COMMERCIAL AGRICULTURE IN PALERANG LOCAL GOVERNMENT AREA

A DISCUSSION PAPER TO ACCOMPANY THE DRAFT PALERANG RURAL LANDS STUDY REPORT

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For: PALERANG COUNCIL

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1 INTRODUCTION

Agriculture in the Palerang Local Government Area (LGA) has evolved from mainly broadscale grazing enterprises to a mix of a wide variety of land uses that do not neatly fit into the concept many people have of agriculture. There is now a mix of many smaller holdings that sit among fewer large holdings. The reasons for the reduction of the large properties into smaller properties are not always clear.

Certainly there is demand from nearby urban centres for smaller holdings within commuting distance to employment outside agriculture. This trend also intersects with the declining terms of trade in agriculture and the economic imperatives that encourage the subdivision of larger holdings. Agriculture is a difficult business and some property owners choose not to pursue it when there are other investment options.

These issues will be well appreciated by planners and Palerang residents alike. What is more difficult to determine is what policy initiatives should apply in such a diverse agricultural setting. Almost everyone has a view on how rural land should be managed and there is even a diversity of views across those closely involved in professional agriculture including farmers, agricultural scientists and agricultural departments. Pressures and diversity of opinion can come from within Palerang and they can be compounded by policies of State and Commonwealth agencies and NGOs.

This report aims to assist Palerang Council by stimulating community discussion on the issues and future direction of agriculture in the LGA, and from reflection on that discussion to help Council develop land use strategies and zoning policies that help keep what is important for a sound agricultural future but allow for the diversity of opportunity the community desires.

None of us have a crystal ball. The first question to ask anyone who thinks they can predict what the prices of agricultural commodities, and land will be like over a longer time frame, is why they are not billionaires? The only real certainty from reviewing agricultural trends of the past 20 years is that primary industry is very uncertain and variable.

This is a simple way of saying that the challenges facing Palerang should be based on factual data to help find a path through the many sectoral interests in managing its agricultural land. There are many examples of failed government interventions in agricultural land use zoning. Planning impositions if not well considered and tested can impede innovation in productions systems and prevent market forces allowing land to go to its highest value use. Of course, basic issues of sustainability are essential. There is no place for land and water degradation. But how best to protect the agricultural resource, while allowing innovation and change is perhaps the major rural challenge facing Palerang.

The following Sections progress through an overview of current and past agricultural land use, explore the challenging issue of what defines “commercial” agriculture, report on a survey of a sample of agricultural professionals, comment on water issues and summarise the perceived trends.

2 AGRICULTURE IN PALERANG

This Section explores some of the recent agricultural history of Palerang and develops a current snapshot.

2.1 Change in value of agricultural production

Table 1: Agricultural production comparison for the past 20 years

(1995/97 to 2014 - major local commodities)

	1995/97 values mean	1995/97 mean as a %	1995/97 values CPI adjusted to 2014	Palerang 2014	% of total 2014 total
Total hay - Total value ($)	590,912	2	951,733	1,400,000	4.8
Wheat for grain - Value ($)	352,224	1	557,123	200,000	0.7
Oats for grain - Value ($)	116,066	0	184,610	600,000	2.0
Nurseries, flowers & turf - Total value ($)	924,157	4	1,482,865	1,800,000	6.1
Total vegetables - Value ($)	144,633	1	227,491	100,000	0.3
Wool - total - Value ($)	9,248,017	37	14,850,938	3,900,000	13.3
Sheep and lambs slaughtered - Value ($)	1,532,666	7	2,461,224	3,300,000	11.3
Cattle and calves slaughtered - Value ($)	10,467,849	42	16,854,387	15,800,000	53.7
Total value of fruit - Value ($)	1,417,626	6	2,259,352	2,300,000	7.8
Total value of major commodities	**24794150**	**100%**	**39829723**	**29400000**	**100%**

Source: ABS Agricultural census extracts

Note: the above figures are approximations as Palerang Council was formed from an amalgamation of parts of 5 former councils in 2006 and as such the statistical areas prior to that date are not an exact match of the current area.

Some general conclusions can be drawn from Table 1:

- Taking the mean for total major commodities over the 3 years '95/'97, the value was $25M (1996 $). If CPI is applied between 1996 and 2014 the adjusted 2014 value of 1996 production is about $40 million.
- The 2014 total major commodities value was $29M.
- This seems to point to a possible drop in real production over the past 18 years but needs more careful comparison of a longer span of years to establish a reliable median given the significant seasonal variations in agricultural production

and shifts in process for agricultural commodities. This detailed research is beyond the brief of this project.

