



The Western Parkland City's Metropolitan Rural Area Prospects for Sustainable Economic Futures

May 2024

Acknowledgement of Country

The Western Sydney Planning Partnership acknowledges more than 60,000 years of continuous Aboriginal connection to the land that makes up NSW.

We acknowledge and pay our respects to the traditional custodians of Country within Western Sydney. As part of the world's oldest living culture, the traditional Aboriginal owners and custodians share a unique bond to the Country – a bond forged through thousands of years of travelling across lands and waterways for ceremony, religion, trading, and seasonal migration.

We acknowledge that Western Sydney is home to the highest number of Aboriginal people of any region in Australia and that the primary Aboriginal custodians with obligations for Country and connection to the place for many generations including the Dharug/Darug, Dharawal/Tharawal, Gundungurra/Gandangara, and Darkinjung people.

Western Sydney Planning Partnership partner organisations:

Blacktown City Council, Blue Mountains City Council, Camden Council, Campbelltown City Council, Fairfield City Council, Hawkesbury City Council, Liverpool City Council, Penrith City Council, Wollondilly Shire Council, NSW Department of Planning, Housing and Infrastructure, Transport for New South Wales, and Sydney Water.

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UTS and ISF acknowledges the Gadigal People of the Eora Nation, the Boorooberongal people of the Dharug Nation, the Bidiagal people and the Gamaygal people upon whose ancestral lands our university stands. We would also like to pay respect to the Elders both past and present, acknowledging them as the traditional custodians of knowledge for these lands.

Cover image credit: Edge Land Planning

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Key terms and concepts

Term	Description
Diversification	The strategic expansion of a business into new products, services, or markets to reduce risk, capture new opportunities, and enhance overall business <i>resilience</i> .
Ecosystem Services	The benefits that nature provides to and for people.
Food security	A region or city's state of having reliable access to a sufficient quantity of affordable, nutritious food to in order to feed its local population.
(Positive) Externality	A benefit received or transferred to a party as an indirect effect of the transactions of another party. The third party is essentially getting a free product or service.
Multi-functional land use	The combination of different socio-economic functions in the same area.
Resilience	The degree to which a <i>social-ecological system</i> is capable of self-organisation, learning and adaptation.
Social-ecological system	A coupled system of people and nature, exhibiting reciprocal interrelationships and complex functions.
Sustainability	The long-term viability of a community, set of social institutions, or societal practice. More generally, a form of intergenerational ethics in which the environmental and economic actions taken by present people do not diminish the opportunities of future generations to enjoy similar levels of wealth, utility, or welfare.
Vertical Integration	The combination into one company of two or more stages of production normally operated by separate companies.
Viability	The capability of developing and surviving as a relatively independent social, economic or political unit.

Executive summary

Scope, aims and objectives

This discussion paper explores current and future economic states of the Metropolitan Rural Area (MRA) in the Western Parkland City (WPC). The WPC covers over 800,000 hectares representing around 65% of Greater Sydney. It includes the Country of the Dharug/Darug, Dharawal/Tharawal, Gundungurra/Gandangara and Darkinjung People and the LGAs of the Blue Mountains, Camden, Campbelltown, Fairfield, Hawkesbury, Liverpool, Penrith and Wollondilly.

The paper was commissioned by the Western Sydney Planning Partnership (WSPP), a local/state government partnership set up under the Western Sydney City Deal as a vehicle for collaborative strategic planning for the WPC.

In April 2022, the WSPP initiated the Metropolitan Rural Area (MRA) Review project. Stakeholders of the project include local government (seven Councils in the WPC), the Greater Cities Commission (GCC), the NSW Department of Planning and Environment (DPE) and the NSW Department of Primary Industries (DPI). The work documented here is one component of the broader MRA Review project. A companion study, conducted by Edge Impact and Frontier Economics Pty Ltd, focused on the ecosystem services provided by the MRA.

The discussion paper aims to develop a deeper understanding of *i)* the existing WPC MRA economy and *ii)* explore plausible economic futures for the WPC MRA, with a focus on agriculture, the visitor economy and local economic development.

