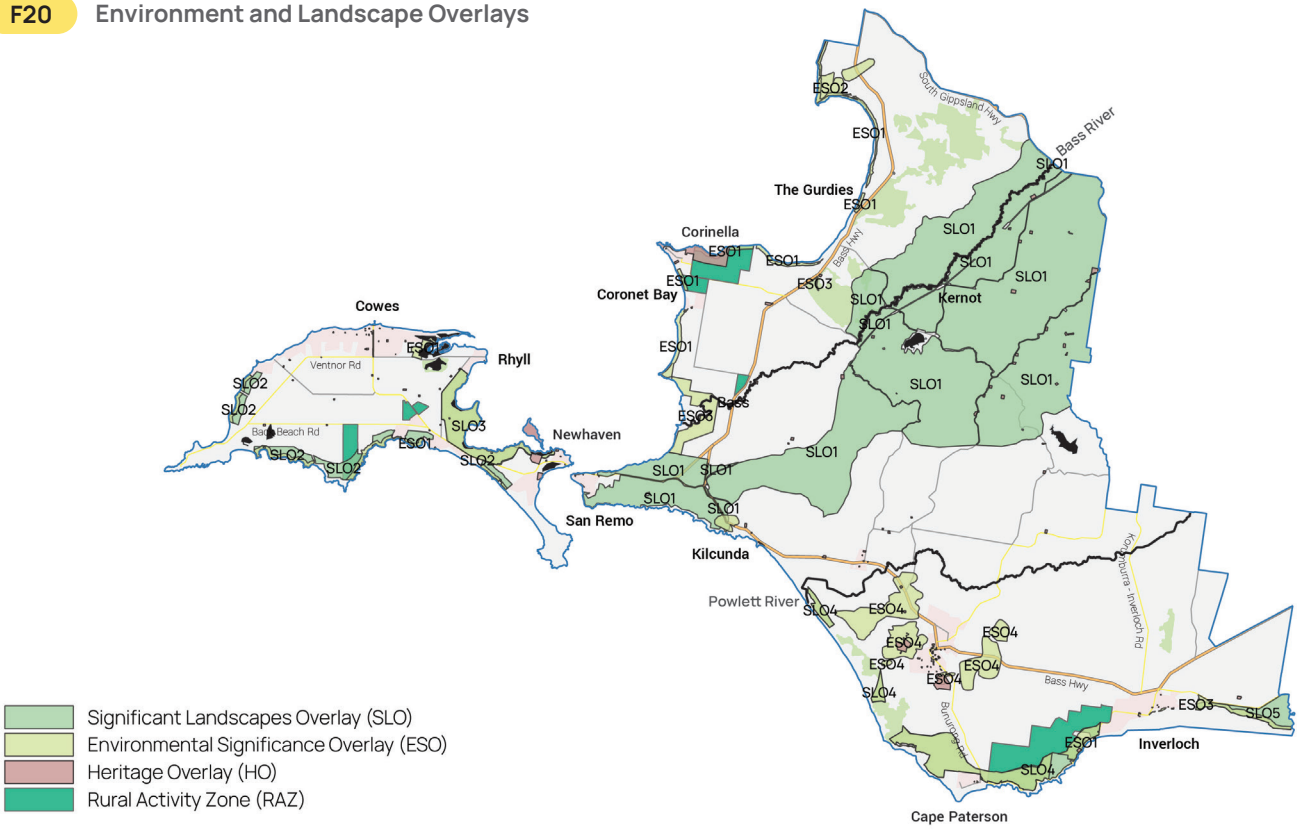
Other Overlays

Specific Controls Overlay (SCO)

