



## Issues Paper

### Planning requirements for the establishment of large packing sheds in rural areas on agricultural land

#### Summary

Large packing sheds shared by a number of producers are becoming more common in intensively farmed areas of Queensland. Producers are finding it increasingly difficult to obtain approval for the construction of these facilities due to their size and location on agricultural land.

Packing and processing facilities located on farms are important links in the value-adding process for agricultural products and should be provided for in land use planning policies and local planning schemes.

It is important that planning policy documents and their supporting guidelines provide clear guidance for the preparation and content of local planning schemes so that issues that are common across local governments are addressed in a consistent and effective way.

It is recommended that the *State Planning Policy – state interest guideline for Agriculture (April 2016)* include relevant guidance on the assessment of applications for large packing and processing facilities to ensure that these facilities are located appropriately, not subject to excessive assessment processes and agricultural land continues to be protected from inappropriate development.

#### 1. Background

Fresh fruit and vegetables, harvested from Queensland farms, are sorted and packed in large on-farm packing sheds prior to being transported either to the fresh produce market or to a processing facility. There is a growing trend in the Queensland fruit and vegetable industry for the construction of large packing sheds that are shared by a number of local producers located on one of the farms. However, as these structures increase in size, there is increasing difficulty in finding suitable locations that meet both practical on-farm objectives and local and state government planning requirements. For example, they may exceed maximum floor area dimensions for farm sheds in local planning schemes or may need to be located on Class A or Class B agricultural land due to the absence of alternative locations.

The approval of on-farm infrastructure is becoming a particular issue for the pineapple industry in Queensland, but all perishable production is affected where these facilities must be located close to the production area.

A recent example of this issue involved a group of 12 growers on the Sunshine Coast who were looking to build a large packing shed for collective use rather than each having individual small packing sheds. When they approached the Sunshine Coast Regional Council they were advised that the development would not be approved as the preferred site is on agricultural land Class A and Class B and the large size of the shed would preclude this development even though it is an essential component of the local pineapple industry.

In this case, the alternative to one 2,000m<sup>2</sup> packing shed servicing all 12 growers would be up to 12 separate sheds each of 399m<sup>2</sup>: a total footprint of 4,788m<sup>2</sup> compared to 2,000m<sup>2</sup>.

While this was a specific project on the Sunshine Coast, it is typical of other similar developments of packing/storage infrastructure for intensive agricultural businesses.

## 2. Trends

### 2.1 Queensland fruit and vegetable industry production

The following information on trends in Queensland and Australian fruit and vegetable production is drawn from the State of Queensland agriculture report 2014 published by the Queensland Department of Agriculture and Fisheries.

Queensland is the largest producer of vegetables in Australia and the second largest producer of fruit. In 2013–14, Queensland's total vegetable production was estimated to be worth \$1.211 billion and its total fruit production is estimated to be worth \$1.547 billion. Many varieties of fruit and vegetables are produced in seasonal windows that are different from other Australian states and territories, which enables year-round availability of those commodities. Queensland produces 90 per cent of Australia's bananas, worth \$570 million. It is also the biggest producer of tropical fruits like mangoes, pineapples, avocados, limes and lychees. It is the second largest producer of strawberries, producing around one third of Australia's total strawberries, worth an estimated \$170 million in 2013–14. Queensland produces more than 50 per cent of Australia's tomatoes (worth \$291 million), approximately 75 per cent of Australia's capsicums (worth \$155 million) and 40 per cent of Australia's sweet corn (worth \$38 million). Queensland is also a major producer of beans, lettuce, pumpkins, mushrooms and herbs.

Fruit and nut GVP has been trending upwards for many years, and over the medium term to 2017–18, the gross value of the Australian fruit industry (excluding wine grapes) is projected to increase to approximately \$3.6 billion (in 2012–13 dollars). Australian fruit exports are also projected to rise, increasing to around \$577 million (in 2012–13 dollars) by 2017–18. Queensland is expected to follow this national trend with increasing exports over the medium term. Over the medium term to 2017–18, banana production is forecast to increase to around 325,000 tonnes, in line with a continuing increase in domestic demand and assumed favourable seasonal conditions. Avocado production in Australia is projected to increase to 70,000 tonnes by 2016–17, compared with 52,800 tonnes in 2010–11. Australian avocado production is domestically oriented, with forecast exports in 2011–12 of only 2,200 tonnes. Mango production in Australia is projected to grow to 77,000 tonnes in 2016–17, compared with a forecast 63,000 tonnes in 2011–12, but production and fruit quality are likely to remain highly variable from year to year.

