18 December 2013

Dr Peter Boxall OA
Chairman
Independent Pricing and Regulatory Tribunal of NSW
PO Box Q290
QVB Post Office
Sydney NSW 1230

Dear Dr Boxall

AlburyCity Submission to IPART on the Local Land Services Board of Chairs Response to the draft Review of Funding Framework for Local Land Services NSW

Further to the release of the Local Land Services Board of Chairs recommendation to the IPART report, Albury City Council makes the attached submission.

Thank you for the opportunity to make this submission and we look forward to the implementation of a workable framework for Local Land Services.

Yours faithfully

[Signature]
Frank Zakitch
General Manager

Attachment

Mr Greg Aplin MP, Member for Albury
Cr Keith Rhoades AFSM, President, Local Government NSW
Mr Ray Stubbs, Executive Officer, RAMROC
Albury City Council Submission to IPART

on the Local Land Services Board of Chairs' Response to the draft Review of Funding Framework for Local Land Services NSW

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CONTENTS

TERMS OF REFERENCE ................................................................. 2
INTRODUCTION ............................................................................. 3
BACKGROUND .............................................................................. 3
ALBURY CITY COUNCIL RESPONSE TO KEY ISSUE RECOMMENDATIONS ..... 5
    Recommendation 1 ................................................................. 5
    Recommendation 2 ................................................................. 5
    Recommendation 3 ................................................................. 7
    Recommendation 4 ................................................................. 7
    Recommendation 5 ................................................................. 7
CONCLUSION ............................................................................... 7
TERMS OF REFERENCE

The Independent Pricing and Regulatory Tribunal (IPART) has been commissioned by the NSW Government to undertake a review into the funding frameworks and mechanisms of Local Land Services (LLS).

LLS are the new regional service delivery bodies that will replace Catchment Management Authorities, Livestock Health & Pest Authorities and incorporate agricultural advisory services currently provided by Agriculture NSW.

IPART’s terms of reference include:
- Develop a framework that LLS boards can use to set service fees.
- Recommend the type of rating base and an associated fee collection mechanism.
- Develop an approach to ensure compliance by LLS Boards in the setting of service fees.

IPART has released an Issues Paper for the review. IPART has recognised the importance of separating the costs of LLS that should be recovered from individual landholders from the costs that should be borne by the government on behalf of the broader community. Some services will be funded by government, while others will be priced to recover part or all of their costs from landholders.

IPART is seeking feedback from stakeholders on what costs should be paid for by individual landholders and what mechanisms should be adopted to recover those costs. This includes a potential role for councils in LLS rate collection.

LLS Board of Chairs’ Response to IPART

The LLS Board of Chairs released a response to IPART’s review of funding framework for Local Land Services NSW in early December 2013. The LLS Board of Chairs has identified five key issues on which they have made recommendations.

Local Government NSW

Local Government NSW (LGNSW) objects to a number of the key recommendations made in the LLS Board of Chairs’ response to the IPART Draft Report Review of Funding Framework for Local Land Services.

LGNSW strongly objects to a proposal by the LLS Board of Chairs that councils be required to collect or pay LLS rates in respect of land below two hectares. LGNSW also objects to the proposal to make council land holdings subject to LLS rates.
INTRODUCTION

Albury City Council makes this submission to IPART in relation to the LLS Board of Chairs’ response to the Draft Review of Funding Framework for Local Land Services NSW.

Submissions close 20 December 2013.

BACKGROUND

The LLS Board of Chairs identified five key issues on which it made recommendations.

1. The Bio-security risk that is created by intensive agriculture (including poultry and horticulture and other intensive industries), is not adequately or equitable addressed by IPART in the existing paper. This is largely due to the risk profile of intensive agriculture not being well correlated to the area of land occupied by the enterprise (that is, on small lots).

Recommendation 1

The LLS Board of Chairs recommends a parallel rating system for intensive agriculture which would be accessed by a simple gateway question. “Is the enterprise engaged in intensive agriculture”? If yes, then a simple risk mitigation/revenue matrix would be applied based on the nature of the enterprise being conducted.

2. Consistent with the testimony provided by a number of bodies at the IPART Roundtable, the LLS Board of Chairs believes that many risks are created from activities conducted on small areas of land.

Recommendation 2

LLS Board of Chairs recommends that all risk creators are subject to the LLS rate including land holdings below two hectares (excluding commercial and industrial land).

LLS Board of Chairs proposed the concept that for areas below two hectares, councils utilise their existing processes and databases to collect the rates.

3. The removal of industry exemptions.

Recommendation 3

That all exemptions are removed. That LLS engages in a process with key industry groups to define the LLS service offering to their industry, how they will manage their risk creation obligations and contribution to LLS.
4. Flexibility for LLS in the implementation of the framework

**Recommendation 4**

That IPART ensures that the final framework is sufficiently flexible to allow for regional variations, while recognising that the process for setting rates by the local boards needs to be transparent and repeatable.

5. Nil tenure approach to rating land holders and managers.

**Recommendation 5**

That exemptions for public landholders are removed. That LLS engages in a process with these land managers to determine how they will manage their risk management obligations and contribution to LLS.
ALBURY CITY COUNCIL RESPONSE TO KEY ISSUE RECOMMENDATIONS

Albury City Council makes the following submission on LLS Board of Chairs’ recommendations:

Recommendation 1

“The LLS Board of Chairs recommends a parallel rating system for intensive agriculture which would be accessed by a simple gateway question. “Is the enterprise engaged in intensive agriculture”? If yes, then a simple risk mitigation/revenue matrix would be applied based on the nature of the enterprise being conducted.”

