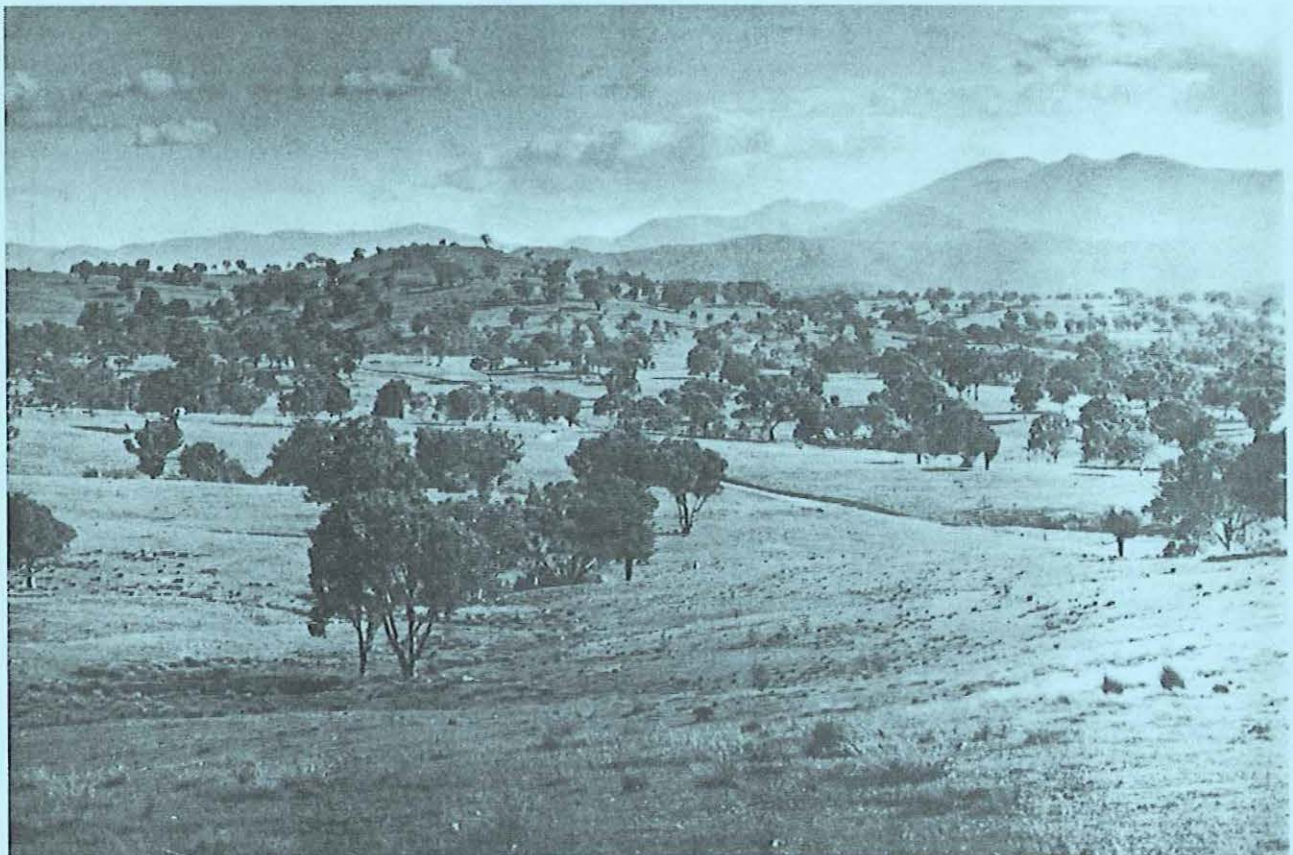


**SUBMISSION TO THE LEGISLATIVE
ASSEMBLY STANDING COMMITTEE
ON CONSERVATION, HERITAGE AND
ENVIRONMENT**

**INQUIRY INTO ENVIRONMENTAL AND
HERITAGE ASPECTS OF ACT RURAL LEASES**



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EXECUTIVE SUMMARY

As has occurred throughout the development of Canberra, some of the rural land surrounding the city will be used for urban development or withdrawn from traditional rural uses to serve community purposes including those associated with the National Capital, as well as for nature conservation and plantation forestry uses. Much of the remaining rural land in the ACT, however, has the potential to remain rural for at least 50 years and in this form contributes positively to the setting of the National Capital and to the economic base of the Territory.

The quality of this setting and the extent to which it will continue to reflect the traditional rural landscape of the ACT will depend on how the land is used and managed. Those properties which are still being managed as viable rural enterprises depend on an adequate area of land to function economically and permit sound rural management. Some other smaller properties are also well managed because the lessees have outside sources of income and can afford to reduce the intensity of productive activities to maintain a high quality rural environment.

On the other hand, there are some properties where traditional rural uses cannot be maintained on an economically viable basis, and pressures have arisen for alternative uses including horse agistment, tourist activities, small holdings for intensive uses and rural residential development. Such activities, if not strictly controlled, could result in major changes to Canberra's rural setting.

The rural landscape is also vulnerable to the effects of tree decline and soil erosion, which can result particularly if the land is inappropriately managed. The incentive for effective long-term management can sometimes be reduced if the lessee does not see a future in the land because it is too small to be viable or does not have security of tenure.

The issues of viability and security of tenure are fundamental also to the type of land use to which the lessee is prepared to be committed, as well as the level of capital investment the lessee is prepared to make in order to maintain and improve the land. These issues are therefore seen as the key to maintaining the ACT rural environment in a form that best serves its role in providing a setting for the National Capital.

While the lessees have the primary responsibility for the management of their land, they are supported by the ACT Government, particularly through the Department of the Environment, Land and Planning which, among its other functions, provides advice to lessees on the preparation of 'farm plans'. The purpose of those plans is to establish a basis for demonstrating how the lease will be managed in a way which is sustainable both environmentally and financially.