Pineapples are grown in the Sunshine Coast, Wide Bay, Yeppoon, Coastal North Queensland and the Atherton Tableland regions. In the 2012–13 season, the Australian pineapple processing sector produced 39,000 tonnes of fruit for canning and juicing, which was worth \$12.5 million. However, this sector has been in steady decline over many years, due mainly to competition from cheaper imports.

In contrast, the fresh product sector has expanded considerably over the last 15 years, due mainly to the adoption of better fresh market varieties and improved fruit quality. In the 2012–13 season, 48,000 tonnes of fresh pineapple was produced and sold on the domestic market, with a farm gate value of \$57.5 million.

By 2017–18, the GVP of Australian vegetable production is projected to increase to \$3.77 billion in real terms, compared with \$3.65 billion in 2012–13. According to ABARES, strong growth is projected in world demand for vegetables, driven by world population and income growth, particularly in India and China. The fastest growing food type over the last decade has been horticultural products, with vegetables being one of the top five products. World trade in vegetables has also experienced strong growth since 2000, as the increase in fresh vegetables has been significant, growing at an annual

average of 7 per cent. After a forecast decline of 22 per cent, the value of Australian vegetable exports is forecast to increase by 3 per cent in 2013–14 to \$570 million, before rising marginally to \$577 million (in 2012–13 dollars) in 2017–18.

## 2.2 Trends in packing shed scale and location

Economies of scale and efficiencies provided through shared capital and operating costs are leading to the construction of large packing and processing facilities that are either shared by local growers or operated as a local/regional service facility.

Tropical Pineapples is an example of a large fruit production group based in Yeppoon in Central Queensland. This is an organisation of over 20 growers and a network of three packing sheds that pack over 1 million trays of fruit annually. The geographical spread of the group is from just north of Brisbane and extends to just north of Townsville. This spread allows the group to supply fresh pineapples to consumers throughout the year through Woolworths, Coles, Aldi and Costco directly, along with the food service industry and independent retailers through every major state market.

Similar arrangements operate in the major vegetable producing areas of Queensland such as the Lockyer Valley:

- Qualipac uses over 1,000 hectares of land to grow vegetables in South East Queensland. Their farms are located in the Lockyer Valley and Eastern Darling Downs with their packing facility and head office at Gatton.
- The Mulgowie Farming Company and its 50 contract partners manage some 4,000 hectares of farming land throughout Australia from Home Hill and Bowen, the Lockyer Valley to Glen Innes and Gippsland. They are the largest producers of fresh sweet corn and beans in the country and are sizable producers of baby corn, broccoli, capsicum and pumpkin. Mulgowie has established large packing facilities in the Lockyer Valley, Bowen and Gippsland.
- Rugby Farms produce fresh vegetables from a network of farms covering over 4,000 hectares in the Lockyer Valley, Darling Downs, Granite Belt, Bowen and Ayr. They operate a large packing facility in the Lockyer Valley.

These operations, and others, will continue to seek opportunities to establish large, efficient processing facilities in strategic locations close to their production areas with strong links to regional and interstate transport infrastructure.

## 3. Current policies and regulations

### 3.1 State Planning Policy

The *State Planning Policy – April 2016* (SPP) includes a number of relevant statements (principles) that support the development of facilities for value-adding to agricultural production in important agricultural areas. These would include facilities for the packing, storage and processing of agricultural products in agricultural areas. The following statements and principles are included in the SPP.