It is acknowledged that a fully comprehensive account of the values and economic trajectories of the WPC MRA would need to look beyond the agricultural sector and visitor economy, incorporating the broadest possible range of functions and values from the ecosystems and landscapes in the WPC MRA. We suggest the reader keep this important consideration in mind when engaging with the current paper and its recommendations.

Approach

The project was designed and implemented as an initial scoping study to better understand the current economic state of play in, and future outlook for the WPC MRA. The study employed high-level desktop analysis, three participatory workshops and expert knowledge to identify, evaluate and synthesise information. A narrative-based approach was used to enable the analysis to have a consistently broad scope, circumventing the limits posed by currently available quantitative (statistical) information. A back-casting exercise based on personalised stories was implemented to identify actions and interventions along four broad pathways.

Findings

An overall finding of this study is that the land use allocations required for maintaining and enhancing the WPC MRA will not emerge from a *laissez-faire* approach to land use planning and economic development. Rather it will have to be imposed using policy and legislation if the WPC MRA is to be maintained as a resilient social-ecological system.

Economic incentives alone, focused on the two main industries addressed in this study (commercial agriculture and the visitor economy), are unlikely to secure a long-term future for the WPC MRA. In essence, the diverse and rural character of the MRA – as opposed to the more densely developed Metropolitan Urban Areas and undeveloped Protected Natural Areas – is a positive externality which is in part associated with commercial agriculture and, to an extent, the large areas of rural residential

development scattered throughout the landscape. This positive externality emerges against a background of a regional landscape with endemic ecological features and biodiversity. Furthermore, there is the significant value of the ecosystem and landscape ‘services’ that the WPC MRA provides.

Agricultural and rural residential land

Our analysis finds that with a Gross Value of Agricultural Production of \$707.9 million in 2021, commercial agriculture in the WPC MRA is an economically significant and viable sector. Sydney’s agriculture is particularly significant in ornamental plants (nurseries, cut flowers, turf), perishable vegetables, and poultry. The analysis also reveals that, despite its significant value, commercial agriculture has limited space to move within the WPC MRA. It is increasingly constrained due to peri-urban land use conflict and development pressures. Factoring in an inaccurate picture of land availability in Western Sydney due to mapping and classification issues, indications are there will be limited affordable land available for the future expansion and/or relocation of agriculture. This limits sectoral growth and relocation of agricultural businesses necessitated by development.

Beyond the economic and employment benefits, agriculture also contributes to the rural landscape character of the WPC MRA, jointly with a significant part (~70%) of the rural landscape which is used for rural residential purposes. However, with the trends observed, when considered in the face of increasing land scarcity (i.e., due to urban development, land use conflict and climate change impacts), the question arises as to whether the current rural/agricultural landscape character of the MRA can be sustained into the future. Our analysis identifies a future for commercial agriculture in the Western Parkland City. However, securing this future would require developing new forms of multi-functional agriculture rather than constitute a continuation of the present.

Identification of the best land for agriculture should not merely be based on soil. It should also consider land use, proximity to rural residential and urban development, lot size, slope of land, proximity to waterways and access to water, and transport corridors. Regardless of the quality of maps, there is always a risk that mapping is used to argue for rezoning land that appears as being of poorer quality (per the mapping results). Mapping should therefore be used as an indication, requiring further local consultation, notably with farmers. It is also noted that soil quality should not be the only indicator of agricultural potential, as not all agriculture is dependent on high quality soil.

About 70 percent of the WPC MRA is in use for rural residential purposes. Whilst this land use has some small-scale agricultural activity¹ occurring, rural residential land use in and of itself is not a secure mechanism for the long-term protection of the WPC MRA’s rural agricultural production or rural character. Under current legislation, rural residential landowners have full discretion regarding the future uses of their land. It is not uncommon for rural residential landholders to favour rezoning of their land for development (increasing their private assets) over the option to consider their land as part of a larger social-ecological common pool resource (increasing the common good), for example by establishing a food forest or a biodiversity stewardship agreement. Here, the significance of the MRA is in controlling these uses into the future. The MRA landscape type was introduced in 2014 and strengthened in 2017 via its designation in the Greater Sydney Region Plans. Its main purpose is to provide a distinct boundary between urban growth and rural land. Many of the issues identified in our study were already occurring prior to the MRA and since its introduction in 2014, the designation has supported Council officers when assessing residential uses in the MRA. Our findings support the need to maintain and strengthen the MRA.