- But even if somewhat imprecise, the above data support national trends of the past two decades of fairly stagnant prices for farm commodities and falling real value of agricultural production.
- So there is probably some fall in agricultural net return at farm gate. But there is no clear data available without detailed research as to whether the uptake of hobby and small lot farming and rural residential land consumption is influencing overall production.
- A full archival survey of 20-30 past year's production would firm up the data reliability but still the above factors mean even with full past census data, caution needs to be exercised in drawing out trends.

Table 2: Some samples of Agricultural Production over time

Year	2011*	2007**	2006*	2005**	2003**	1993/94***	1989/90***	1987/88***
Total "commercial" farms	432	468				250	218	320
Total beef cattle	56,000	72,000	55,000	60,000	75,000	78,000	69,000	60,000
Total lambs and sheep	155,000	223,000	210,000	212,000	312,000	374,000	469,000	N/A
Total ha orchard	132	102						

Notes:

* = Extracted from ABS Agricultural census for Palerang LGA.

**= Figures provided by local lands service for former "Braidwood" PPB Board area.

***= Figures from Dept. of Agriculture Annual reports.

** and *** are areas that approximate Palerang LGA but the boundaries are not exactly the same due to amalgamation.

Available public data on orcharding was only for the years shown.

Some preliminary conclusions can be drawn from Table 2:

- There have been changes in the way agricultural production data has been collected and changes in collection areas regrading agricultural production data. The above table has been assembled from available free public data and as such comes from 3 different sources and 3 slight variations in area.
- A full historic search of past agricultural census would improve this data but would still suffer from boundary changes due to amalgamation.
- The free data is too variable to have any reliability for conclusions but possibly points to:
  - Some increase in farm numbers given fragmentation and/or more people recording themselves as commercial farmers in census or ABN.
  - Some shift out of sheep given a long period of low wool prices.

- o Possibly not as much growth in cattle numbers as anecdotal comment and national trends suggest? Regionally and nationally there has been some move out of wool but in some areas it has resulted in a shift to more beef whereas the data here may show the alternative trend of some farmers moving from wool to sheep meat.
- o Quite significant seasonal variations.

2.2 Change in agricultural enterprises

Table 3: Change in percentage value of major agricultural commodities in Palerang

Year	Beef %	Wool %	Sheep Meats %	Fruit %	Grain %
1995/97	45	40	7	6	1
2011	58.3	14	12.2	7.8	2.7

Table 3 possibly reflects the national trend away from wool production towards beef and sheep meats. Fruit and grain production remains small but relatively constant. The available data does not include information on some of the emerging enterprises in Palerang that may have been facilitated by the availability of smaller holdings.

2.3 A recent snapshot

Table 4: Palerang Agriculture value as at 2011 Agricultural census

Agricultural product	Local Value ($m)	%
Cattle	15.8	52
Wool	3.9	13
Sheep and lambs	3.3	11
Fruit (excl. grapes)	2.2	7
Nurseries, cut flowers and turf	1.8	6
Hay	1.4	5
Eggs	0.7	2
Oilseeds	0.4	1
Cereals (grain)	0.2	1
Other broadacre crops	0.2	1
Other livestock products	0.2	1
Vegetables	0.1	0
Grapes	0.1	0
Total	**30.3**	**100**

(Source: ABS Value of agricultural Commodities produced 2010-2011, Palerang part A and Palerang part B combined)

Table 5: Palerang Farms by type at 2011 Agricultural Census

Number of farms	
432	All holdings
400	Pasture for grazing
40	Pasture for hay
5	Pasture for seed
10	Cereal crops for hay
12	Cereal crops for grain or seed
1	Cotton
6	Other broadacre crops
9	Nurseries, cut flowers and cultivated turf
17	Fruit or nut trees, (excl. grapevines)
8	Vegetables for human consumption
2	Vegetables for seed
9	Grapevines
951	

(Source: ABS Value of agricultural Commodities produced 2010-2011, Palerang part A and Palerang part B combined)

Tables 4 and 5 shows the main enterprises in Palerang. It is assumed that some of the emerging industries such as alpacas are included in *Other Livestock Products* category. Absent from the categories is the contribution of the horse industry. The number of farms allocated to each category is not always mutually exclusive. For example, the 432 farms shown to carry beef cattle is consistent with those identified in the Economic Profile as the total number of agricultural enterprises. However, some of these will also be carrying sheep for wool, lambs and meat as well as crops.

It has been noted in the discussion of the Economic Profile shown in the results of the landholder survey that the figure of 432 agricultural enterprises is likely to reflect the number recognised for taxation purposes. As also noted, the total gross income from those 432 enterprises is very high and likely to reflect off-farm incomes. Consequently, the number of people on rural landholdings in Palerang who consider themselves to be farmers and who will be producing some cattle, sheep and other livestock will be very much higher than 432.