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The Territory Plan will also have an important function in influencing the types of uses that will be permitted in rural areas and where such uses may be located. While some changes from the traditional rural uses are inevitable and may be in the interests of the Canberra community generally, it is desirable through the Territory Plan to ensure that other values of Canberra's rural setting are not unduly compromised by the extent and/or location of such changed uses.

Conclusions

The following are options that could contribute to balancing the needs of rural land users with necessary planning and environmental considerations:

- . Rural lands not required for Territory or Commonwealth purposes within the immediate future could be offered by way of 5 to 15 year leases subject to a withdrawal clause where a lease at its inception was granted for a period of 10 years or less.
- . Rural land planned to remain indefinitely under rural tenure and use could be offered by way of 15 to 50 year leases without withdrawal clauses.
- . All new leases, leases which are transferred, or major capital improvements on existing leases might reasonably be subject to a farm plan prepared by the lessee or prospective lessee in consultation with ACT Government agencies and mutually agreed.
- . The permissible number of dwellings could be stipulated in each lease and related to the economic viability of the farm operation and the potential length of tenure of the lease.
- . New farm residences not be permitted on rural blocks with leases of less than ten years' duration.
- . A landscape and environmental assessment be undertaken to establish the future landscape objectives for rural areas to guide tree regeneration programs and future land management policy.
- . Identification and protection of remnant woodlands and native grassland on rural leases that support viable communities of endangered and rare species.
- . Strengthen soil conservation and tree regeneration programs as part of the ACT Decade of Landcare Plan.

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SUBMISSION TO THE LEGISLATIVE ASSEMBLY STANDING COMMITTEE ON CONSERVATION, HERITAGE AND ENVIRONMENT

INQUIRY INTO ENVIRONMENTAL AND HERITAGE ASPECTS OF A.C.T. RURAL LEASES

Purpose

- a) To provide the Committee with a background to their consideration of the future of ACT Rural Lands and the rationale behind existing management of those lands.
- b) To provide the Committee with options that it may care to consider for the future management of rural leases in the context of the Committee's terms of reference.

PART 1: BACKGROUND

1.1 The development of Canberra has resulted in the planned growth of urban areas and the use of surrounding land for Commonwealth and ACT Government purposes at the expense of rural land under lease. In addition, concern for nature conservation and the environment has led to the withdrawal of rural land in the non-urban parts of the Territory (eg Namadgi National Park). Consequentially the number of rural holdings in the ACT has progressively decreased, and indirect urban impacts superimposed on national economic trends in primary industry are affecting the viability of farming and the use and management of the remaining rural lands in the Territory.

1.2 The gross value of agricultural production including milk and egg production in the ACT in 1988-89 was estimated by the Australian Bureau of Statistics to be just over \$20 million. The values of the rural land to the Territory, however, are by no means limited to their economic value or to the rental income which that land generates from lease administration.

1.3 In particular, the rural surroundings of Canberra are widely appreciated as a landscape setting for the National Capital and as a visible link with the city's rural past. The National Capital Planning Authority (NCPA) and the ACT Planning Authority implement the continuing commitment of the Commonwealth and successive ACT Governments to the retention of the rural surroundings of Canberra and to the protection of the rural landscape in the ACT, insofar as this is practicable with the continuing development of the city. That commitment is reflected in the National Capital Plan which came into force in December 1990. To continue to achieve that objective, in the face of changing circumstances, positive policies are necessary which will encourage the continuation of the type of rural activity that has given the land its particular appearance and character.

1.4 Planning and management policies for rural ACT must take into consideration the objectives of the ACT Government to protect and upgrade that rural environment. Such objectives include the following:

- . safeguarding sustainable production while protecting soil, water and vegetation systems;
- . preventing land and environmental degradation and encouraging the rehabilitation of already degraded areas;
- . conserving the cultural and natural heritage of rural landscapes and places for the benefit of future generations.

General Characteristics

1.5 The rural lands of the ACT are described as those areas outside the developed urban area of Canberra where the landscape has been modified. That landscape is derivative of our past history of grazing and agriculture since first European settlement. The common feature of all those lands is that they represent the traditional cultural landscape associated with Canberra's past, when the dominant value of the ACT rural lands lay in primary production, principally sheep and cattle grazing.

1.6 It is not a natural landscape in that the density of trees (predominantly eucalypt woodland species) has been reduced by selective clearing, the shrub understorey has been cleared and the original native grasses have largely been replaced by exotic species which, with appropriate management, produce a better fodder yield for stock. It is commonly described as open savannah woodland.

1.7 Within the modified landscape, pockets of vegetation more similar to the original forest or woodland still remain. The rural land merges at its perimeter into more extensive areas of native forest, which also form an important element of the ACT landscape.

1.8 A third dominant landscape type of the extra-urban part of the ACT, the pine plantations, interfaces with the open savannah woodland and the native forests.

1.9 These three types of area interact and provide habitat for native and exotic animal species that have adapted to the changed environment, and provide a diversity of lands for recreation and tourism while establishing the attractive setting for the National Capital.

1.10 In addition to their value in extending and diversifying the economic base of the ACT, other values of the rural lands lie in maintaining the air quality of the city by limiting the concentration of air pollution emissions. Also, the rural fringe contributes to the quality of life in the ACT by providing an important recreational resource.

1.11 An extended consequence of the planning and management of Canberra is that the rural areas have generally retained their distinctive character. Along the edges of Canberra's towns there is a distinct line dividing the urban and rural areas. Such a line exists within a few kilometres of the centre of the city, where 'green wedges' such as the Molonglo Valley have been retained.

1.12 Canberra does not show the situation experienced on the fringes of most cities and large towns where the sequence of land speculation, rezoning, subdivision and new home development takes place in an environment which gradually changes in character from rural to urban, often spending many years as an untidy hybrid between the two. In the ACT the organised pattern of land development is such that land is clearly urban or rural, and even along the development front of an expanding new town there is seldom much difficulty in identifying its boundary.