*‘Supporting agricultural development involves creating conditions that enable a competitive, thriving and viable sector to be maintained, and managing the sustainable use of natural resources .. critical for agricultural productivity.’*

This principal is further supported by the statement that *‘the state’s interest in planning for agriculture is to: Improve opportunities for increased agricultural investment, production and diversification.’*

The policy directs local governments to integrate the state's interest in their planning schemes by:

*(1) 'Considering the strategic economic significance of important agricultural areas by promoting and optimising agricultural development opportunities and enabling increased agricultural production in these areas, and ...*

*(4) Facilitating growth in agricultural production and a strong agriculture industry by:*

- e. Facilitating opportunities for mutually beneficial co-existence with development that is complementary to agriculture and non-agricultural uses that do not diminish agricultural productivity, and*
- f. Considering the infrastructure and services necessary to support a strong agriculture industry and associated agricultural supply chains, ...'*

Guidance on the implementation of these policies is set out in the *State Planning Policy – state interest guideline for Agriculture (April 2016)*. The relevant parts of this guideline are as follows:

*'1.3 Promote and optimise agriculture and agricultural development as the preferred land use in an Important Agricultural Area.*

*1.4 Where relevant, planning outcomes should be informed by an understanding of the infrastructure, transport and services necessary to support agriculture and associated supply chains in an Important Agricultural Area.*

*4. Local government planning schemes can enable agricultural development by supporting agricultural activities in the strategic framework and recognising agricultural development as an appropriate land use in the rural zone.*

*4(e) 1 Recognise the complexity and diversity of modern agricultural enterprises and provide for efficient development approval processes for ... on-farm handling, processing and sale of agricultural produce.*

*4(e) 2 Provide for compatible land uses (such as rural industry or premises used for processing, packaging and storage of products from a rural use ...) to be exempt or self-assessable uses on agricultural land, where the development does not have a material impact on agriculture.*

*4(f) 1 Where possible, ensure that the planning scheme supports the infrastructure, transport and services necessary to support agriculture and associated supply or value chains.'*

## **Model provisions**

The guideline also provides preferred (model) wording for inclusion in planning schemes under a number of standard headings set out in the Queensland Planning Provisions.

### Settlement pattern theme

*'Agricultural growth is supported and opportunities are provided for complementary land uses, particularly in important agricultural areas. Industries that maximise co-existence with agriculture and do not alienate or diminish agricultural productivity are supported.*

#### *Strategic outcomes*

- Agriculture and land uses which are complementary to, and support, the primary agricultural purposes are the preferred land uses in rural areas.*
- Diversification of rural economies is supported by allowing a range of development that supports agriculture including ... complementary industry, business and community facilities.'*

## Economic development theme

*'Agriculture and its affiliated industries are a significant employer and contributor to the local and regional economies. Agricultural productivity is facilitated by supporting diverse agricultural developments and ensuring continued access to the natural resources, infrastructure and socioeconomic conditions necessary for the agricultural sector to grow.*

### *Strategic outcomes*

- *Opportunities for agricultural and complementary industry development on agricultural land are encouraged.*
- *Non-agricultural uses in rural zones that complement the local economy and are consistent with the intent of the rural zone are supported where such uses value-add to agricultural produce and resources and contribute to the diversification of the local rural economy.*

### *Specific outcomes*

- *Agricultural land is protected and planning measures support a range of innovative, sustainable and compatible agricultural enterprises which contribute to the local economy (e.g. on-farm, value-adding facilities).*

### *Land use strategies*

- *Provision is made for multi-function farms involving combinations of production, tourism, processing, transport and retail to contribute to the local and regional economy where the primary agriculture activity is not compromised.*

These general statements in the State Planning Policy and State Interest Guideline provide support and guidance for the consideration and approval of value-adding facilities on farms in rural areas, particularly in important agricultural areas. However, the guideline should also provide specific guidance on the definition of facilities and development assessment thresholds. For example, facilities for processing and packing agricultural produce that are less than 2,000m<sup>2</sup> gross floor area should not be subject to impact assessment. In addition, the wording in clause 4(e)2 of the guideline should be modified to ensure that value-adding infrastructure should avoid having a material impact on agriculture but that, in the absence of reasonable alternatives, the location of farm infrastructure on agricultural land is acceptable.

## **3.2 Regional Plans**

Regional Plans prepared under the Sustainable Planning Act 2009 are in place for South East Queensland, Wide Bay Burnett, Central Queensland and Far North Queensland. Only the South East Queensland Regional Plan (SEQRP) includes regulatory provisions that require State Government approval for development proposals in rural areas (Regional Landscape and Rural Production Area). These provisions are current from May 2014, and are subject to review in 2016–17 along with the overarching SEQRP.

