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Forum

Rural Land Planning

The N.S.W. Branch of the Australian Agricultural Economics Society held a Rural Land Planning Seminar in Sydney on 5 September 1986. The papers reproduced below are edited versions of the papers presented at that Seminar.[1]

The *Review* publishes these papers in the hope of furthering professional discussion of these important issues. It is hoped that the papers of other seminars, where issues relevant to Australian agricultural economists have been discussed, will be published in future issues of the *Review*.

The Justification for Rural Planning

Adrian Boss*

Premise

Planning is an activity everybody engages in: it is fundamental to all decision making by private individuals, companies and public bodies. Governments have traditionally been seen to have a role and responsibility:

(a) to protect people from themselves;
(b) to protect other people (*i.e.* from hazards, pests, *etc.*);
(c) to act where private and public social values differ;
(d) to act where public instrumentalities can do things more efficiently and effectively than the individuals or their private or corporate organizations can; and
(e) to protect and sustain public goods upon which public and private welfare depends.

These are community welfare maximisation criteria.

Whilst there may be some dispute as to the level and degree of any government's role in achieving things under these five criteria, there is general widespread agreement that these are good reasons for governments to act upon. Political debate usually centres on how, when and why governments should act, with economists perhaps focusing more on the criteria of effectiveness and efficiency when governments choose to act.

In judging the extent of government involvement, prevailing majority community expectations set the pace; elected politicians usually being the primary arbiters or those that reconcile conflicting issues through some decision making process.

The focus of this paper is on just one aspect of planning: environmental planning. And, more specifically, it provides justification for rural planning on grounds of resource protection or conflict resolution in use of resources and for cost recovery reasons. Environmental planning is to help achieve co-ordination in government and the more efficient and effective use of resources (Paterson 1986).

Environmental (Land use) planning

Environmental planning for rural areas has barely existed until comparatively recent times. The *Local Government Act (Town and Country Planning)* amendment of 1945 introduced the land use planning system in New South Wales, but it was primarily oriented to urban matters. In the 1960s, speculative rural subdivision spread along the coast and around major urban centres, while rural land use conflicts also began to increase. This led to the spread of

1. Each of the papers represents the personal view of each individual author, and does not necessarily reflect the policies or attitudes of the *Review*, the NSW Department of Agriculture, nor the NSW Minister for Agriculture and Lands.

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planning controls covering most of the State by the end of the 1970s. A (so called) forty hectare policy with a subdivision minimum set at that size was widely introduced as an interim measure. The intention was that Local Government undertake the necessary rural planning work, to culminate in more appropriate zones, standards and controls for rural land.

From a professional point of view, rural planning has only now effectively commenced involving both levels of Government and the public.

The following poses some questions and answers which simply explains what environmental rural planning is essentially about under the New South Wales *Environmental Planning and Assessment Act, 1979.*

What is environmental (land use) planning?

> Planning is the activity of considering existing and future needs in relation to resources required or available to best meet these. But planning is undertaken so as to achieve wise use of resources (such as land and money) and manage uses on a sustainable basis.

What is rural planning then?

> Rural planning is primarily about planning for the wise use of rural land. This involves getting information for rural areas to assess the effects of development on –
> - natural resources;
> - life forms;
> - existing development;
> - social and economic welfare of the rural community;
> and
> - costs and benefits of the particular development.

Why do we need rural planning? The rest of the paper addresses this question but in summary.

Many land use pressures and costs to the community or development arise throughout rural New South Wales. These result in conflicts between existing and future land users and lead to many problems an issues which the public expects governments to deal with.

Development controls through provisions of a plan are seen as one of the best mechanisms available to governments dealing with such issues. But, of course, development control is neither effective or efficient without planning taking place firstly.

There are two major points to note in use of land. Firstly, land as a resource is finite (competition for limited resources can lead to conflicts – market forces must know about the resources and any preferences or constraints on their use). In other words, the way land ought to be used needs to be looked at carefully in certain circumstances. Secondly, "the user-pays" or "the polluter pays" principles should apply. In other words, opportunities and constraints posed for and by land use must be considered so as to maximize the benefits and minimize the costs of development to the community.

Planning for conflict resolution

Since the very early days of European settlement in New South Wales, the rural areas of the State have been an important life source for growing towns and cities. Production in rural areas brings people in and generates income and wealth. But rural areas are facing increasing pressure from the very growth they have made possible. The traditional agricultural uses are competing with demands for subdivision of land for dwellings and for a variety of tourist developments, rural retreats and hobby farms and possibly mining as well.

In other words, people that provide services to farms and industries, and tourism and coal mining for example, compete for the same resource – land – and increasingly come into conflict with traditional agricultural uses of land.

These are all legitimate land uses, but if these are to be well located and the State's rich resources of farming and grazing land, natural resources such as coal, water and timber, and recreation areas are to be protected, then some guidelines in use of land need to be provided. Examples abound where resources have been wasted or needlessly destroyed.

Planning guidelines need to indicate land use preferences and set strategies and priorities for protecting resources or resolving existing and potential conflicts. Guidelines and information must be avail-

able to ensure management and land use practices are followed which achieve sustainable use of resources where possible, or derive maximum benefit where, for example through mining, the resource is actually consumed (and in the case of Australia actually depleted through export for use by others).

These guidelines become all the more important when one realizes how differently people value land. The rainforest issue of 1983-84 is just an example of the different value placed on rainforests by forestry and environmental interests. The perception of the environmental issues involved differed markedly both in terms of opportunity costs (because of different values and time horizons) and the manner in which actual use is made of the land and timber and related resources.