3 COSTS OF AGRICULTURAL LAND AND IMPLICATIONS FOR INVESTMENT IN BROADSCALE AGRICULTURE

In contrast to the large number of smaller holdings for sale in Palerang there are very few that have the capacity to carry over 80 cows and calves. 80 cows and calves is not anywhere near sufficient to be considered a stand-alone commercial enterprise. Notwithstanding, an analysis has been made of four properties for sale at the time of writing this report that are between 562 hectares (although 473ha of these are leasehold) and 284 ha. Their carrying capacity was assessed by the property descriptions in the text and photographs and agent statements. Any superlatives in text were compared to evidence in the photographs. The properties varied in the existence and quality of the infrastructure such as house, water, fencing, shearing sheds and yards and a correction was made by only considering carrying capacity as a standard across them all.

The result of this assessment is that the cost of a cow and calf area in Palerang with the calf sold off as an 8 month old weaner is between $11,000 and $13,000. This makes Palerang an extremely expensive area in which to purchase a cattle property if the motivation to do so is for commercial agricultural reasons rather than lifestyle, proximity to urban areas and land value speculation. For example, even in highly regarded agricultural regions such as the North West Slopes and Plains the cost of a cow and calf area ranges from $4,000 to $6,000. The latter price being for well improved properties. It can be seen from this analysis that even at the very lowest end of cost for a cow and calf area, Palerang will not be the destination of major investment in broad scale agriculture.

Outside a reasonable confidence that other areas of New South Wales, Queensland and northern Australia are far more competitive to attract commercial investment in agriculture, it is impossible to predict the future configuration of land use in Palerang purely from an agricultural viewpoint. Many other factors will intervene such as:

- The economic climate of nearby urban areas that generate disposable income;
- The development of tele-commuting that reduces travel time and cost and may allow more non-agricultural employment to be conducted “on farm”;
- But on the other hand better roads, alternative fuel sources for vehicles and more economical travel may extend the density of smaller holdings further east;
- Whether the ‘pioneers’ of new and emerging industries develop commercial opportunities in new and/or expanded markets.

These are all market-driven responses to land use in Palerang. The great policy challenge for Palerang is to allow opportunity while managing the resource for the benefit of the Council and its resources and the wider public that uses its landscapes.

4 ADDRESSING THE PERENNIAL ISSUE OF COMMERCIALLY VIABLE SIZE OF PROPERTY

What size of property is required for a commercially viable rural enterprise is one of the most vexed issues of agricultural economics, around which a large body of theory has been developed. As noted in the introduction there is a wide range of personal opinion and even debate amongst professional farmers and agricultural economists.

The problem is that we are very unlikely to know the personal circumstances of each of the landowners we may envy or model our dreams upon. Put simply, the situation of every landholder is unique and stereotyping should be avoided. We may not know key factors such as their levels of debt, off-farm supporting income and number of people supported by the business or with interests in a particular property.

On the other hand, there may be people on small properties that seem to be doing very well. But we do not know their net returns and often when people have off-farm income whether they inherited a portfolio of shares or have a dry cleaning business leased out on the Gold Coast.

So what do we know so far about agriculture in Palerang?

- Cow calf units or dry sheep equivalents (DSEs) are very expensive compared to other parts of NSW and other states and the Northern Territory. Therefore, we are going to rule out Palerang as a destination for investment by the big corporates. (The recent purchase of a large property in Palerang for $15m is not considered to be a pure corporate investment in agriculture – the same number of breeders could be run on a property at Inverell, for example, for $3.5m).
- Palerang is rainfall dependent and a long way from grain growing areas which places a limit on intense production systems such as feedlots and other intensive industries. Distance will not prevent opportunistic enterprises but it will prevent large scale intensification such as the development of a major poultry industry hub at Tamworth.
- The declining terms of trade in agriculture look set to continue for some time. Larger properties more capable of economies of scale and ability to adapt to climate variability will become a greater feature of the livestock grazing industries. This is not likely to occur in Palerang even though some property amalgamation might occur if economic circumstances change such as a drop in off-farm employment opportunities.

Overlaying these broad principles are the many factors that influence the economic circumstances and therefore the decisions of landholders. Standard issues such as weather and prices are important but they affect everyone equally. It is the response or resilience to these standard issues of agriculture that is important. Response and resilience is what makes stereotype and planning impositions on property sizes fraught with problems. Some reasons why property size is not a measure of viability are:

1. The level of debt as a ratio of annual gross sales. The level of debt as a ratio to the size of the property is less important to the ratio of debt to its productive capacity.

