

# Mildura Older Irrigation Areas

## SGS Economics and Planning research project for Mildura Rural City Council.

Horticulture in the Mildura (Sunraysia) region is of great significance nationally. The region acts as the national centre for wine grape production, wine manufacturing and packaging. It also produces the bulk of Australia's dried vine fruit and table grapes, and contributes significantly to domestic citrus production. The Mildura Older Irrigation Areas (MOIA) cover almost 14,000 ha of horticultural land within this region and are comprised by the three irrigation (or pump) districts of Mildura, Merbein and Red Cliffs.

The MOIA's long term viability as a horticultural region has been under threat on a number of fronts, including drought, commodity prices and encroaching residential development. Contrary to the general trends in regional towns, Mildura is growing as it consolidates as a regional centre servicing a large, agricultural hinterland. This growth has been accommodated in Mildura's expanding urban footprint, however the MOIA has also featured prominently as people wish "to live amongst the vines". This residential encroachment has resulted in significant amounts of horticultural land being removed from cropping over the last decade, and continues to threaten the long term viability of horticulture.

In June 2008, SGS in association with Regional Valuation Services (RVS), was commissioned by Mildura Rural City Council to assess the economic implications of a number of future planning scenarios designed to constrain residential development in the MOIA. The study was to pay particular attention to the implications of future planning scenarios on land values and on overall economic activity levels in the MOIA and the broader region.

The project focussed on analysing the implications of future planning scenarios in light of the following objectives

- Ensuring Mildura continued to play its vital role in horticultural production locally, regionally and nationally;
- Promoting sustainable economic development in Mildura; and
- Fulfilling Mildura's role in sustainably accommodating future residential development.

The study was an inclusive process involving consultation with horticultural producers in the region and industry experts. A rigorous impact assessment process was in place with:

- Local property valuation company (RVS) involved throughout the project to provide land value impacts of the planning scenarios by lot size; and
- A tailored regional economic model developed to assess the economic implications of altered levels of horticultural production on the economy.

The study found that previous flexibility associated with the *rights to apply* for new dwelling, sub-division and existing dwelling excision permits in the MOIA was acting as a strong disincentive for horticultural operators. That is, inflated land prices associated with the flexibility to develop the land for residential use coupled with the physical presence of housing and resident serving infrastructure, acted to obstruct land consolidation – a key prerequisite for efficient horticultural production.

As a result of the study, the strategic importance of horticultural activity in the MOIA as well as the negative impacts of ad hoc residential development was made abundantly clear. As a measure of success of the project, the Minister for Planning has placed an interim ban on future residential development within the MOIA.