1.13 Another notable feature of rural ACT which contrasts with the surrounding parts of New South Wales is the absence of small holding subdivision other than at Pialligo and Symonston. Since the early planning of the ACT, the leasehold system has been applied to maintain rural holdings large enough to permit a viable grazing operation although with changes in agricultural practice and standards many existing holdings are no longer viable in today's economic circumstances. While the present leasehold system does not preclude small holding subdivision, it provides a means of controlling it, and of permitting it if it is considered desirable. The absence of such subdivisions in the ACT reinforces the sharp urban-rural boundary.

Suitability for Rural Production

1.14 The adequacy of most of the remaining rural land in the ACT for grazing has been demonstrated by the fact that this land has remained under such use for over a century and has sustained its productive capacity with, in the main, generally little deterioration in the quality of the land itself. Some previously cleared land in the Territory could not meet these criteria and that land has now been largely withdrawn for environmental protection.

1.15 Land suitability in terms of slope, soils and climate as commonly assessed, generally confirms the suitability of most ACT rural land for ongoing production under appropriate management. While much of the rural land has been subject to pasture improvement for grazing of sheep and beef cattle, there are still several areas where native grasses constitute the main pasture component. Where gradients or other factors preclude the use of land for rural production or involve environmental risks such land has been excised from rural leases.

1.16 There are a few areas in the ACT which display exceptionally high suitability for intensive rural uses, for example, the alluvial river flats at Pialligo and Dairy Flat, Fyshwick. However, such areas are rare and the scope for intensive cultivation in the ACT, particularly where irrigation is required, is very limited.

Administration and Tenure

1.17 The planning and management of rural land in the ACT will be governed by the Land (Planning and Environment) Act, a comprehensive package of planning, land-use, heritage and environment protection legislation, which will replace a number of existing statutes.

1.18 Within the framework of Government policies and guidelines, the administration of the leased rural lands of the ACT is shared between the Lease Administration Branch and the Agriculture and Landcare Section of the Department of the Environment, Land and Planning. The Lease Administration Branch has responsibility for administering rural leases and licences granted over rural land. That includes issuing and amending leases, rent reviews, consent to transfer of leases, land withdrawal for public purposes and monitoring the observance of lease conditions. Agriculture and Landcare has day-to-day responsibility for rural management issues such as number of stock, soil erosion and other matters where they hold legislative responsibilities. Agriculture and Landcare provide advice to Lease Administration on ensuring covenants in individual leases are met.

1.19 The powers of the ACT Government with respect to rural leases derive from the Leases Act 1918 which will be replaced by the proposed land, planning and environment legislation referred to above. The existing Act enables the granting of leases of Territory lands for such periods and subject to such covenants and conditions as to rent and otherwise as the responsible Minister determines. Lease conditions can be used to regulate such matters as the type and number of stock grazed on a lease and the number, type and location of buildings, and to protect of the land under lease including such matters as tree cover and the like. Such provisions can be used to maintain the quality of the rural environment.

1.20 The Land (Planning and Environment) Bill will continue a power available under the Leases Act whereby the Minister may prevent the transfer of the lease to an assignee considered to be unfit to manage a rural property.

1.21 There are many other Acts relating to specific aspects of rural land management which provide the legislative basis for the practical management of the ACT rural areas by the Agriculture and Landcare Section, such as the Soil Conservation Act. Taken together this legislative base provides satisfactory authority for protection and administration of the rural land.

1.22 All rural land in the ACT under private control is held under some form of lease, licence or agistment agreement. The length of tenure for rural leases has ranged from one month for some areas close to developed areas to up to 50 years for the long term rural leases. Most of those longer term leases are due for renewal in 2005.

1.23 At the present time 125 rural leases totalling 25,340 hectares (53.5% of the rural leases) are held under long term leases and 99 leases totalling 22,027 hectares (46.5%) are held under short term leases (less than 10 years). Unleased rural land totalling 10,295 hectares is held under agistment or grazing licence.

1.24 All rural leases contain a provision whereby the ACT Government may at any time withdraw from lease the whole or any portion of the land required for any Commonwealth, Territory or other public purpose. In the event of withdrawal of a lease, compensation is paid for improvements that are owned by the lessee, although the details of that compensation vary according to the conditions of the lease. Those improvements can include buildings, fences, dams, timber treatment and pasture improvements.

1.25 The types of activities which may be undertaken on a particular rural lease are governed by the individual lease purpose clause. In recent leases, there are covenants specifying the type and number of stock, other environmental safeguards and a requirement for the approval to be obtained prior to the erection of new buildings.

1.26 It is considered that in an average year it would require some 600 ha of rural lease, with a carrying capacity of 3 to 5 sheep per hectare, to provide an economically viable grazing property. While there are only 17 rural leases in the ACT meeting these criteria, and only 9 with long-term tenure, many smaller properties are managed successfully because proximity to Canberra allows for off-farm income to be earned.

National Lands

1.27 Under the *ACT (Planning and Land Management) Act 1988* all land in the Territory was apportioned between Commonwealth and Territory with the former land being described as National Land and remaining under the control of the Commonwealth. Included in National Land are a number of rural leases which are almost exclusively in the area surrounding Canberra Airport.

PART 2: ISSUES

Change in Rural Land Use

2.1 With the rapid growth of Canberra since the 1960s and the withdrawal of rural land for urban development, nature conservation, pine plantations and other city purposes the area of rural leased land in the ACT has dropped from 159,980 ha in 1951-52 to 53,026 ha in 1988-89, or from 67.7% to 22.5% of the Territory (Australian Bureau of Statistics)¹. A significant component in that reduction has been withdrawals for addition to Namadgi National Park, Tidbinbilla Nature Reserve, Canberra Nature Park and Murrumbidgee River Corridor Reserves.