Under these provisions, urban activities including industrial or commercial activities with a gross floor area over 750m<sup>2</sup> are assessed by the State Government against strict criteria. However, the regulatory provisions exclude premises used for processing and packaging forestry or primary industry goods from the definition of urban activities. As a result, development applications for large packing sheds in the rural area of South East Queensland are not subject to these regulatory provisions and are assessed against individual planning schemes.

### 3.3 Local Planning Schemes

Many local government planning schemes were prepared prior to the release of the current state planning policy in 2016 and so were not bound to incorporate the principles and guidance set out in the SPP. All the schemes affecting horticultural areas summarised below were bound to comply with the earlier State Planning Policy 1/92: *Development and the Conservation of Agricultural Land*, which operated from 1992 until 2012 and focused on the protection of good quality agricultural land. SPP1/92 provided only limited guidance on the issue of compatible value-adding rural land uses on good quality agricultural land.

#### Sunshine Coast Regional Council Planning Scheme (May 2014)

The planning scheme for the SCRC includes the strategic intent to encourage the establishment in rural areas of *'Rural enterprises and other complementary uses which contribute to the regional economy and provide essential services to rural areas'*. The planning scheme also seeks to protect *'Agricultural land class A and class B, strategic cropping land (SCL) and potential SCL ... from intrusion by incompatible land uses and remain available for ongoing productive use'*.

A packing shed used for the storage, processing and packaging of locally grown produce would fall under the development category of 'Rural industry' in the planning scheme and, if greater than 400m<sup>2</sup> in area, would be subject to impact assessment. The planning scheme does not set a maximum size for such development.

Hence an application for a large packing shed in the Rural Zone would need to reconcile the objective of contributing to the regional economy by value-adding to rural production with the objective of protecting agricultural land for productive use. The Council wants development proponents to avoid the location of these facilities on class A or class B agricultural land and have advised proponents that a shed over 400m<sup>2</sup> in area, while subject to impact assessment, would not be approved on Class A or Class B land. Proponents of the shed would likely be faced with an expensive appeal to the Planning and Environment Court if they proceeded with an application to the SCRC.

The SCRC may prefer such a large facility to be located in an area zoned for industry such as an industrial estate where it is more compatible with similar uses, however this may not be appropriate for the growers who want the facility to be located close to their production areas to maximise efficiencies and avoid produce deterioration. Industrial locations also face the risk of contamination from adjacent industrial processes and activities.

#### Livingstone Shire Council Planning Scheme (June 2009)

The current Livingstone Shire Planning Scheme took effect in October 2005 and has undergone a number of amendments, resulting in the most recent version effective from June 2009. Livingstone Council is currently drafting a new Planning Scheme to replace the current Scheme.

The planning scheme sets out the purpose of the Rural Zone in terms of overall outcomes to be achieved. The outcomes that are relevant to packing sheds are:

- (i) Land used for rural activities such as grazing, agriculture and horticulture is protected from development, which in Council's opinion would significantly infringe on the landscape setting and rural amenity of the Shire;
- (ii) Land with productive capacity is preserved for a range of existing and emerging agricultural activities significant to the economy of the Shire; ...
- (iv) Agriculture, including both extensive and intensive activities is protected from land use conflicts resulting from the location of non-rural activities on rural land;

- (v) Uses and works are located and designed to maximise the efficient use and extension and safe operation of infrastructure;

Packing sheds that are more than ‘*an ancillary activity associated with another rural purpose on the same premises*’ – for example if they process produce from other than the premises where they are located – come under the definition of Rural Service Industry in the Planning Scheme. This use is subject to code assessment in the Rural Zone against the Rural Zone Code. This code limits buildings to 12m in height and requires a range of setbacks from boundaries and separation distances from sensitive land uses (e.g. 300m from Residential, Village or Park Residential Zones), but does not set any maximum floor areas.

If the proposed shed is located on good quality agricultural land, it is subject to the *good quality agricultural land special management area code* which states that:

‘Good quality agricultural land is retained for rural purposes by: (a) conducting other uses only if they are not irreversible and do not reduce the productive capacity of the land or alienate its use for rural purposes or result in land use conflicts with adjacent existing rural uses; (b) avoiding the use of identified land for other uses ...’

A Rural Service Industry is included in the Rural Purpose Group of uses and therefore would be permitted on good quality agricultural land.