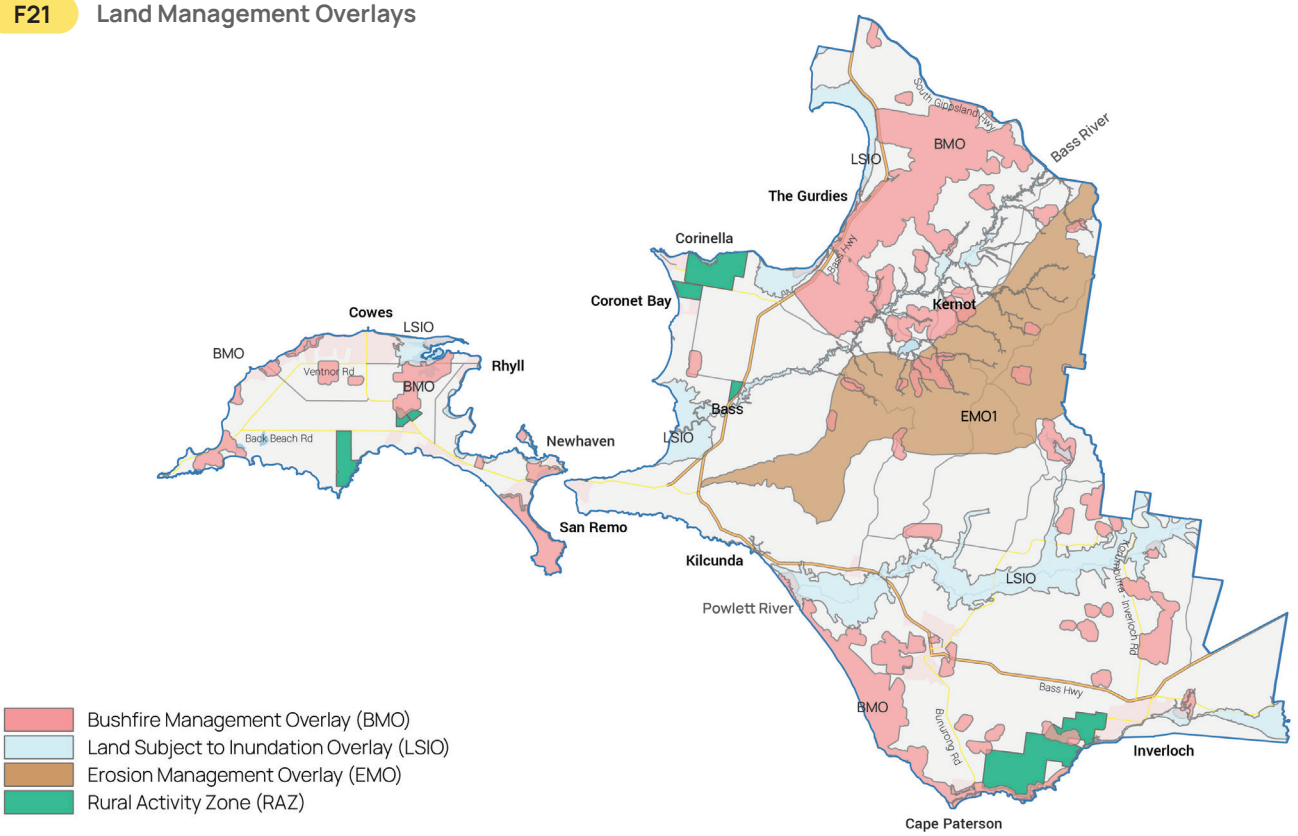
The Specific Controls Overlay is applied to achieve a particular land use and development outcomes in special circumstances.

- Application: The Schedule to the SCO applies to the following areas:
  - SCO1 - 158 Gap Road, Cowes – Incorporated document published in January 2019
  - SCO2 - Ventnor Rural Tourism Precinct (Adjacent to PI Grand Prix Circuit) - Philip Island Grant Prix Circuit Associated Facilities Incorporated Plan published in 2006 (Still Current)
- Land Use Policy & Permit Requirements: Land identified in the Schedule must be developed in correspondence to the following incorporated documents:
  - 158 Gap Road, Cowes – To enable the use of part of the land for a materials recycling and transfer station.
  - Philip Island Grant Prix Circuit Associated Facilities Incorporated Plan published in 2006: To enable the development tourist facilities that complement the adjacent Phillip Island Grand Prix Circuit, in particular an outdoor recreation facility (golf course) and associated residential hotel and group accommodation.

F20 Environment and Landscape Overlays



F21 Land Management Overlays



Summary of Environmental Constraints on Rural Tourism Precincts

The table below summarised the planning overlays and land use constrains for tourism development that apply to some or all areas within the existing Rural Tourism Precincts.

T27 Summary of Environmental Constraints

Location	Heritage and Built Form Overlays	Environment and Landscape Overlays	Land Management Overlays	Other	Key Constraints
Corinella - Coronet Bay	HO28	ESO1	LSIO	None	• Building and works trigger requirements for technical assessment and flood management plans • Assistance from engineers, architects or environmental consultants may be required to ensure application is in accordance with environmental protection and design guidelines.
Inverloch - Cape Paterson	HO23	ESO1, SLO4	BMO	None	• Assistance from engineers, architects or environmental consultants may be required to application is in accordance with environmental protection and design guidelines. • Building and works trigger requirements for bushfire hazard technical assessments and management plans
Bass	None	None	None	None	• None
Sunset Strip (PI Adventure Resort)	None	None	BMO	None	• Building and works trigger requirements for bushfire hazard technical assessments and management plans
Ventnor (Grand Prix Cir-cuit)	None	ESO, SLO	None	SCO	• Permit Land Uses Include: Golf Course, Group Accommodation and/or Residential Hotel • Buildings of scale or bold design that do not 'fit in' with the existing land-scape is generally prohibited.
Fantasia Site, The Gurdies	None	None	BMO	None	• Building and works trigger requirements for bushfire hazard technical assessments and management plans

Conclusions

Demand for Tourism Uses in Rural Areas

Analysis of permit activity, current visitation trends and projected visitation highlights the need for rural areas to support some level of tourism use.

There are many tourism uses that cannot locate in urban settlements of Bass Coast due to constraints in land supply, the need to be linked with nature based assets and/ or agriculture and the importance of a landscape outlook, costal or hinterland views. Examples of this include:

- Large scale resort developments with complimentary sports and leisure facilities;
- Golf courses;
- Tourist parks;
- Hot springs resorts;
- Race tracks;
- Wildlife parks and zoos;
- Wineries;
- Nature based eco accommodation;
- Equine facilities;
- Farm gate.