2.2 Allowing for further loss of rural land for urban purposes, (Gungahlin) nature conservation reserves and other Territory purposes, the percentage of rural leased land in the ACT could decline to less than 17% by the end of the century.

2.3 Most of the short term leases are under quarterly renewals and the improvements are owned by the Territory. The ACT Government is not receiving an adequate return for its assets where there are short term leases with withdrawal clauses because they attract relatively lower rents. Also, the Government has to bear the maintenance costs of improvements on such leases. On short term leases there is little incentive for rural lessees to look after the land and to protect improvements from deterioration.

2.4 There is some 11,690 ha of rural land presently under agistment that could be put back into long term and 5 to 15 year leases.

Future Land Needs Associated with Urban Development

2.5 Gungahlin is the next major development area with the possibility of further development in West Belconnen.

2.6 The initial development of residential land in Gungahlin has commenced, and based on current population growth rates is expected to proceed much more slowly than was anticipated when the long term rural leases in the area were withdrawn in the early 1970s. It is nevertheless anticipated that all of Gungahlin will ultimately be required for urban

¹

ABS figures are based on rural holdings within the scope of the agricultural Census which include only establishments undertaking agricultural activity having an estimated value of agricultural operations of \$20,000 or more.

development, and that ongoing rural management should be designed to protect the lands and make efficient use of its resources in the meantime. Even where rural land will be ultimately required for urban development, the costs of that development can be contained where the land has been cared for and soil erosion avoided.

2.7 Some areas of rural land in Jerrabomberra Valley and West Belconnen (including some in the Lower Molonglo Valley) have been identified in the National Capital Plan as future urban, subject to the Territory Plan. In the longer term, the remainder of the lower Molonglo Valley may also likely to come under pressure from uses related to the growth of the city although this would not be required until well into the next century and some of this area can be regarded as being suitable for long term rural lease.

2.8 In addition to new town development, some rural areas close to Canberra will continue to suffer problems of fragmentation as a result of new road construction or be progressively withdrawn to provide sites for miscellaneous development associated with the city, for example, tourist facilities. Some additional land in the Majura Valley may be required for future facilities associated with Canberra Airport and other planned broadacre development.

2.9 An extensive area in the Naas-Gudgenby Valley has been identified for the long term development of Tennent Reservoir as a future water supply for Canberra. Some hill areas and river corridors close to the city have been identified as parts of the National Capital Open Space System, and will ultimately be used primarily for recreational purposes.

Plantation Forestry

2.10 Extensions to existing pine plantations are anticipated only on the lower western slopes of the Bullen Range in the Paddys River area, and in modifying some forest edges to make them more sympathetic with the terrain and landscape. The use of certain forests for grazing which will partly offset the loss of grazing lands to other uses, is expected to continue.

Nature Conservation

2.11 The ACT has extensive areas of national park, nature reserves and other areas managed for nature conservation and protection of a representative range of natural ecological communities and species in the ACT.

2.12 The gazettal of additional areas for nature conservation, including the Murrumbidgee River Corridor, Jerrabomberra Wetlands and extensions to Namadgi National Park, was announced by the former Chief Minister on World Environment Day 1990. Some of the land included in those areas is currently under rural use, although such gazettals are likely to have only a minor effect on the overall pattern of withdrawal of land from rural use.

2.13 Further reserve areas which may require withdrawals from rural leases will be identified in the Territory Plan as public land. Other withdrawals may be required from rural leases to protect remnant woodlands and native grasslands which support viable communities of endangered or rare species.

Horse Agistment

2.14 The popularity of horse riding for recreation has increased dramatically in Canberra over the past decade or so, leading to an increased number of horses which the owners want to keep on rural land readily accessible to the urban area.

2.15 The intensive use associated with horse agistment can have severe adverse effects on the rural environment. In many agistment paddocks the stocking rate sometimes exceeds the carrying capacity, and even with supplementary feeding, the sites have at times being subject to overgrazing and trampling although this has been less evident in recent years due to favourable seasonal conditions. In Government paddocks horse numbers are controlled and protection measures instituted to prevent environmental damage.

2.16 If the agistment of horses around Canberra is to continue without further deterioration of the rural environment some fundamental changes to agistment practices and lease conditions could well be essential. More extensive use of commercial stable complexes may become necessary with an associated increase in the cost of keeping horses.

Tourist Uses

2.17 A future demand is anticipated for tourist uses within the rural environment. That could include farm holiday, guest houses, cabins and rural camping areas. Such tourist activities could be conducted either as an adjunct to farming operations to increase their economic viability, or could displace the traditional rural use.

2.18 Holiday facilities on farms as an adjunct to farming operations could be supported, but proposed tourist developments which reflected a significant land use change may well need to be limited in those areas where protection of the existing rural character is a primary consideration or where particular environmental considerations apply.

Public Access

2.19 While rural production may be identified as the primary long term land use in some parts of the ACT, it is not always the only way in which the land can be of benefit to the community. For example, urban growth, both in area and in population terms, coupled with an increasing public awareness of the wealth of natural recreation resources in the ACT is creating a demand for people to utilise logical access routes through traditionally rural areas to reach recreation areas and lookouts. This is an example of the need for multiple land use where urban and rural fringes touch.

2.20 The concept of public access on defined routes across rural land is established in some countries such as Great Britain, France and Sweden. Provided it can be implemented without unduly adversely affecting the environment or the operation of rural leases or exposing the public to hazards (eg from stock), there seems to be community advantages in selected access routes.

Small Holdings for Intensive Agricultural Use

2.21 Demand could increase in the future for small holdings suitable for intensive use, similar to those in the Pialligo and Symonston areas. Some of the properties at Pialligo are related specifically to the resource characteristics of the land, using the fertile alluvial soil to grow fruit and vegetables. Others are simply making use of a large property for combined residential and business purposes. Land of the former type is very scarce in the ACT and there is virtually none outside the Pialligo area which provides the same opportunities for market garden-type activities. Land of the latter type does not depend on the natural resource characteristics to the same extent, and suitable sites for such uses are less difficult to identify.