(a) Albury City Council does not make a submission on this issue

Recommendation 2

“LLS Board of Chairs recommends that all risk creators are subject to the LLS rate including land holdings below two hectares (excluding commercial and industrial land).

LLS Board of Chairs proposed the concept that for areas below two hectares, councils utilise their existing processes and databases to collect the rates.”

(b) Albury City Council makes the following submission

Classification of land
Albury City Council understands that the LLS would be responsible for the collection of LLS rates on land where that land was used for commercial/intensive agriculture (this includes land areas of less than two hectares).

It is the intention that councils would be responsible for the collection of rates on land subject to “risk creators”, such as the presence of weeds, fruit fly and other risks to bio-security on areas of land less than two hectares. In other words, councils would be responsible for the collection of a tax on residential land or small allotments where such risks existed. The implication is that councils would become responsible for the determination of the rate, the compliance with the ideals of natural resource management and the collection of rates. This has not been clearly defined in the submissions to date.

Split collection of rates
The proposal is to split the collection of rates between the LLS and local government. LLS would be responsible for the collection of rates for all areas engaged in commercial/intensive agriculture.

For areas of land less than two hectares, councils would be responsible for the collection of the base rate; the natural resource management/environment rate; and other rates as per agreements including a collection fee, on land subject to “risk creators”. This issue is not clearly defined in the LLS submission and requires further clarification.
Collection mechanisms
Local government collects land based property rates. There are established systems in place for billing, collection of rates and collection of debts. It is possible for local government to include a notice of a property-based Local Land Services rate on council rates assessment notices. Alternatively, councils could consider distributing a separate notice for the LLS services rate. However, this could be seen as fragmenting the rate collection process. Amendments to the Local Government Act may be required to facilitate the collection of the LLS rates by councils, the rate being attached to the property, and the rate of interest on overdue accounts.

A regime whereby local government collects the rates on behalf of the state, may be perceived by the broader community as a local government charge and just another rate rise or levy for local government. Albeit local councils may only be the collection agency for the rates, there may be a wider view that local government has responsibility for state-provided services. There is also concern about the potential to bear the brunt of community concerns and/or complaints over rates, fees and charges over which council has no control.

The management of outstanding payment of rates is also a concern which would require:

- the apportionment of part payment of rate components is clearly defined;
- robust processes are established to protect local government from any additional liability or penalty; and
- all administration costs for local councils to process and collect the LLS rates are fully recoverable from the state government.

The Office of State Revenue is the state's primary tax collection agency, collecting land tax, payroll tax and stamp duties. It does not have an existing system for issuing tax assessment notices to all properties in the state. However, given this is primarily an administrative function and property ownership databases are readily available, it is considered that establishing a billing and collection system by the state would not be an onerous or inefficient task. The costs associated with establishing a centralised state-managed system needs to be compared to the cumulative costs of 152 local government authorities modifying their existing systems. A centralised system also provides consistency of process across the state.

Accordingly, Albury City Council does not support a role for local government in the administration and collection of the LLS rates.

Expenditure on education
The LLS Board of Chairs has also proposed that a large proportion of the rates collected by councils would be expended on the education of the group paying the rate during the implementation stage (that is, first two years). Their proposal stated that the performance of the education service would be subject to negotiations between council and the LLS. There is no indication that strategic planning has been developed on the issue. It appears, that by councils accepting this proposal it is merely taking
responsibility for the delivery and payment of state government services. This responsibility and accountability should remain with the state government agency.

**Recommendation 3**

“That all exemptions are removed. That LLS engages in a process with key industry groups to define the LLS service offering to their industry, how they will manage their risk creation obligations and contribution to LLS.”

*(c) Albury City Council does not make a submission on this issue*

**Recommendation 4**

“That IPART ensures that the final framework is sufficiently flexible to allow for regional variations, while recognising that the process for setting rates by the local boards needs to be transparent and repeatable.”

*(d) Albury City Council does not make a submission on this issue*

**Recommendation 5**

“That exemptions for public landholders are removed. That LLS engages in a process with these land managers to determine how they will manage their risk management obligations and contribution to LLS.”

*(e) Albury City Council makes the following submission*

Albury City Council currently pays rates to the Hume Livestock Health and Pest Authority on four properties. A further four Council-owned properties are leased and the tenants make the applicable payments to the Hume Livestock Health and Pest Authority.

Albury City Council strongly objects to the proposal to make other council land holdings subject to the LLS rate. Council has risk mechanisms in place to ensure this land is appropriately managed and therefore should not be required to contribute to the cost of state-based management practices.

**CONCLUSION**

Albury City Council is of the strong view that the collection of rates and the delivery of natural resource management education services on behalf of state government agricultural agencies is not the core business of local government.

Albury City Council strongly objects to any further imposition of rates on council-owned land.
Therefore Albury City Council does not support Recommendation 2 or Recommendation 5 of the Local Land Services Board of Chairs response to IPART on the review of funding framework for local land services NSW.

Albury City Council appreciates the opportunity to make a submission to the IPART review into the development of a funding framework for Local Land Services NSW and looks forward to the release of a workable framework for the LLS in 2014.