Analysis of planning permits shows that 68 tourism planning applications were made, the vast majority of which occurred on Phillip Island, highlighting a much higher demand for tourism investment in the rural area of Phillip Island than Mainland Bass Coast.

Analysis of visitation shows that Phillip Island captures 67% of all visitors to Bass Coast and attracts almost all international visitors.

Land use planning needs to consider past and future demand for tourism accommodation, product, activities and attractions to support projected visitation growth. Urban Enterprises modelling shows that Bass Coast will need to support an additional 1.3 million visitors between 2022-2032.

The rural areas of Bass Coast are needed to support appropriate tourism investment that maintains and improves the natural environment and landscape of the region.

Rural Tourism Precincts

Since 2014 to 2021, there were a total of 68 tourism applications lodged, with an average of 9 tourism permit applications per year. Of these applications, only 44 were granted a permit.

The majority of tourism proposals were located in the Farming Zone outside of the Rural Tourism Activity Precincts (59 permits or 87%).

There are a number of reasons why the Rural Tourism Precincts have not delivered any substantial tourism investment, these include:

- Rural Tourism Precincts do not reflect demand for investment or visitation patterns, for example Phillip Island has the greatest demand for rural tourism uses, however there is limited land zoned Rural Activity on the Island.
- The Rural Activity Zone Schedule and associated Local Planning Policy together create substantial limitations on investment in the Rural Tourism Precincts.
- Current broad hectare land uses such as large lot cattle farming are not conducive to agri-tourism uses and owners have little interest in establishing a tourism enterprise.
- A number of proposals have received significant community backlash and have resulted in permits not being granted.

It is the view of the authors that an alternative approach be investigated that provides specific direction on tourism uses in rural areas across the four identified sub regions, which have various levels of tourism focus, demand, agricultural activity and landscapes:

- Phillip Island and San Remo;
- Bass Hinterland;
- Waterline and Bass River Precinct;
- Kilcunda to Inverloch Coastline.

Planning Policy to Support Tourism Development

The purpose of the RAZ is to facilitate agriculture and other land uses compatible with agriculture – conditionally allowing leisure and recreation activities, restaurants, hotels and other group accommodation.

However, the RAZ is further constrained by the local planning policy, notably:

- The schedule to the RAZ specifies that development must be small scale, have a rural/coastal appearance and maintain lot density.
- Local tourism planning policy further restricts activities to be ancillary or directly integrated with agricultural uses, thus prohibiting most uses allowed under the usual RAZ.

Should the Rural Activity Zone continue to be applied to support tourism uses, the Schedule and Local Policy need to be amended to support tourism uses that are appropriate to the various sub regions in Bass Coast.

The FZ also facilitates non-agricultural uses but is subject to far fewer local policies. As a result, the RAZ in practice is more restrictive than the FZ.

Overall, analysis shows disconnect between the tourism product demand identified in strategic documents and the local tourism policy. Local planning policy often prescribes location-specific tourism land uses without consideration to current market demand – which is crucial factor for successful investment attraction.

The Farming Zone and Rural Activity Zone are limited in their support of larger scale tourism development. In instances where a tourism use does not have any link with farming activity the Special Use Zone is best applied. There are some locations within Bass Coast Shire that have lower quality agricultural land and support limited commercial agricultural activity, however present prerequisites for primary tourism use.

Local Planning Policy

Clause 17.04-1L Facilitating Tourism highlights areas for investment in tourism, however does not adequately include contemporary tourism land uses that need to be facilitated on larger allotments. In addition, tourism direction is only provided for the Rural Activity Precincts and largely neglects any direction for Phillip Island which has the highest pressure for tourism related investment in rural areas.

The Local Policy also highlights the need for tourism development to be used in conjunction or ancillary to agricultural however does not consider that a tourism use may be ancillary to nature based and environment product or whether tourism use can be a legitimate primary use in the rural areas.

Nexus with Agriculture

The requirement for tourism uses to have a nexus with agriculture is found within the Local Planning Policy, whilst both the Farming Zone and Rural Activity Zone do not have this direction.

The Local Planning Policy reads as though tourism cannot be a primary use in rural areas, however there are a range of tourism uses that can only feasibly be facilitated in rural areas due to the need for larger landholdings, rural and coastal outlooks and connection with nature-based tourism or environmental tourism.

Productive use of rural land needs to be a consideration, in some instances, particularly on Phillip Island there are numerous landholdings that are largely unproductive for agricultural due to size, proximity to coastal saline conditions and poor soil quality. Tourism would provide a productive use for these sites and potential lead to improved land management outcomes. The Phillip Island Nature Park is an excellent example of an enterprise which has slowly increased its landholdings and transitioned farming land into improved environmental outcomes.