2.22 Examples of activities accommodated on such sites include egg production and plant nurseries combined with a residence. They can be regarded as partly rural, partly commercial and partly residential and thus logically can be located in a buffer zone separating industrial areas from rural or residential areas. This is effectively the situation at Pialligo.

2.23 A location on the urban fringe is often desirable also because the intensity of use of such areas necessitates full land servicing, which cannot be undertaken economically in remote urban areas.

Size and Viability of Rural Holdings

2.24 The capacity of a property to carry grazing stock is dictated by its physical characteristics, particularly the nature of its soil and the type of pasture it can support. With a moderate level of pasture improvement the land in the Canberra area is typically capable of supporting three to five dry sheep equivalent (DSE) per hectare. As previously mentioned, 600 hectares could provide a benchmark for viable grazing leases without off-farm income.

2.25 If a rural property is not proving economically viable in terms of supporting traditional rural uses, the lessee may attempt to obtain a short term return for the property by stocking it beyond its carrying capacity or introducing other forms of grazing such as horse agistment.

2.26 Where existing leases are relatively small, rural activity viability can in some cases be restored by offering affected lessees alternative areas of land left over from other leases which have ceased to be viable and have been surrendered or areas presently under agistment. This is a matter for inclusion in any reconsideration of policies relating to lease allocation.

2.27 Such effects are sometimes compensated for by offering affected lessees alternative areas of land left over from other leases which have ceased to be viable and have been surrendered. There would be merit in extending this principle to the broader amalgamation and rationalisation of rural lease boundaries throughout the ACT. Such a measure would require withdrawal and reissue of leases within the framework of a rational long term plan for lease boundaries.

Security of Tenure/Lease Terms

2.28 The efficient management of rural lands requires forward planning by lessees. Many of the ACT rural lessees hold an annual (or even shorter) lease and are unwilling to commit resources to land management for which they cannot foresee a guaranteed return. That could result in farmers adopting an attitude of extracting the most out of the land while putting minimal management resources into it before their time runs out. As a result there is a risk that such properties will be allowed to run down in terms of pasture quality, standard of fencing and other factors.

2.29 To provide an inducement to lessees to maintain the land and improvements in good condition, greater security of tenure seems imperative. Lessees could then be made responsible for the cost of maintaining buildings and other improvements whether or not they are owned by the lessee.

2.30 There are nevertheless some areas where short term leases are still warranted because of pending development, or where partial development has taken place, but sufficient rural land remains to justify private management. To cater for the different planning and development circumstances, a hierarchy of rural leases could be considered, based on the following nominal periods of tenure:

Short term leases (less than 5 years)	-	land currently programmed for urban expansion or for another public purpose.
Medium term leases (5-15 years)	-	land likely to be required for urban development in the foreseeable future (say less than 15 years) but capable of remaining in full rural production in the meantime.
Long term leases (15-50 years)	-	land planned to remain under rural use for the foreseeable future.

2.31 Long and medium term rural leases could be granted without inclusion of a withdrawal clause in the lease to offer a greater sense of security of tenure. Such leases could still be subject to compulsory acquisition provisions, under proposed legislation, should the use of such land for unforeseen public purposes be required.

2.32 Substitution of long term leases which do not contain a withdrawal clause for short to medium term leases with a withdrawal provision will result in higher rentals, thus providing a better return to the ACT Government on its rural holdings.

2.33 The advantages of longer term leases can be offset to some degree by the reduction in flexibility that is available to planners/administrators as to future non-urban land uses. It is important to weigh up the balance of advantage to obtain the most beneficial result for the ACT community.

2.34 In effect, if the Government is minded to adopt the hierarchy of different lease terms set out in paragraph 2.30 above this can best be achieved using what can be termed probability planning. What this means is assessment by planners/administrators of the probability of the need for a particular parcel of land to be used for a public purpose within a prescribed time interval. If the assessment is that such a probability is relatively low, then the risk that compensation may become payable is a risk that should be accepted, bearing in mind that higher rentals will ensue. Using a commonly heard expression, it is a form of risk management.

2.35 Set out below are the advantages and disadvantages respectively of the two main available options, ie complete planning flexibility and a probability planning regime.

ASSESSMENT OF DIFFERENT LEASE TERM MODELS

COMPLETE PLANNING FLEXIBILITY

5 to 25 year leases subject to withdrawal clause.

ADVANTAGES

- . Complete planning flexibility.
- . Can accommodate any land development with minimal delay or administrative difficulty.
- . Prevents over capitalisation.
- . Low withdrawal costs.

DISADVANTAGES

- . Income loss to ACT Government.
- . Lack of security of tenure for rural lessee.
- . Low level of land improvement.
- . Low production capacity.
- . Poor level of land husbandry leading to soil degradation and loss of tree cover.

PROBABILITY PLANNING

Lease length according to probability of need for resumption for urban growth and ACT / Commonwealth Government purposes.

ADVANTAGES

- . Realistic incomes to ACT Government.
- . Better environment and land management outcomes.
- . Pasture and farm improvements leading to increased sustainable production.
- . Greater security of tenure for rural lessee.

DISADVANTAGES

- . Need for effective risk assessment.
- . Need for compulsory land withdrawal where risk assessment is not borne out in future years with consequential higher compensation and land resumption payments.
- . Potential for over capitalisation of building improvement unrelated to production capacity.

Level of Capital Development

2.36 The level of capital development justified on a rural lease relates to the lease term, as well as to the uses made of the land. The ACT Government is empowered to approve building development and other major capital works on rural leases, where the lease provides for such improvements. Under existing terms of lease, the Government is also liable to pay to the tenant the value of authorised improvements if the lease is withdrawn. It is clearly in its interests to restrict responsibility for payment for improvements where there is a high probability of either withdrawal or resumption.