Technological change on farms and the pressure on farming practices, driven by commodity markets and the trend in declining returns for farm produce, are other significant factors leading to pressures for rural land use change and lead to developments which pose issues of environmental concern. These changes are having dramatic effects on the role and function of rural servicing towns. But more importantly change is affecting rural land use.

Examples of change in farming practice are dry land cropping and new technology such as laser levelling. Combined with other new farming practices, these innovations have recently produced some dramatic results in terms of improved productivity in relation to resource inputs and has provided good returns to producers. But in many cases the returns are made possible only by externalizing short term and long term costs – which are not borne directly by producers. Clearly, such cropping can have substantial adverse effects on productive natural systems which sustains, for example, water quality and provides a range of beneficial resources free of cost. Laser levelling, when combined with major above ground works such as levees, can have equally dramatic effects on adjacent riparian land uses by affecting access to water and flood behaviour. These are just two examples of potential conflict which rural planning can help to resolve.

Perhaps more importantly, and hitherto well-recognized as a land use which potentially leads to conflict, is rural residential development. This may very generally be defined as use of rural land for erection of a dwelling where the primary reason is to occupy the land for residential enjoyment with rural production being possibly a secondary reason only.

Rural subdivision and the construction of dwellings in rural areas may lead to an increased demand for the provision of a variety of services. Therefore planning for rural areas is required so that adequate consideration can be given to identifying services which should be supplied, the standard of such services, the estimated costs and how these costs are to be met, both in terms of initial capital costs and ongoing maintenance or other recurrent costs.

The type and standard of services available in rural areas are generally less than those available in urban areas. However, depending on specific circumstances, local councils provide a variety of services, or certain services may be required by council as a condition of approval. Other services may be provided by regional, State or Federal authorities. For example important cost considerations in supplying a service are the distance to the nearest source of supply or point of connection and the number of consumers being served. One aspect of planning is to obtain information on this.

The level of services provided and amenity offered by a developer is of course determined by the market. Because of affluence, demand and expectations of rural residents have risen markedly.

In many instances purchasers make unreasonable assumptions about the level of protection and amenity being offered and services provided when they buy a rural residential lot. This is indicative of high expectations not being directly met by the developer, and lack of planning by councils and lack of information being available to the purchasers. Subsequently this can lead to pressures on local councils to make up any deficiencies. This then often results in cross-subsidies from the general rural rate-payer to the rural resident. In other words "buyer-beware" does

not operate in a way which protects the public purse or the rural producer.

User and Polluter Pays

The above discourse has identified as a key issue certain possible costs arising from rural development. A fundamental justification for planning is to recover costs generated by development which would otherwise be borne by the public sector. In other words planning and plans are needed to apply the "user-pays" principle.

In the first half of this century governments were satisfied to ensure that only a limited set of on-site (mainly infrastructure) costs be picked up by the developer. This was done through Parts XI and XII of the *Local Government Act, 1919.* The primary vehicle to do this with is the requirement to obtain the approval of the local council for subdivision of rural land. A council could require roads and drainage needed to directly serve a particular site, for and on the land being subdivided, to be provided. This is of course now totally accepted throughout the rural community as desirable notwithstanding that it limits the owner's discretion.

In the 1940s, the need to look at costs external to sites and into wider issues arising in localities, due to site specific development and resultant changing land use, became self evident. For many other reasons, including the community's desire to improve or maintain residential amenity, the *Local Government Act, 1919* was amended by adding planning provisions through Part XIIA. The "user-pays" principle could now be applied.

With the advent of the environmental movement and their general precept "everything is connected to everything else", many other issues arose which led to the flip side of the same cost recovery coin being revealed and the principle the "polluter-pays" emerged. This led to a series of environmental protection statutes and the strengthening of planning legislation in New South Wales through the *Environmental Planning and Assessment Act, 1979.* This reflects current community attitudes. Community expectations have changed dramatically in the past 15 years. The change and therefore impact has, in terms of planning, been greatest in rural areas in this period. This also means that the disparity of attitudes and beliefs between country and town has perhaps been magnified. This is particularly so now that issues have widened and environmental planning picks up these issues and causes public decision making to increasingly impinge upon future land use decision making by land owners themselves. In other words, rural land owners resent their discretion being restricted and perhaps this is because the reasons for public involvement in deciding future land use is not well understood or often in the past has been too arbitrary.

Conclusion

In order to maximise benefits and minimise costs to the community, rural planning is justifiable and a wise activity: "markets" always operate better when informed than when ignorant. And since governments will intervene in the processes of change to meet certain community welfare criteria, it is best they do so with mechanisms that are the product of planning rather than being arbitrary. Under the *Environmental Planning and Assessment Act, 1979* the activity of planning, the product of planning (*i.e.* plans) and the basis of decision making (*i.e.* development control) is explicit and is subject to public involvement with liberal access to appeal in respect to decisions made.

The focus for environmental planning action is usually land use change. Basically, substantial land use change can bring about not just sudden clearly definable effects, but can produce cumulative social, economic and natural environmental effects, which in turn pose many and varied costs. Land use change is both in response to changing markets as well as being a precursor to many of the changes themselves, through the environmental effects of new land uses. Many benefits can be derived through rural planning.

Major benefits of rural planning and use of development control mechanisms can be summarised as:

- provide for a wide range of rural residential living opportunities, including multiple occupancy or tourist accommodation on farms;