¹ ALUM v8 class 5.4.2 “Rural residential with agriculture”.

Western Sydney Airport

Our analysis finds that Western Sydney International Airport (WSIA), especially its adjacent Agribusiness precinct, offers mixed opportunities for agriculture in the WPC MRA. New, high-tech, vertically integrated agriculture may have economic potential from an export perspective, depending on international demand for Australian fresh produce and commodity prices. Vertically-integrated agriculture (i.e., companies combining two or more stages of production normally operated by separate companies) may also face competition from other locations, depending on how Western Sydney's locational advantages are assessed by investors and businesses. As intensive plant agriculture often occurs on elevated growing beds inside igloos, opportunities are not solely determined and conditioned by soil quality and land area. However, the proposed Agribusiness precinct does not, in its current design, offer the lot sizes required by the larger existing commercial agricultural enterprises that may need to relocate due to development or land use conflict. Current plans for the airport's provision of access to export and shipping facilities suggest opportunities for existing and future agricultural producers to leverage off their proximity to the airport. Further planning, including collaboration with industry is needed to identify how this might occur.

Another potential benefit of WSIA is its role as a hub for interstate and international visitors looking to enjoy agritourism and/or nature-based tourism experiences. Due to Sydney and Western Sydney's growing population, demand for such experiences will continue to grow.

Visitor economy, towns and villages

As regards the WPC MRA's visitor economy, the analysis finds that whilst detailed regional tourism profiles exist, profiles tailored to the WPC MRA, specifically its agritourism and nature-based recreation activities, cannot readily be compiled due to a lack of systematically collected and available data. Furthermore, the currently available data are compromised by the COVID19 pandemic and subsequent travel restrictions. These restrictions had a significant impact on the visitor economy resulting in a lack of recent tourism data.

With respect to the rural towns and villages, these perform a range of roles and functions within the MRA, having interrelationships with both commercial agriculture (e.g. through provision of agricultural retail, financial and other required services) and the visitor economy, including as centres supporting nature-based tourism in national parks and other natural areas.

Further qualitative and quantitative data collection and analysis (which was beyond the scope of this commission) would be required to specify and quantify the interrelationships between agriculture and the WPC MRA's towns and villages.

The relationship between towns and villages and the visitor economy would be easier to establish qualitatively, with much of the tourism and visitation offerings and associated promotional materials for the Western Parkland city relating to the character, heritage, cultural and 'experience' opportunities available. There is a lack of recent data on this relationship and further data collection and analysis through destination management plans could further investigate this link.

Future outlook for the WPC MRA

Our futuring exercise, implemented in a participatory workshop, revealed that most actions and interventions needed to 'navigate' the WPC MRA towards a sustainable, resilient future would have to be regulatory or communication/education-based in their nature. Zoning interventions were often

mentioned, as were initiatives that would educate and/or inform farmers and residents about business diversification, farming in the more- populated peri-urban areas, and the benefits of local fresh produce. Another category of priority actions and interventions pertains to the availability of land, for example the leasing of land and farming on flood-prone land.

Key issues

A strong and viable commercial agricultural sector in the WPC MRA will become increasingly important for the security of local food production and for contributing more broadly towards Sydney's resilience and social-ecological needs. The sector also plays a key role in maintaining the WPC MRA landscape and its character. However, the current analysis suggests that without government intervention and support, the opportunity for the agricultural sector to play a pivotal role in the WPC MRA's future economy is limited. Similarly, the study's high-level evaluation suggests that whilst high-tech agriculture might become economically significant in the future, there is limited evidence at this time to evaluate the potential of the WSIA Agribusiness precinct for accommodating and strengthening the WPC MRA's current agricultural sector.