2.37 Against such considerations, if lessees are not permitted to make capital investments, there is a danger not only that the property will become inefficient but also the environment will be degraded.

2.38 That said, capital investments not associated with rural production or protection merit a different consideration from those associated with the principle objectives of the rural zone. For example, the following types of potential developments raise significant planning issues which require assessment in a different manner than proposals relating to say restoration of rural homesteads:

- . construction of a lavish and/or expensive dwelling such that a rural lease's principal purpose becomes little different from a residential block;
- . construction of multiple dwellings which are inhabited by people whose livelihood is not drawn directly from the property, thus leading to a de facto rural village; and
- . construction of large or multiple dwellings as a back door means of providing commercial accommodation on the property.

Decline of Farm Trees

2.39 The decline of farm trees in the ACT is a process which has probably been taking place over many decades but only recently been widely perceived as a problem by scientists, the public and government. Rural dieback as experienced in the ACT appears to be associated primarily with leaf attack by insects. It typically takes place over several years, and the phenomenon described above may be influenced by many environmental

factors including climatic conditions, soil fertility increases, pattern of insect breeding and control and pathogens (eg the root-rot fungus, Phytophthora cinnamomi) which can impose additional stresses on affected trees. It is associated primarily with the open woodlands where past clearing and pasture improvement have been the main form of environmental modification.

2.40 Tree damage, dieback and death are natural events in a woodland community but are offset by a process of natural regeneration. A major difference between the open rural woodland and its natural counterpart is that in the former case environmental manipulation has largely suppressed the regeneration process. So as aging trees reach the end of their life spans, there is a dearth of young stock growing to replace them.

2.41 The mature trees are generally capable of producing the seed required to continue the regenerative process, but seedling establishment can be precluded by factors such as unfavourable soil conditions because of compaction by stock and especially competition from pasture grasses. Even if seedlings become established, they may not survive the pressure of grazing stock. Sheep tend to destroy small seedlings, while goats can cause serious damage by browsing on small well-established trees.

2.42 In providing for the long term maintenance of the open woodland character it is not enough merely to protect the existing trees. Measures are required to ensure their progressive replacement, including the tree planting programs being undertaken in the ACT in association with rural lessees by Landcare and Greening Australia. Good husbandry has been demonstrated to include systematic replacement of trees by rural land users themselves with such benefits as providing shelter for stock, reduced salinity and the provision of on-lease firewood supplies. Longer term leases could require that as part of any approved management plan lessees would be required, not only to protect existing timber stands, but to regenerate and replant some trees previously felled.

Soil Erosion and Conservation

2.43 Excessive soil erosion has been occurring within the ACT since the last century when land clearing and grazing practices destabilised broad swampy gullies, turning them into incised channels; protective tree cover and deep-rooted native grasses were replaced by introduced pastures; and rabbits reached plague proportion in the area.

2.44 Soil conservation in rural areas is closely related to the maintenance of stocking rates within the carrying capacity of the pasture, which is necessary to protect the topsoil from the impacts of rainfall, runoff and wind. This carrying capacity can be increased by pasture improvement but is reduced under adverse climatic conditions such as drought.

2.45 Stock, particularly sheep, which graze the pasture very close to the ground, can have a similar or greater impact if land is over-stocked or over-grazed. Stock can also promote soil erosion through trampling, which further damages the grass cover and compacts the soil, reducing infiltration of rainfall and increasing the extent of runoff through overland flow, which removes soil particles in the process.

2.46 Most soil conservation programs tend to be ameliorative rather than preventive, and are initiated only after a particular problem is evident. There are areas in the rural ACT where such programs are currently needed and it could be made a condition of new leases that restorative measures be implemented as part of a management plan.

2.47 In some areas it may be desirable to integrate programs of tree regeneration and soil conservation. CSIRO studies indicate that for the ACT the most common location for soil erosion problems is along creeklines. These are also desirable locations for establishing tree cover because of their potentially high ecological diversity. Tree establishment along creeks can be relatively difficult to establish if young seedlings are subject to the rigours of local floods and stock grazing, but once establishment has occurred the established trees and complementary undergrowth assists in reducing future erosion by slowing flow velocities and soil loss. It follows that revegetating creek lines can contribute to better water quality, in particular, reduced turbidity.

2.48 The desirable long-term approach to soil conservation, however, is to prevent the problem at its source. In particular, that requires the control of stock numbers so that grazing intensity remains at all times within the current carrying capacity of the pasture. That responsibility rests primarily with the landholder and should be implemented by those landholders who aim to maximise their productivity in both the medium and long terms.

2.49 The ACT Decade of Landcare Plan currently in preparation will address these matters and provide plans and programs through which sustainable agriculture can be achieved.

PART 3: A POSSIBLE FUTURE APPROACH

Introduction

3.1 The National Capital Plan includes policies for rural land use which derive from principles and policies relating to the landscape setting for the National Capital. That Plan provides the framework for how future planning and management of the non-urban ACT might proceed.

3.2 Within this general framework, the Territory would develop rural land use policies which, while consistent with the National Capital Plan, recognise the special and particular needs of the Australian Capital Territory and its people. Those policies would be concerned with both the planning for rural land use and management of rural land. Planning must also take account of the need to make best community use of non-urban areas and this implies accommodating multiple land use; for example, the need to provide recreational and tourist facilities, water catchments and plantation forestry as well as traditional rural activity.

3.3 Future policies for the management of rural land need to be directed at balancing flexibility for rural lessees with the need for ensuring the environmental sustainability of soil, water, habitats and vegetation systems. By way of return, rural landholders might be offered greater security of tenure over land. The lease management process would be used both to encourage good management practices and to prevent poor land management practices such as overstocking and clearing which might result in land degradation. In other words, managing more by inducement than by threat of penalty.