The majority of Bass Coast Shire is considered of high agricultural land quality. It is critical that high quality farming land is protected, however in the few locations where agricultural productivity is low, alternative uses that have no link with agriculture should be considered.

For Phillip Island in particular, where improved environmental outcomes can be demonstrated through tourism uses such as native revegetation to support Phillip Island's fauna this should be considered as a positive outcome for rural landscapes.

Part D: Strategy and Recommendations

Strategy

This section sets out the strategy for rural tourism development in Bass Coast Shire drawing on the research and analysis included in this report.

Vision for Rural Tourism

The Strategy will aim to fulfil the following vision for rural tourism in Bass Coast Shire:

Bass Cost Shire will be regarded as a leading rural tourism destination acclaimed for its excellence in ecotourism and agritourism.

The rural areas will support investment in contemporary and quality tourism businesses that are sympathetic to Bass Coast's landscape and agricultural activities.

Rural Tourism Objectives

1	**Attract Appropriate Rural Tourism Investment**	Ensure Bass Coast remains competitive as a rural tourism destination through attracting investment in rural tourism product that is sympathetic to landscape, the environment and agriculture.
2	**Improve Geographic and Seasonal Dispersal of Visitors**	Increase visitation in the shoulder and off-peak by providing tourism product that is not reliant on warm weather. For example, agri tourism, nature based tourism and eco tourism experiences.
3	**Grow Visitor Yield**	Through development of more diverse, contemporary and high quality tourism product, Bass Coast Shire will increase yield from visitors and encourage overnight stays. This requires investment in destination food establishments, spa and well being and high quality accommodation.
4	**Facilitate Sustainable, Resilient Rural Tourism Economy**	Provide amenity that benefits both visitors and residents. Support rural communities to sustain their land through diversification, creating multiple streams of revenue and reducing risk through tourism investment.
5	**Environment Improvement**	Through tourism use, encourage positive environmental outcomes through investment in revegetation of native flora and subsequently supporting fauna.

Strategic Directions

Sub-regional Approach

Apply a subregional approach for rural tourism development that reflects the geography, land use and tourism demand across Bass Coast Shire.

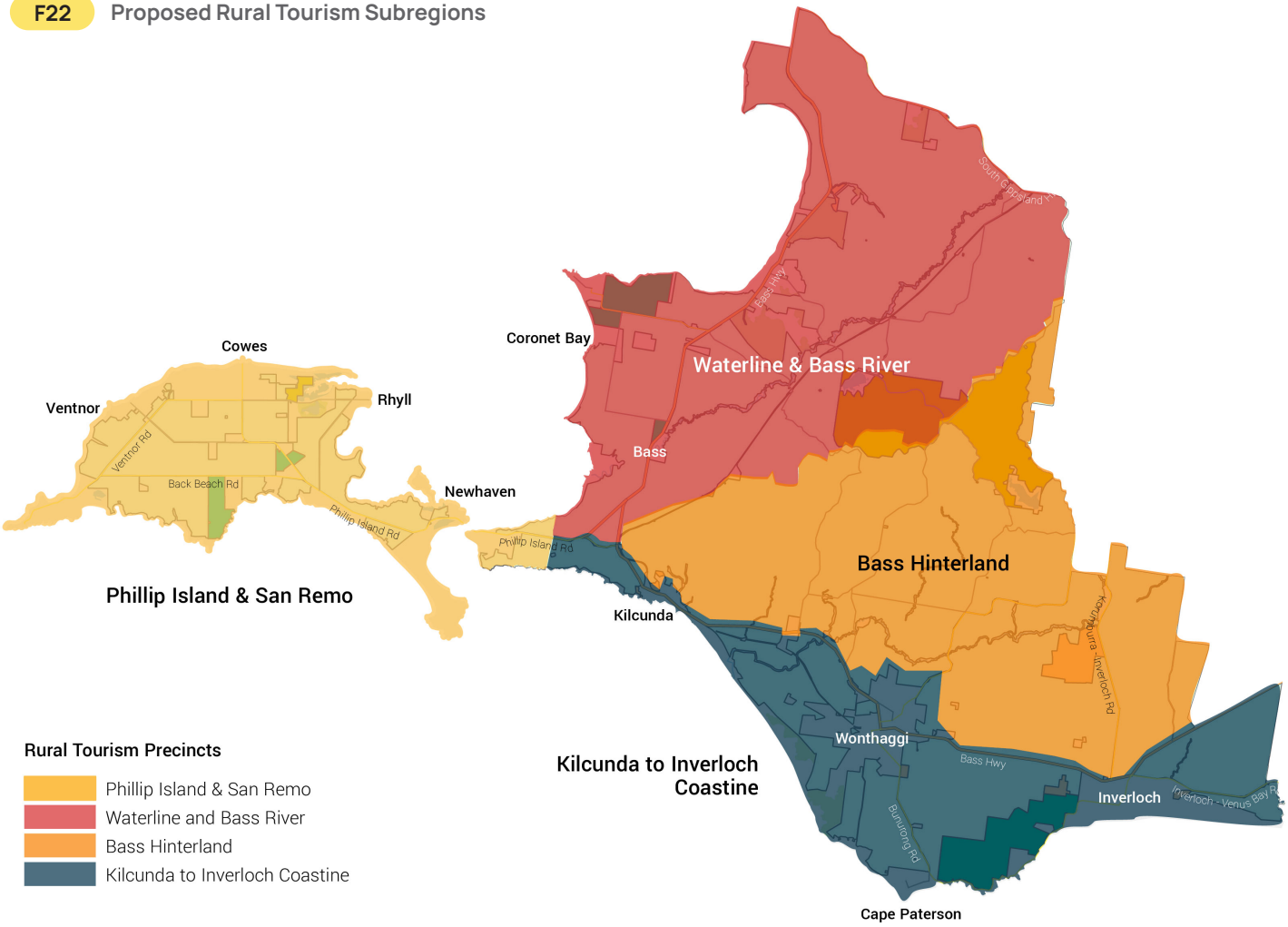
It is recommended that Bass Coast Shire consider revising its approach to supporting rural tourism land use within the Bass Coast Planning Scheme, drawing on the research and analysis included in this report.