2. Whether there is off-farm employment or off-farm investments to off-set debt repayments.
3. The expectations of the landowners regarding their income requirements. A host of issues influence this one criteria, such as whether there are school age children, medical and dental needs, whether financial stress causes difficulties in relationships, age of the landowners and so on.
4. Whether there are other outstanding debts. It is common for landowners to be supported during dry periods by stock and station agents allowing purchases on credit. Those debts can incur substantial interest rates and can be crippling when added to regular bank repayments.
5. Most importantly - do the owners of the property want a basic income or do they expect a reasonable rate of return on their investment over and above the ability to put food on the table and pay the bills?
6. The production goals of the landowner. Some people want to manage a cattle, sheep or horse stud. Others like ‘topping’ the market with best pen of weaners or the heaviest vealer. Others say that kilograms of beef or wool per hectare is the most important criteria of success and prices of individual pens or individual animals are meaningless as measures of profitability.

This discussion provides a brief overview of the issue of commercial farm viability. Size of farm is not the main issue. Hopefully, it is apparent that stereotyping and applying one-size-fits-all solutions are not appropriate - particularly in an LGA of the nature of Palerang. We simply do not know the circumstances of each landowner. This issue will be taken up further in the conclusion and recommendations.

5 RESULTS OF A SURVEY OF PEOPLE INVOLVED IN COMMERCIAL AGRICULTURE

5.1 Introduction

A survey of landowners and stock and station agents was undertaken as part of the Palerang Rural Lands Study. The purpose was to identify the main land use issues in the LGA.

The Economic Profile has also been examined in the context of the survey findings.

5.2 The Survey

This survey was intended to identify the main issues rather than be a comprehensive land use survey across the LGA. Therefore, it was decided to survey a sample of rural enterprises.

For the purposes of this survey, Palerang Council identified a range of properties greater than 1,000 hectares using Council's GIS where there was a public contact method such as telephone number or email. The Director of Planning and Environment then drew the first six out of a box. A similar method was used for the names of stock and station agents and the emerging agricultural industries.

5.2.1 The interview schedule

Only ten questions were asked so that the telephone interview could be completed in approximately 20 minutes. The questions were stated in a way that avoided a biased response by not listing possible answers and leaving both the responses and priority rankings to the respondent. The interview schedule was prepared in consultation with Palerang Council and is included at Appendix A.

5.2.2 Conducting the interviews

All interviews were conducted by telephone. Some respondents asked for a copy of the questions so that they could answer them at a subsequent telephone call. Some respondents were very willing to share their views and those interviews took much longer - up to one hour.

Twelve interviews were completed comprising five large landowners, three stock and station agents and four emerging agricultural industries such as truffles, apiary and poultry industries. All responses are presented as anonymous.

5.3 Analysis of results

The questions asked respondents to nominate the issues from their interest and perspective. As stated above, this was done deliberately to ensure that the questions themselves did not suggest the answers.

Consequently, the answers were qualitative and descriptive and the way each was expressed varied. The essential element/s of each response is presented in tabular form.

Those questions that were answered in much the same way were combined and grouped into one descriptive response. A different response to the same question would be given a new row. In this way the number of responses to an issue can be shown.

More insight into the collective responses is provided by the inclusion of some quotes.

Not all respondents answered every question because it may not have been applicable to their enterprise and/or property. For this reason the total number of respondents in some of the tables varies.

5.4 Results

5.4.1 Question 1

This question confirms whether the person was the correct respondent for that category and all answers confirmed that to be the case.

5.4.2 Questions 2 and 3

Question 2 asked: What do you think are the five main problems facing rural land management in the area? This was followed by question 3 which asked: On a scale of 1-5 with 5 being the most important and priority problem, please rate the importance of the problem to you.

Table 6 shows results for Questions 2 and 3 wherein the respondent was asked to state the main rural land use issues. The score is derived from Question 3 wherein they were asked to rate the issues they had raised on a score from 1 to 5 with 5 being the most important.

Table 6 Summary of Survey Questions 2 and 3 - Rural land use issues

Land and water use Issue	Number of times mentioned across all landowners	Score (total score shown in brackets)	Number of times mentioned within categories			Score
			Large holdings	Agents	Emerging	
Weeds	1 1 1 1 1	5 5 5 5 3 (23)	1 1 1 1	1 1		**23**
Roads and access	1 1 1 1 1	5 3 2 5 3 (18)	1 1	1	1 1	**18**
Environmental constraints imposed by State government	1 1 1	2 5 5 (12)	1 1	1`		**12**
Insufficient knowledge in new landowners	1 1 1	4 4 3 (11)		1	1 1	**11**
History of land degradation - soil compaction, erosion	1 1	5 4 (9)			1	**9**
Availability of water and on site catchment	1 1	5 3 (8)			1	**8**
Low prices - terms of trade. Earning sufficient income to remain on the land.	1 1	4 4 (8)	1		1	**8**
Managing change - a changing demographic	1 1 1	4 3 3 (10)	1	1	1	**10**
Zoning conflicts - partly State government	1	4				**5**
Prevent subdivision of good agricultural land	1	5	1			**6**
Limited representation on Council across the LGA	1	5	1			**6**
Feral predators – pigs, fox	1 1	3 4 (7)			1	**7**
Bushfire	1	2			1	**3**
Difficulty of getting farm labour	1	3			1	**4**
Weather variability	1					**1**
Asset maintenance	1	1	1			**1**

It is notable that despite the great variety of land use issues in Palerang, weed management remains the dominant issue. This is followed closely by roads and access showing that practical rural land use issues prevail. Government regulation and insufficient knowledge of new landowners are also important issues. The role of extension and education for new landowners was frequently mentioned during the interviews.