3.4 Government objectives in rural land management could be to plan and oversight the sensitive use of the Territory's declining stock of rural land, ensuring that the Territory's assets were protected, and that they provide a proper and balanced return on the community's investment. The land use planning, administration and management of rural land would be coordinated to ensure that ACT rural lands remain in their best possible condition both materially and visually.

3.5 Security of tenure is an important condition for encouraging landholders towards proper rural land use. Short term tenure arrangements provide little incentive for maintenance of rural lands and investment in improvements which are necessary to prevent land degradation.

Land Use Planning

3.6 The Territory Plan which is in course of preparation will identify rural lands, and can be expected to impose relevant conditions to meet environmental, economic and social objectives. Specific policies would ensure that the rural surrounds of Canberra are conserved as part of the landscape setting of the National Capital, that they provide representative examples of typical Australian countryside close to the city, and they act as visible links with Canberra's rural past.

3.7 Some rural areas would remain in long term productive rural use. Other rural lands which may be required for future urban and other Territory purposes would be retained and managed in productive rural use in the short to medium term until they are otherwise required for a Territory purpose.

3.8 Rural land in the Territory will be capable of being used for the purposes permitted under the Territory Plan. Those uses would only be approvable where the ACT Planning Authority is satisfied that the proposed use accords with the land capability assessment and performance criteria specified in the Plan or which are recommended by the Conservator. Proposals for changes to a lease must by law conform to that process.

Rural Land Management

3.9 To encourage proper planning, competent management and appropriate investment, rural land would be leased out for the longest period commensurate with the proposed use. Where the long term planning intention is that the land is to remain in rural use, a lessee of rural land might reasonably be able to apply within, say, five years prior to the expiration of the current lease, for a grant of a further lease over the land. Subject to any conditions at the time of application, the Territory could agree in writing to grant a further lease over the land to the present lessee for a further rollover term. The new lease would commence immediately on the expiration of the maturing lease and be for such period as the Territory determined.

3.10 Where an existing lease of land designated in the Territory Plan for long term rural use was regranted, the new lease would not need to contain a withdrawal clause. Any land required for a Territory or National Land purpose thereafter could be resumed by compulsory acquisition.

3.11 Where rural land is likely to be required for urban purposes in the short to medium term, but its ultimate land use has not been designated in the Territory Plan, it could be leased out for approved grazing or crop production, consistent with the maintenance of landscape and environment values.

3.12 To optimise the use of rural holdings, property boundaries would be rationalised wherever possible to reflect the assessed land capability. Amalgamation of holdings would be considered only in special circumstances and where it is in the interests of the Territory to do so. A rural landholder should not be permitted to sub-divide the land.

3.13 In paragraph 2.30 above it was proposed that rural land, available for lease could be considered in terms of short term leases (less than 5 years), medium term leases (five but less than fifteen years) and long term leases (fifteen years and up to 50 years). The method of allocating existing rural leases would be by the use of the probability planning model previously described.

3.14 If such an approach was to be adopted it would be envisaged that there would be no Territory-owned improvements on any medium or long term leases. Existing improvements would need to be acquired by lessees as a condition of the lease offer. As earlier noted, as a general rule all improvements whether or not owned by the Territory should be maintained at the expense of the lessee to standards acceptable to the ACT Government. Special consideration would need to apply to heritage classified buildings.

3.15 As a general rule it would be safe, from the Territory's interest point of view, to issue all future long term leases (including renewals) without a withdrawal clause provided that the unexpired term of a lease at its inception was 10 years or greater. In particular situations a withdrawal clause might be warranted in a longer term lease but that could be a matter for negotiation with the potential lessee.

Management and Development Plans

3.16 It is desirable for the grant, transfer, extension or variation of a lease over land for rural purposes to only be permitted provided the Territory has agreed to a farm plan for the management and development of the land prepared and submitted by the applicant or lessee. Alternatively, a condition of a lease could be the lodging of such a plan within a prescribed period.

3.17 A farm plan would need to include statements of farm management proposals and budgets to meet lease conditions and general requirements relating to stock rates, pasture improvements, the provision and maintenance of buildings, land care, the planting and conservation of trees, habitat protection and take full account of relevant legislative requirements including the National Capital and Territory Plans.

3.18 Under the proposed Land (Planning and Environment) Act a lease could require, as an enforceable covenant, the carrying out of the mutually agreed management plan. Agreed management plans should be capable of being varied with the mutual agreement of the Territory and lessee to meet changing circumstances.

3.19 The proposed legislation will also allow the lease to provide that lessees could be required to undertake land care programs on a catchment basis with the assistance of the ACT Government and national soil conservation programs, as part of agreed management plans. Stocking rates would be established and other relevant management conditions specified, consistent with maintenance of vegetation cover and water quality of adjacent streams.

3.20 A farm management plan should not be seen by lessees as anything other than a sensible business plan by lessees that sets out how it is proposed to meet mutually agreed objectives for an individual property.

Lease Allocation

3.21 Where a lease over rural land expires and is not renewed or is surrendered, or the lease is determined by the Territory for breach of a covenant, provision or condition, the land could be subject to revised planning and development conditions and may be offered to an adjoining lessee or sold either by restricted auction or by tender at a premium.

3.22 Whatever disposal mechanism was adopted should reserve the right of the Territory to ensure that a potential lessee had the necessary capability both technically and financially to conduct the lease to the future satisfaction of the Territory and to meet overall rural objectives.

3.23 On the expiry of the term of any lease, provided that the land is not required for a public purpose, the previous lessee might reasonably be offered a grant of a further lease over the land, provided that the previous management plan has been carried out to the satisfaction of the Territory and subject to such terms and conditions as the Territory believes appropriate. It should be clear to lessees that there are no rights to regrant.