As such, if no policy and planning measures are taken to recognise the agricultural sector's important functions the future of agriculture in the WPC MRA will remain uncertain.

On the other hand, agritourism, both on commercial farms (e.g. 'pick your own' initiatives) and rural residential land (e.g. B&Bs) is gaining momentum, aided in part by a recent NSW government initiative to ease planning restrictions for farmers and rural residential dwellers looking to diversify their businesses and/or enter the agritourism market.

The findings and key issues identified in the study call for a shared and eloquently stated vision for the WPC MRA. When considered as a social-ecological system, the future WPC MRA can only be sustainable and resilient when its interrelationships are properly identified and planned for. As such, a narrow economic sectoral approach would be insufficient. Rather an approach based on interrelationships between sectors – or the narratives as depicted in this study – would be required, identifying innovative land use patterns, economic interactions and business models at the landscape and district scales.

As part of the development of such a shared, system-based vision for the WPC MRA, a stronger evidence base needs to be established to monitor trends and plan adaptively. Key focal areas for data collection and collation are the land use mapping for the WPC MRA as well as profiling its visitor economy from an agritourism and nature-based recreation perspective.

Recommendations

Vision:

1. Develop a long-term, whole-of system policy vision for the MRA as resilient social-ecological system that incorporates multi-functional agriculture, recreation and the visitor economy and associated uses in the WPC MRA.

Multi-functional land use an integral part of planning and policy:

2. Prioritise agriculture, recreation and the visitor economy as multifunctional land uses for the MRA in (future) Metropolitan Plans, District Plans and Local Strategic Plans for growing Sydney.
3. Promote business diversification and new business models in agritourism, sustainable agriculture and nature-based recreation to peri-urban farmers and landowners.

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4. Investigate how to activate agriculture and/or ecological restoration on rural residential lands, to improve sustainability, amenity and economic potential.

WPC MRA land available for agriculture and related sustainable uses:

5. Make agriculture a higher-order consideration in the development evaluation process, to better guide decisions by both local and state governments.
6. Promote and facilitate access to land to new entrants and existing farmers.

A stronger evidence base for the visitor economy and agriculture:

7. Improve mapping of peri-urban land uses so that it can accurately identify the land that is available for agriculture, recreation and other lower-intensity uses, and better characterise the important social-ecological values of the MRA such as landscape character. Correctly identify rural residential development and review available land for agriculture based on updated land use mapping.
8. Collect and collate statistical data on agritourism and nature-based recreation, so that a tourism profile can be made available for the WPC MRA and to help better understand these sectors.
9. Conduct further research to better understand the potential of WSIA with respect to accommodating existing farming businesses (seeking to relocate) as well as attracting new entrepreneurs with an interest in high-tech, vertically integrated intensive agriculture.

In conclusion, this study confirms that commercial agriculture in the WPC MRA is of economic significance, but its future remains uncertain under a business-as-usual planning scenario, where urban development is often prioritised and there are limited opportunities for agricultural business expansion. This places significant risks on the sector's future ability to sustainably perform its critical role in maintaining Sydney's food security and, more broadly, through a robust and resilient WPC MRA, in contributing towards Sydney's resilience and social needs. It is therefore important for planning and economic development to consider the future of commercial agriculture not as a stand-alone industry but rather as a pivotal sector in a broader social-ecological and economic system. It will also be critically important to maintain the MRA as a landscape type in zoning and strategic planning.

If the combined objectives of productivity and protection of the diverse and rural character of the WPC MRA are to be met, a transition towards more diverse business operations and associated multi-functional land use will need to be instigated and fostered. Such multi-functional land use would harness and intertwine with tourism activities such as agritourism and nature-based recreation.

The current MRA landscapes are the remains of Sydney's greenbelt, a buffer against urban sprawl that was intended to benefit the Greater Sydney region. A WSPP vision for the WPC MRA would have wider significance as the MRA remains vitally important for the whole as a green buffer to urban development and provider of a wide range of ecosystem services and social services.