5.4.3 Some comments on weeds

“The Council should take a much stronger stance on weeds, particularly broome and serrated tussock.”

“There should be uniform weed inspections right across the shire. At the moment it is haphazard and many of the properties we go on to are weed infested. One recent case was a block of 20 acres that had 19 acres of dense serrated tussock and they had never had a weed inspection.”

“The noxious weed act is draconian and gives the Council power to inflict its attitudes on people.”

5.4.4 A diversity of opinion about subdivision

“The 100 acre minimum is not big enough to farm and too big for a hobby farmer. They should not be cutting up good agricultural land to do that.”

“The biggest problem is the subdivision of good agricultural land. The worst managers are the ones that sell. All that leads to is hundreds of small landholders living in poverty.”

“We want the right to subdivide. Just because we have not been at that stage does not mean the right that others have exercised.”

“The blockies are doing a better job than the bigger farms because they have a second income.”

“Don’t put restrictions on subdivision. We don’t have the flexibility for broad scale agriculture. We are very limited in what we can do. We can’t crop and grazing is our only option. Don’t make this a noose around our neck.”

“Allow flexibility. Subdivision is not a bad thing. These blockies are not a problem. They plant trees and use fertiliser. Most of them are doing a good job.”

5.4.5 Question 4 Rural Issues

Respondents were asked whether the issues they raised varied across the LGA and could they put a boundary around any of them or were they uniform across the area?

The answers applied generally across the LGA with the exception that the Shoalhaven Valley is considered by some to be the main area of weed infestation.

A disparity between Bungendore and Braidwood was mentioned by respondents. Some stated that this could be a result of greater representation on Council by the more populated areas closer to Canberra and Queanbeyan and this was unlikely to change in the absence of ridings. Notwithstanding the issue of Council representation there may be elements of the Rural Lands Study that could take some aspects of rural land management across the LGA into account.

5.4.6 Comments on a difference between Bungendore and Braidwood

"They don't support us yet we all pay rates."

"The Council has no strengths. If you don't live near Bungendore you don't exist."

"We have a big problem in Braidwood. You can launch something over the hill in Bungendore but not the same thing in Braidwood."

"If you want to do something in Bungendore they will fill out the DA for you."

5.4.7 Question 5

This question asked respondents to reflect on what role Palerang Council has in dealing with the issues they raised?

Table 7 Survey Question 5 and 6 - Council role

Question 5 – Does Palerang Council have a role in addressing the issues raised?	Number of times mentioned	Number of times mentioned within categories		
		Large holdings	Agents	Emerging
Yes, a role	All respondents stated yes, Council has a role			
Question 6 – What should that role be?				
Weed management	1 1 1 (3)	1	1	1
Managing environmental constraints	1 1 (2)	1 1		
Remove inconsistent zoning and avoid a 'one size fits all' approach	1 1 1 (3)	1		
Restrict rural subdivision to lower class agricultural land	1	1		
Improve knowledge of agriculture in planners	1 1 (2)	1	1	
Refrain from being an impediment to change and allow new industries with different land use requirements	1 1 (2)	1		1
Does not do enough to support agriculture	1	1		
Council is too green and does not support agriculture	1	1		
Allow farmers to subdivide their land	1	1		
Road access at all levels	1			1
Leave us alone. Avoid undue interference with agriculture by zoning and regulations.	1 1 (2)	1		1

5.4.8 Question 6

Question 6 asked if Council has a role in managing the issues they raised then how it could address the problems better?

All respondents were positive that Palerang Council has a role in rural land management. However, there was no clear direction for what that role should be except that it is notable that weed management is at the forefront as is rural zoning. Consistent with responses to Questions 2 and 3, improving knowledge and capacity in agriculture is seen as important.

5.4.9 Question 7

Question 7 asked respondents about the strengths of Palerang Council in dealing with land use issues of their concern.