The Planning Scheme needs to respond to the various level of need and current land use patterns across the Shire, with specific controls and directions for each sub region.

It is proposed the 'Rural Tourism Precincts' as currently applied across the Bass Coast Scheme be replaced with the following 'Rural Tourism Subregions' (shown in Figure 22) to guide and facilitate tourism investment.

- Phillip Island and San Remo;
- Bass Hinterland;
- Waterline and Bass River Precinct; and
- Kilcunda to Inverloch Coastline.

F22 Proposed Rural Tourism Subregions



Nexus Between Tourism and Other Rural Land Uses

Enable the nexus between tourism with other rural land uses which supports productive use of rural land.

Existing local policy requires tourism uses in rural areas to have a nexus with agriculture. While protection of high-quality agricultural land should remain a top priority in Bass Coast, this leaves a gap in the current policy to enable productive use of land that:

- Is low quality or unsuitable for farming uses;
- Has little to no connection with agriculture (i.e. heritage site, natural environments); or
- Is being used for a rural activity other than agriculture.

In these areas, nexus with agriculture is not justified and planning policy should reasonably consider other uses.

The Phillip Island Nature Parks (PINP) business model clearly demonstrates there is opportunity for tourism to have nexus with land uses other than agriculture, in a way that is mutually beneficial for the involved activities and demonstrates a productive use of land as well as improved environmental outcomes.

Additionally, the Municipal Strategy and supplementary local policy needs to be radically reframed to incentivise tourism development that contributes to a broader range of rural land use objectives. Other rural land uses that are compatible with tourism include:

- Restoration and conservation of natural systems,
- Preservation of heritage assets or areas with cultural significance,
- Enhance other rural industry (such as forest-based industry, mineral-based industry).

Tourism as a Primary Land Use

Support the application of the Special Use Zone in site specific locations where tourism is logically the primary land use.

The existing Rural Zones in the Victorian Planning Scheme are generally designed to facilitate and preserve land for agriculture and are limited in their support of larger scale tourism developments. In instances where the available rural zones cannot reasonably support a larger scale tourism use or where the primary land use for tourism is justified, the Special Use Zone is best applied on a specific-site basis.

A number of preliminary investigation sites have been identified for potential rezoning to the Special Use Zone, including:

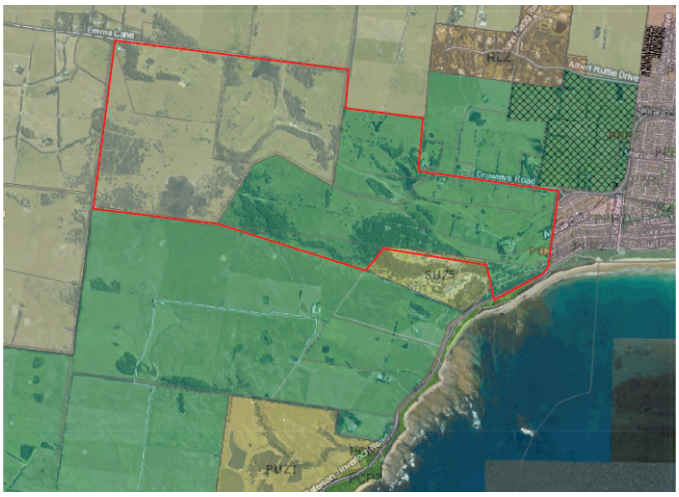
- Newhaven: Farming Zone Land south of Phillip Island Rd including the Former Airfield Site.
- Ventnor: Land West of the Grand Prix Circuit including 427 Back Beach Rd, Ventnor,
- Kitty Miller Bay – Areas surrounding the Kitty Miller Road Wetland, 1\PS340233 Kitty Miller Road, Ventnor
- Inverloch: Parcels along Toorak Road and Drowleys Rd in Inverloch (West of the Inverloch township and behind the RACV Resort).

Special Use Zone should be applied with consideration of the criteria identified Table T28.