Rental And Reappraisals

3.24 Rentals should be assessed at the renewal of each lease and reappraised say every two years. Rents should be related to land values in much the same way as in the rest of Australia. They would be based on assessments of efficient carrying capacity, as assessed by Agriculture and Landcare having regard to environmental strictures. It would be expected that rents would include a component for residential use to the extent permitted.

3.25 Rental rates could be varied where planning or ecological factors constrain the income earning capacity of the lease, eg kangaroo numbers, regeneration, fire. This would continue a facility presently available under the Leases Act.

3.26 Rent would need to be reassessed in the event of a variation to purpose or other development rights. The new rent would apply for the remainder of the assessment period and thereafter normal two year reappraisals would apply.

PART 4: CONCLUSIONS

Planning Objectives for Rural Land

4.1 The value to the community of the rural lands of the ACT extends beyond that of traditional rural productivity and the more recent role of a land bank to serve the growing city. Through providing a landscape setting for the National Capital and as visible link with the city's past, the rural lands of the ACT have a positive function of enhancing the Canberra environment. Their values to the community extends also into the areas of recreation, conservation of ecological resources, maintenance of air quality and water catchment.

4.2 The National Capital Plan identifies the importance of retaining and using rural areas in a manner which provides a distinctive rural landscape setting for the National Capital. This is consistent with the policy of successive ACT Governments and will be reflected in the Territory Plan and the ACT Decade of Landcare Plan.

Development and Amalgamation of Rural Leases

4.3 To create farm enterprises which will be viable under current and likely future economic circumstances, there could be advantage in amalgamating existing smaller leases and rationalising lease boundaries. It is generally practicable to do this only when existing leases are being surrendered, transferred or renewed.

Security of Tenure

4.4 A factor which has discouraged some landholders from maintaining their properties in good condition is the lack of security of tenure of their leases. This is particularly evident in parts of Tuggeranong and Gungahlin where an unforeseen drop in the growth rate of Canberra resulted in a situation where land was converted to short term lease well in advance of actual need.

4.5 Efficient management of a rural property requires forward planning by the farmer. Because of the possibility of leases being terminated at short notice, many ACT lessees are unable to plan ahead effectively. They are unlikely to invest money in improving or even maintaining the condition of their properties. In addition the ACT Government can be disadvantaged through loss of revenue on leases shorter than five years because of the effect on rental levels and higher administration and maintenance costs than are associated with longer lease terms.

4.6 A way to address the question of tenure would be:

- . for rural lands not required for Territory or Commonwealth purposes within the immediate future to be offered for 5 to 15 year leases subject to a withdrawal clause where a lease at its inception was granted for a period of 10 years or less; and
- . for rural land planned to remain indefinitely under rural tenure and use to be offered 15 to 50 year lease without withdrawal clauses.

Farm Plans

4.7 Many of the proposed policies have implications for the way in which a rural lessee would want to develop and manage his property. While some control over the lease would be exercised by the ACT Government, the lessee is ultimately responsible for taking the initiative in determining how the property is best developed and managed to achieve his objectives as well as those which are imposed upon him.

4.8 The farm plan procedure now being developed by Agriculture and Landcare is seen as encouraging and using the lessee's initiative to provide a means of managing rural leases in sympathy with ACT Government conservation, heritage and environment objectives, as well as providing more effective monitoring and control over the use of rural leases.

4.9 It is therefore desirable that all new leases, leases which are transferred, or major capital improvements on existing leases should be subject to a farm plan prepared by the lessee or prospective lessee in consultation with and approval by the ACT Government.

Recreation and Tourism

4.10 Consideration has to be given to the use of rural leases for recreation and tourist-related uses such as farm holidays, guest accommodation and associated uses as an adjunct to farming operations. There is an established demand elsewhere for such activities on rural land. While such activities could provide a means of supplementing farm incomes, that may not be consistent with the objectives of maintaining the existing rural landscape character of certain areas. That, however, need not preclude the controlled development of such facilities in certain parts of the ACT. It might be expected that this will be a topic addressed in the Territory Plan.

Development

4.11 The design and siting of houses and buildings on rural properties can affect the quality of the rural landscape. Currently most rural properties outside the Canberra City District are not subject to design and siting control, but this situation is expected to change under proposed legislation. Without unreasonably restricting the rights of landholders it is desirable to prevent practices which are not consistent with the planning intentions for the rural land.

4.12 For those reasons, balanced control over building development could include the following policies:

- . the number of dwellings to be stipulated in each lease and be related to the economic viability of the farm operation and the potential length of tenure of the lease; and
- . new farm residences not to be permitted on rural blocks with leases of less than ten years' unexpired duration.

Environmental Management

4.13 There are certain broad rural issues which, while relevant to the development and management of individual leases, have implications for the ACT rural environment as a whole. In particular, these include decline of farm trees, soil erosion and conservation of environmental values. These issues are interrelated, and such interrelations need to be recognised in assessing and dealing with the problems.

4.14 In part, such problems can be addressed through the effective administration of rural leases. There is, however, also a case for active programs directed towards soil conservation and tree regeneration, and the protection of existing landscape and environmental quality. The success of these depends, in part, on adequate financial and human resources being available. Detailed land capability studies are desirable for specific rural areas to provide a basis for the preparation of management plans, soil conservation and tree regeneration programs and subsequent monitoring.

4.15 The following are actions that could, subject to Government priorities, respond to those issues:

- . a landscape and environmental assessment to be undertaken to establish the future landscape objectives for rural areas to guide tree regeneration programs and future land management policy;

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- . identification and protection of remnant woodlands and native grassland on rural leases that support viable communities of endangered and rare species;
- . strengthen soil conservation and tree regeneration programs under the provisions of the ACT Decade of Landcare Plan; and
- . studies could be carried out to guide regeneration and soil conservation programs and the results of these programs monitored.