Table 8 Survey Question 7 - Council rural strengths

Question 7 – What do you think is working really well in rural land planning to support agriculture in Palerang Local Government Area?	Number of times mentioned	Number of times mentioned within categories		
		Large holdings	Agents	Emerging
Not certain what is working well	1 1 1 1 (4)	1 1		1 1
Do look after the Braidwood saleyards	1	1		
Helped us respond to State Government when it wanted to include all our property as protected vegetation	1	1		
Nothing is really being done	1 1 (2)	1	1	
Does nothing to support agriculture	1 1 (2)	1		1
Does weed inspections	1 1 (2)			1 1

The results of this question show a level of distance between the Council and rural land managers. Only four respondents chose to answer this question and the others stated that they could not express a valid view because they were uncertain about the role of the Council in rural land management.

5.4.10 Question 8

This question asked respondents about their ideas to build on the strengths/roles of Council relating to agricultural land in Palerang Local Government Area.

Table 9 Survey Question 8 - Council roles to strengthen

Question 8 – What can be done to build on any strengths?	Number of times mentioned	Number of times mentioned within categories		
		Large holdings	Agents	Emerging
Improve local roads, including increasing access to B Doubles	1 1 (2)	1	1	
Reduce the number of land classes	1	1		
Reduce the time it takes to process 149 Certificates and get in line with speed which other councils do them	1		1	
Promote the area for its diversity and strengths in food production	1 1 (2)			1
Issue weed notices consistently across the area	1		1	
No strengths unless you live in Bungendore	1 1 (2)	1	1	

5.4.11 Comments on ideas for future land use in Palerang related to results of Table 9

“Palerang should put together a panel of farmers and listen to them.”

“It is better to have good managers on 100 acres than the older style managers on 1,000 acres. But the problem is getting the 100 acre managers doing it correctly. There is a huge disconnect.”

“The region should be promoted as a food growing area with its own distinctive branding.”

“Guard against the area just being a place to have a weekender where all the money goes out of the area. They need to spend their money here.”

A respondent suggested Council could put more works out to tender.

5.4.12 Question 9

Respondents were asked about their ideas for the future of the agricultural land in Palerang Local Government Area?

Table 10 Survey Question 9 - Ideas for the future of the agricultural land

Question 9 – What are your ideas for the future of the agricultural land in Palerang Local Government Area?	Number of times mentioned	Number of times mentioned within categories		
		Large holdings	Agents	Emerging
Ensure that people involved in agriculture do not come under such close scrutiny	1	1		
40 ha minimum is not big enough to farm and too big for hobby farms. Should not be cutting up good land to do that	1	1		
Retain good agricultural land in viable holdings	1	1		
The area has a great future with smaller farms but carrying more livestock and a mix of enterprises			1	
Palerang Council should put a panel of representatives from the agriculture sector and listen to their advice	1		1	
Recognise the value of the area for tree-cropping and the benefits this can bring compared to the impact of hard-hoofed livestock	1			1
It is better to have a good manager on 40 ha than a bad manager on 400 ha	1			1
Ensure a lot more flowering trees are planted in the area	1			1
Do not restrict farmers from subdividing because options for broad scale agriculture and the ability to keep us with costs are very limited in this region	1	1		
Maintain the agricultural capacity of the LGA because agriculture is a core driver of the area	1			1
Implement policies to support both agricultural and suburban consolidation. By this I mean that there should be clear distinction between rural zones and suburban zones. Council should encourage the aggregation of small, unprofitable farms into larger farms, and the consolidation of residential blocks into relatively dense villages that can support local businesses like shops, supermarkets, restaurants and pubs. The aim is to increase the density of the townships, and decrease the density of the rural zones, thus preserving the unique agricultural/village character of the shire.	1			

The answer to this question demonstrates the broad range of opportunities Council has for managing agricultural land policy. It also demonstrates the importance the landowners place on the future of agriculture and the opportunities for a flexible zoning policy to allow positive change. This will be taken up further in the comments on the Economic Profile and conclusion.

5.4.13 *Comments on emerging industries*

"There is a great future for the area with smaller farms, more livestock and different enterprises but the support is not there. There are too many environmental scientists who do not understand agriculture."

"It is important to maintain the agricultural component of the shire. It should be done in a way that does not distort land values."

"Palerang is near Canberra and concepts of new methods of land use have been hijacked by the green movement. There is a failure to learn from its mistakes such as large scale removal of willows without any provision for replacing them and maintaining what is left."

"Make sure that Council regulations don't impede opportunities. Some activities such as roadside stalls and on-farm sales are small scale and very benign activities that should not be required to conform to all regulatory compliance."

5.4.14 *Question 10*

This question asked respondents about what they see needing to be done to help them achieve their vision for the future of the agricultural land.

Table 11 Question 10 - What can be done to achieve land holders agricultural visions?