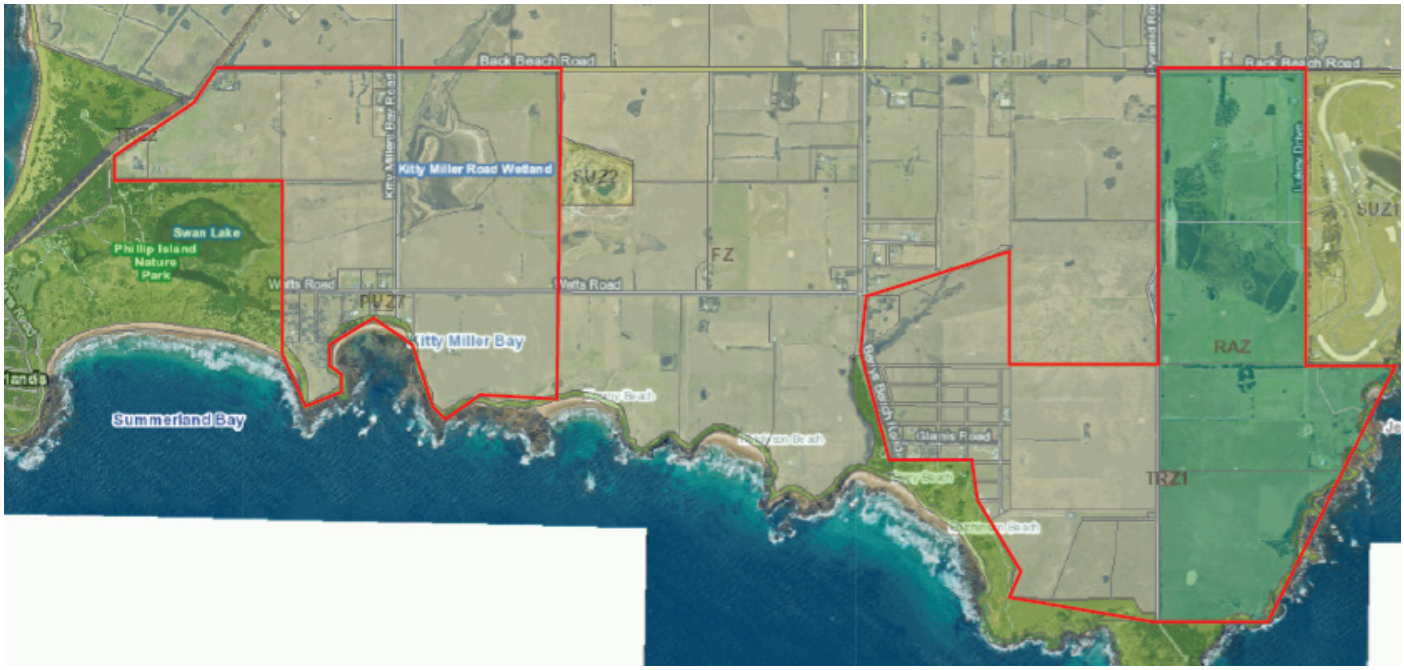
F23 SUZ Investigation Area - Newhaven



F24 SUZ Investigation Area - Inverloch



F25 SUZ Investigation Area - Ventnor & Kitty Miller Bay



T28 **Proposed Framework Criteria for Applying the Special Use Zone for Tourism Land Uses in Rural Areas**

Land Use Planning Objectives	• An appropriate combination of the other available rural zones, overlays and local policies cannot give effect to the desired objectives or requirements • Development potential to provide amenity that benefits visitors or residents that cannot be accommodated by urban areas or settlements • The site provides adequate flexibility to cater for a wide variety of land uses. The complexity of planning requirements is reduced by keeping the number of zones used to a minimum.

Site Attributes	• Provides an attractive setting, either rural or coastal, and provides the opportunity for tourism development to capture significant rural or coastal views and vistas.
	• Is elevated more than 5 metres above sea level with preference to areas which are not subject to predictable adverse environmental processes and effects including storm surges, river and coastal flooding or landslip.
	• Does not affect the existing views and landscape, or the site allows for a potential tourism facility to be designed in a way which is discrete and sensitive to the existing environment.
	• A significant area of the site is:
	  • Deemed unsuitable for agriculture through technical site assessments due to factors including the size of land holding, poor quality soils, natural environmental processes or other significant land issues.
	  • Land with limitations to sustained use that cannot be overcome at a currently acceptable cost
	  • Allows for development not-disruptive significant vegetation and wildlife.

Access	• Has **direct access to a major sealed road** or touring route.
Relationship to Existing Tourism Product Strengths	• Is in close proximity to existing tourism product and infrastructure nodes or in a location which exhibits tourism development potential. For example undeveloped high quality natural attractions. • Is in an area exhibiting existing tourist visitation and opportunity for increased tourism activity through further tourism product development. • Provides opportunity for links to nature-based tourism, walks, waterways, State and National Parks or other man made attractions. • Is within proximity to an existing township. This will ensure that any rural tourism development can draw on existing labour pools and existing local services.