#### Lockyer Valley Regional Council (July 2007)

In the Lockyer Valley, the Gatton Shire Planning Scheme which came into effect in 2007 still applies to the former Gatton Shire area. The Regional Council is in the process of preparing a single planning scheme to replace the schemes covering the previous Gatton and Laidley Shires. In the Gatton Shire Planning Scheme, a packing shed comes under the definition of Rural Service Industry which is defined as “any land or premises used for activities servicing and supporting surrounding rural properties including: (a) handling, treating, processing, storing and/or packing local agricultural produce, (b) serving the needs of the local rural community. The term includes rural produce and landscape supplies, packing sheds for produce grown within the region and services and repairs to farm machinery”.

The intent of the Rural Agriculture zone which is predominantly used for vegetable and other crop production is that good quality agricultural land is preserved for sustainable agricultural purposes.

A packing shed with a gross floor area greater than 500m<sup>2</sup> is subject to impact assessment in the Rural Agriculture zone and would be assessed against the planning scheme as a whole. The relevant specific outcomes for the Rural Agriculture Zone are that “Non-agricultural uses and related development occurs in the zone only where such uses: (i) are allied to agricultural activities and/or could not be effectively located elsewhere; (ii) are sited and operated to minimise any loss of agricultural land or potential disruption to agricultural activities, including provision of adequate buffering; (iii) are consistent with the intent and provisions of State Planning Policy 1/92 and the supporting guidelines”.

The Rural Service Industry code states that “Rural service industries are designed, sited and managed to: (a) avoid loss of or encroachment on good quality agricultural land; and (b) minimise conflict with agriculture uses.”

Hence an application for a large packing shed would be required to avoid locating on good quality agricultural land or, if that is not possible, to provide adequate buffering between the shed and any existing agricultural use. The Council would clearly prefer such a large shed to be located on land that is not good quality agricultural land and the onus would be on the applicant to demonstrate that alternative locations were not available and that conflict with agricultural production activities would be

minimised. Similar to the Sunshine Coast Regional Council, such an application may be refused by the Council, forcing an applicant to lodge an appeal to the Planning and Environment Court.

A comparison between these planning schemes indicates the variability that exists between schemes in addressing similar issues. The Sunshine Coast Planning Scheme would provide the greatest impediment to the establishment of a large packing shed over 400m<sup>2</sup> on agricultural land. The Gatton Shire Planning Scheme requires an application for a shed larger than 500m<sup>2</sup> to demonstrate that alternative sites on agricultural land are not available, while the Livingstone scheme would allow such a use regardless of size.

The difficulty posed by requiring that packing sheds be not located on important agricultural land is compounded if only small sheds are to be considered on separate farms. By definition, farms are located on important agricultural land so that finding multiple sites that are not on Agricultural Land Class A or Class B land would be very difficult. The benefits of allowing for larger shared facilities are that not only is a smaller total area required, but there is a greater chance of locating the facility on land that is not Agricultural Land Class A or Class B.

These inconsistent provisions indicate the need for the State Planning Policy to provide clear guidance on this issue so that future planning schemes take a more consistent approach.

#### **4. Recommendations for policy changes**

State interest guidelines that support the state planning policy should include specific information for the treatment of value-adding facilities for agricultural production on farms. These provisions should ensure that these facilities avoid or minimise their impact on agricultural land and that proposals are not subject to excessive assessment processes as well as preventing the loss of agricultural land to inappropriate development. QFF recommends:

##### **1. Code and impact assessment**

The threshold area of packing and processing facilities that trigger impact assessment should be set at 2,000m<sup>2</sup> of gross floor covered area; and at 4,000m<sup>2</sup> for any associated outdoor area on the premises for transport and vehicle parking.

##### **2. Definition of packing and processing sheds**

The definition of value-adding facilities (Rural Service Industry) for agriculture should be restricted to those that process local and regional agricultural produce and preclude facilities that are not related to agricultural production.

##### **3. Minimise location on agricultural land**

All value-adding facilities regardless of size should avoid having a material impact on agricultural production but where it can be demonstrated that alternative locations are not available, the location of such facilities on ALC Class A or Class B land is acceptable.

**Issues paper prepared by Michael Capelin for the Queensland Farmers' Federation**