Question 10 - What are the critical steps in reaching that vision?	Number of times mentioned	Number of times mentioned within categories		
		Large holdings	Agents	Emerging
Adequate representation in planning by people involved in agriculture. Too many environmental scientists involved was mentioned by two respondents	1 1 1 (3)	1	1 1	
The minimum size subdivision should be increased to support property amalgamation	1 1	1 1		
Train staff in making planning decisions based on soil compaction as land degradation, run-off and flooding all stem from that	1			1
Promote agriculture and champion the producer	1			1
Do more to support the apiary industry. The time will come when bees are threatened and then it will be too late. The indiscriminate use of herbicides and pesticides should be addressed	1			1
Implement current strategies evenly across the LGA	1		1	
Allow flexibility - these blockies are not all bad and they are planting trees and most of them do a good job	1	1		
Maintain the level of agriculture and guard against the area becoming just a weekender zone where all the money leaves the area	1		1	
There should be permissive zoning laws within township boundaries, and a universal right to transfer titles within the shire. In this way,	1	1		

Question 10 - What are the critical steps in reaching that vision?	Number of times mentioned	Number of times mentioned within categories		
		Large holdings	Agents	Emerging
residential development would tend to gravitate toward the defined townships with no additional incentive or coercion from Council. There would be no “losers” under this arrangement - it does not involve restricting any right currently enjoyed by landowners or prospective developers. In fact, even those whose land lies outside a defined township would be “winners”, as this proposal would create a market for surplus titles that many rural properties are in possession of. The Council must have the vision and commitment to articulate and sell this concept to the ratepayers.				

5.5 Comment on results of the survey

Undoubtedly, the selection of landholders and agents and respondents ensured a bias towards strong support for agriculture as part of the Palerang economy. However, some people might have the view that agriculture has a limited future. This was not reflected in the results of the survey. The individual respondents may have had a different view but there is no doubt about their commitment to agriculture. Neither is there a consistent view that it is inevitable that the LGA will become the domain of ‘blockies’. It makes planning difficult but regardless of the category they represented - large landholder, agent or emerging industries, the overwhelming response is to encourage, or at least, allow diversity in enterprises to evolve.

In summary the main findings are:

- Pragmatic issues such as weeds, roads and infrastructure are the main concerns of rural landowners and this does not vary across Palerang or across categories. Some want B Double access for livestock transport while others want all-weather road access.
- One respondent was opposed to any rural subdivision but the remainder regarded the advantages to be greater than the disadvantages.
- State Government regulations and the training and interest in agriculture by planners are an issue.
- There is a wide range of experience and expertise in land management among the rural land owners and agents in Palerang and how to coordinate that into capacity building and knowledge base for both new and existing landowners is a challenge.
- The respondents do not demonstrate a high level of engagement with the Council. While this may be typical of the relationship between ratepayers and Local Government in many LGAs it may nevertheless be valuable for Palerang to investigate methods of engaging more closely with its agricultural sector.

- The climate, biophysical characteristics and locational disadvantage of distance from grain producing areas make livestock grazing the main enterprises on large holdings. However, it is precisely those industries which have been the hardest hit by the declining terms of trade. The economic status of the grazing industries will be a continuing driver of land use change in Palerang.
- The greatest challenge is to base the decisions about agricultural land use on a consistent evidence basis and this discussion will be taken up below in discussing the results of the economic study.

6 WATER ISSUES AFFECTING COMMERCIAL AGRICULTURE IN PALERANG

Agriculture in Palerang is rainfall dependent. Irrigation is only small scale from unregulated sources as there is no regulated source that provides annual allocations that allow planned cropping. There is a turf farming area close to Bungendore and some irrigated fodder lands where good quality flats adjoin major streams.

Issues such as the incidence and variability of rainfall are the major determinants of agricultural production. The impact of climate change is a factor that needs to be assessed. It may result in lower rainfall and/or increased extreme events (e.g. storms, floods and droughts) that have an impact on the way people value and manage land.

This Discussion Paper forms a component of Council's Rural Lands Study process which aims to set a 20 year vision for the LGA. Current predictions are that climate change may not be overly significant in that time scale but that planning needs to commence now to address the implications as climate change is likely to generate a need for different farming approaches in the second half of this century.

One very likely conclusion is that reliability of water supply maybe more challenging and variable and as a consequence stocking rates and crop yields may fluctuate even more than they currently do year to year.