Creating Positive Design Outcomes

Utilise a Design Development Overlay to create positive design and built form outcomes.

Existing policy repeatedly calls for rural tourism developments to be of 'small-scale' and enforces large minimum subdivision requirements as the primary way to ensure prevention or minimisation of adverse impacts to landscape, cultural heritage, fauna and flora, and the amenity of rural communities.

While inappropriate development should be discouraged, these policies impractical and lacks the nuance to balance positive built form outcomes with feasible land use development. They create significant investment barriers for new landowners looking to begin a tourism enterprise, mainly due to:

- Higher upfront costs and risks associated with purchasing larger lots due to the inability to subdivide land.
- Capped capacity and inhibited growth potential due to limits to 'small scale' development.
- Inhibits potential to provide large scale amenities for both residents and visitors that cannot be accommodated by urban areas or settlements.

The award winning 'The Cape' Ecovillage in Cape Paterson exemplifies how large developments can achieve positive built form outcomes.

Implementation of a Design and Development Overlay for each tourism subregion should be considered with specific controls and setbacks for the significant landscape and natural environments unique to each area. Revision of built form and subdivision controls is required to redirect emphasis away from restricting scale and instead sets a high standard for sustainable design practices and a focus on innovative architecture that ensures buildings are well integrated into the environment.

Improving the Evidence Base

Build an evidence base to support future rural tourism land use.

Sustainable rural tourism governance needs to carefully balance environmental, agricultural and economic issues that are often complex, conflicting and continuously changing. Climate change, urban growth and volatile economic conditions will further complicate the development landscape in the future. Due to the diversity of tourism land uses, planning applications will inevitably require Council to exercise some discretion on a case-by-case basis. For this reason, it is essential that future planning decisions are underpinned by reliable data and clear strategic direction. It is recommended that further work is undertaken:

- Detailed and up-to-date technical analysis and mapping needs into the productivity of agricultural land across Bass Coast Shire.
- Work with Phillip Island Nature Parks to guide tourism development and create a hollistic vision for rural land development on Phillip Island.
- Environmental assessments to understand the impact of development on ecosystems.

This will support all stakeholders across the public and private sectors to make informed decisions and ensure an appropriate balance between agricultural, environmental and tourism uses.

Recommendations

Recommendations are provided as follows:

- **Overarching Recommendations:** Sets out the overarching recommendations and actions for future rural tourism land use policy for Bass Coast Shire.
- **Recommendations for Tourism Subregions:** Provides the strategic direction and recommended land uses for each subregion.

Overarching Recommendations

Planning Scheme Recommendations

Recommended changes to the Bass Coast Planning Scheme for short term delivery through a Planning Scheme Amendment.

No.	Action	Stakeholder	Timeframe
1.1	Replace the 'Rural Tourism Precincts' as currently applied across the Bass Coast Scheme with the 'Rural Tourism Subregions' (Figure 22, page 87) to guide and facilitate tourism investment including Phillip Island and San Remo, Bass Hinterland, Waterline and Bass River Precinct and Kilcunda to Inverloch Coastline.	Bass Coast Shire Council	Short Term
1.2	Remove existing Local Planning Provisions regarding rural tourism development including • Clause 14.01-2L-02 Sustainable Agricultural Land Use in the Farming Zone • Clause 14.01-2L-03 Sustainable Agricultural Land Use in the Rural Activity Zone • Clause 15.01-6L Development in the Rural Activity Zone • Clause 17.04-1L Facilitating Tourism • Schedule 1 to Clause 35.08 Rural Activity Zone	Bass Coast Shire Council	Short Term
1.3	Replace the Rural Activity Zone in favour of the Farming Zone supplemented with local planning policy to guide rural tourism development and, where appropriate, the Special Use Zone to support larger scale tourism uses.	Bass Coast Shire Council	Short Term
1.4	Adopt the Strategic Themes, Directions, Land Uses for each Rural Tourism Subregion as outlined in the Bass Coast Unlocking Rural Tourism Strategy (this document) into the Bass Coast Planning Scheme.	Bass Coast Shire Council	Short Term
1.5	Radically reframe local policy to allow to incentivise tourism development that contributes to a broader range of rural land use objectives including: • Restoration and conservation of natural systems, • Preservation of heritage assets or areas with cultural significance, • Enhance other rural industry (such as forest-based industry, mineral-based industry).	Bass Coast Shire Council	Short Term
1.6	Incorporate the recommended framework criteria (Table 28, page 90) for future opportunities for specific land holdings to be rezoned to the Special Use Zone for larger scale tourism uses.	Bass Coast Shire Council	Short Term