7 AGRICULTURAL TRENDS IN THE REGION

The Economic Profile reveals a number of implications for agriculture in Palerang:

1. The economic significance of agriculture, forestry and fishing is not high as a form of employment with only 30% of people who live and work in Palerang being employed in that sector. However, the impact of that 30% is much wider across the landscape. This is because the extensive nature of the employment has an impact on a very large area and its landscape values as well as a capacity for supplying ecosystem services.
2. There are aspects of agricultural management that are important elements of other enterprises such as tourism. For example, landscape aesthetics could be an important part of the Palerang economic package. Sector studies make the integrated benefits across a number of sectors difficult to assess.
3. The Economic Profile states there are 432 farms in Palerang and it is assumed that these comprise those that have achieved rural production status from the ATO. This figure alone is very large and will contain many small holdings.
4. However, there will also be many more people who live in Palerang LGA who believe, or perceive, themselves as farmers. Many people may be disparaging of this belief but if people think they are farmers, they will act as if they are and want to be included in agricultural land use decision-making.
5. Notwithstanding, the issue of how many ‘farms’ there are, the report states that the gross value annual return for each of the 432 is an average of $70,833. This figure is extremely high and must be presumed to include off-farm income by people employed outside the LGA.
6. The total proportion of those working in primary production (PP) in Bungendore and Braidwood is much the same but there are very significant variations with regard to how those are employed. Bungendore has a much greater proportion of its PP workers employed in the service sector than Braidwood.

7.1 Recommendations for further work by Palerang Council arising out of the Economic Profile and the survey of landholders

7.1.1 Useful indicators

There is inevitably a high degree of anecdote, personal and highly qualitative opinion about agriculture and land use in Palerang. One way of dealing with these in a more objective way is the analysis of data to develop some robust indicators.

Indicator 1 – trend analysis to show relationship between change in land size to gross LGA production

The most important and valuable indicator would be a trend analysis of the value of gross regional production for PP over the last few census periods. If such a trend analysis was available it would be interesting to see whether there is any link between the gross value of production for PP and subdivision. If the value of gross production for PP in the LGA has increased then the challenge will be to determine the causal links.

Indicator 2 – relating property size and management to incidence of weeds and weed management

Anecdote and opinion abound in Palerang about the management of weeds across different sized holdings and the management regimes used on them. Clear evidence needs to be obtained for Palerang Council to make informed decisions on this issue. At the moment there is no evidence showing that weed management varies between small and large holdings.

7.2 Concluding remarks

There are a number of factors that will influence the future of rural land use in Palerang. These are:

1. The high cost of land and the number of small holdings means that Palerang is unlikely to be regarded as an important location for corporate agricultural investment.
2. The absence of a major regulated water source means that irrigation is likely to remain a small component of agriculture and based on opportunistic small crop opportunities from unregulated water sources.
3. The distance from major grain growing areas is likely to inhibit development of major intensive livestock enterprises.
4. Agriculture in Palerang will continue to be weather dependent and this favours grazing and tree-cropping over intensive industries. Notwithstanding, the results of the Economic Profile showing that there is an average gross return of $70,833 across 432 farms indicates a very high level of resilience to fluctuations in weather. What proportion of that $70,833 comprises off-farm income is immaterial when measuring resilience.
5. The survey of land managers and agents shows a wide range of enterprises and their acceptance by the commercial agricultural sector. This is likely to be the main strength of agriculture in Palerang and associated with its proximity to the urban areas of Sydney, Wollongong, Canberra and Queanbeyan.

7.3 Planning options for agricultural land

It is difficult to see how planning controls that specify a particular minimum area of holdings in Palerang will make any particular vision easier to achieve. The notion that a particular minimum will encourage viable commercial agriculture is negated by the (already) very high cost of land across the LGA. There would be very few properties in Palerang that would be able to meet that test now, even if all the assumptions discussed in Section 4 above were applied and found to be positive. In other words, even a debt-free holding to carry between 300 to 500 cows and calves in Palerang will require a size that is too large for zoning across the LGA.

If, after considering all the implications, the size of a holding is still regarded as a simple and easily applied planning tool then it raises the issue of what size is appropriate. If it is going to take 800 ha and over of good quality land to run a commercial grazing enterprise, then is anything less than that a robust planning policy?

It is also apparent from the survey and the Economic Profile that one of the great strengths of Palerang is the diversity of its land use made possible by its proximity to urban employment. It is this underlying financial resource that provides Palerang rural landowners with a degree of resilience unavailable elsewhere. This, of course, is the irony - the price of land is high but so is the resilience for those willing, or able to pay it, because of off-farm employment.

There is one other critically important agricultural resource in Palerang - its intellectual resources. While the downside might be a continuing and lively debate about land use, the upside is that many gifted people own land in Palerang and are experimenting with new and emerging enterprises. They have a variety of needs for size of property that is being met.

One option for Palerang is to assess what it wants to protect or manage in its agricultural resources. It may well be possible to prevent land degradation and weed and feral animal invasion by means other than one-size-fits-all zoning. Management tools such as establishing appropriate building codes, controlling the siting of buildings to avoid visual and physical resource degradation are already in place but might be fine-tuned. Protecting water sources remains a challenge and other planning techniques may be more appropriate than specifying a particular (blanket) property size.