Recommendations for Further Strategic Work

Recommendations for further strategic work to enable rural tourism development

No.	Action	Stakeholder	Timeframe
2.1	Undertake consultation with landowners and further technical assessments to investigate whether there is a need for Special Use Zones which prioritize tourism at the following identified investigation areas: • Newhaven (Figure 23, page 89): Farming Zone Land south of Phillip Island Rd including the Former Airfield Site. • Ventnor (Figure 25, page 89): Land West of the Grand Prix Circuit including 427 Back Beach Rd, Ventnor, • Kitty Miller Bay (Figure 25, page 89): Areas surrounding the Kitty Miller Road Wetland, 1\PS340233 Kitty Miller Road, Ventnor • Inverloch (Figure 24, page 89): Parcels along Toorak Road and Drowleys Rd in Inverloch (West of the Inverloch township and behind the RACV Resort).	Bass Coast Shire Council, Landowners	Short-Medium Term
2.2	Undertake a detailed Agricultural Land Assessment for Bass Coast Shire every 5 to 7 years. The outcomes of the assessment should: • Include a survey of agricultural land use across Bass Coast Shire • Understand macroeconomic trends in the industry and • Identify high quality, productive agricultural land that require protection • Identify the types of commodities suitable for agricultural land and opportunities for diversification • Include discussion around land use conflicts between agricultural, ecological • Provide policy recommendations and guidance on the application of zones in relation to agriculture • Recommend biosecurity measures and incentives to facilitate financially and ecologically sustainable agricultural practices • Identify opportunities for the region to obtain biosecurity and food safety related certification to give the industry a competitive edge in production and trading. For example: Be a declared Phylloxera Exclusion Zone (PEZ). • Be publicly accessible for the benefit of all stakeholders including local government, landowners, community members, investors and developers.	Bass Coast Shire Council	Short Term
2.3	Work with Phillip Island Nature Parks to guide tourism development and create a hollistic vision for rural land development on Phillip Island, including: • Identify areas for conservation / ecological restoration / wildlife corridors • Identify areas of high quality agricultural to be protected • Identify rural areas suitable tourism land uses	Bass Coast Shire Council, Phillip Island Nature Parks (PINP)	Medium Term
2.4	Work with the relevant governance bodies to incorporate the findings of this study into future work which impacts rural tourism including the Bass Coast Economic Development Strategy and Phillip Island San Remo Visitor Economy Strategy reviews.	Bass Coast Shire Council, Phillip Island Nature Parks (PINP)	Medium Term

Recommendations by Subregion

T29 Recommendations by Subregion

Subregion and Strategic Theme	Strategic Need	Recommended Uses / Product Gaps	Recommended Zone & Policy
Phillip Island and San Remo • Environment, Nature Based and Wellness and Events	• Meeting long term visitation growth to Phillip island; • Encouraging uses that support increase in visitor yield; • Encourage uses targeted to international visitor markets; • Encourage uses that can support positive environmental outcomes including vegetation and wildlife corridors; • Encourage uses that support year round visitation. • Encourage uses that deliver contemporary product and experiences targeted to Lifestyle Leader segments.	• Hot springs resort (underway) • 5 Star accommodation with coastal views • Wellness retreats • Destination restaurants in a rural and coastal setting • Farm gate and rural tourism experiences • Eco/nature based accommodation • Environmental and eco experiences and tours • Golf course • Gardens • Winery and cellar doors • Distillery and cellar door • Visitor attractions • Walking and cycling experiences	• Farming Zone • Special Use Zone on site specific basis • Local Planning Policy direction • Consider applying a Design Development Overlay
Waterline and Bass River Precinct • Gourmet Food and Wine	• Leveraging off the visitation growth to Phillip Island and Inverloch • Encourage visitors to stop, slow down and spend time on the way to and from their destination • Food and agri business related destination • Encourage visitor dispersal from key tourism nodes	• Farm gate • Agri tourism experiences • Artisan produce • Small to mid scale accommodation • Provedore experience • Farmstay • Winery, cellar door and restaurant experience • Outdoor and adventure activities	• Farming Zone • Local Planning Policy direction • Consider applying a Design Development Overlay

Subregion and Strategic Theme	Strategic Need	Recommended Uses / Product Gaps	Recommended Zone & Policy
Bass Hinterland • Agri tourism, food and farmgate	• Establishment of the hinterland as a destination leveraging from visitors to Phillip Island and Inverloch • Encourage agri tourism, food related tourism, arts and culture • Focus on small scale and boutique tourism opportunities • Food and agri business related destination • Encourage visitor dispersal from key tourism nodes	• Art galleries • Artist studios • Farm gate • Farmstay accommodation • Farm experiences e.g. tours, education • Touring • Food experiences • Destination distillery or brewery • Small scale accommodation	• Farming Zone • Local Planning Policy direction • Consider applying a Design Development Overlay
Kilcunda to Inverloch Coastline • Nature based tourism and agri tourism	• Leveraging off visitation to Inverloch, Cape Patterson and Kilcunda • Providing nature based and agri tourism experiences	• Nature based eco accommodation • Tourist parks in appropriate locations • Outdoor events facilities • Farmstay accommodation • Experiential accommodation e.g. tiny home or glamping • Farmgate produce • Environmental and eco experiences and tours • Walking and cycling experiences	• Farming Zone • Special Use Zone on a site-specific basis • Local Planning Policy Direction • Consider applying a Design Development Overlay