Bogan SHIRE COUNCIL Nyngan

"Comfortable Country Living"

20 December 2013

Dr Peter J Boxall AO
Chairman
Independent Pricing and Regulatory Tribunal of NSW
PO Box Q290
QVB Post Office, NSW, 1230

Dear Dr Boxall

Response to LLS Board of Chairs Submission on funding framework for LLS NSW

Bogan Shire is located in the Central West, relies heavily on agriculture to support the local economy and so has a keen interest in seeing LLS succeed.

At its meeting yesterday, Bogan Shire Council formally resolved to strongly object to two main points contained in the Local Land Services Board of Chairs submission on funding.

1. Council does not support the imposition of a levy on land less than two hectares.

2. Council does not, and will not, accept the responsibility for collecting rates on behalf of the LLS.

The grounds for these objections are well expressed in the submissions made on behalf of, and supported by, Council from Local Government NSW (dated 9 December 2013) and the Orana Regional Organisation of Councils (dated 16 December 2013). Copies of these submissions are attached.

Yours sincerely

[redacted]

Derek Francis
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16th December 2013

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

Dear Dr Boxall

Response to LLS Board of Chairs Submission on funding framework for LLS NSW

The Orana Regional Organisation of Councils (OROC) comprises the Shires of Bogan, Bourke, Brewarrina, Cobar, Coonamble, Gilgandra, Narromine, Walgett, Warren, Warrumbungle, Wellington and Dubbo City Council.

These councils are located in the Central West, Northwest and Far West sectors of NSW. The OROC region covers approximately 20% of the geographical area of NSW and comprises a diverse landscape that covers approximately 190,000 square kilometres.

The region is economically and socially reliant on it strong agricultural foundations and is subject to economic variations driven by climatic conditions. OROC's future is highly dependent on the structure and performance of Local Land Services (LLS) - it is imperative for LLS to get it right.

Although appreciative of the opportunity to comment on the LLS BoC submission, OROC member councils have strong reservations on the potential long term consequences and inadequacies of the proposed recommendations and strongly object to the following **two** key aspects.

1. **LLS BoC recommends that all risk creators are subject to the LLS rates including land holdings below 2 hectares (excluding commercial and industrial land).**

   - This recommendation includes all land below 2 hectares (ha) including urban residential properties in every metropolitan city, town and village with no risk analysis, apart from the testimony provided at the IPART roundtable.

- The exclusion of commercial and industrial land in effect ignores some of the largest risk creators such as stock feed processors, seed cleaners, abattoirs, saleyards etc.

- The inference in Table 2 gives the distinct impression of the creation of a method to generate a contribution from local government towards LLS (i.e. there is no reference to biosecurity in areas of land less than 2 ha as shown in Table 2)

- There is a concern that the levy on land less than 2 hectares will become just that 'a levy'. This concern is based on the comment from the LLS BoC's submission which outlines an implementation phase for the first two years and nothing after. This is further reinforced by the foundation bodies of LLS being totally inactive in NRM and Environmental issues on urban residential land below 2 hectares (land in every metropolitan city, town and village) in the past.

- OROC Member councils are strongly opposed to any proposal that councils take on the responsibility for the collection of LLS rates.

- However OROC is supportive of the reduction of levied land from 10 hectares to 2 hectares as this proposal properly addresses the real risk profile on an equitable basis.

2 The exemptions for public landholders are removed.

- This recommendation by LLS BoC is totally inadequate and unrealistic. There is an enormous amount of public land in NSW that is controlled by many different organisations and agencies for many different purposes for the benefit of the public. For example sporting fields, cemeteries, schools, parks and gardens, hospitals, religious organisations and National Parks. (Who is included as a public land holder and who is excluded?)

- Local Government has an obligation to maintain land assets in accordance with the Local Government Act and tenancy arrangements. Any new levy or charge from the LLS to council will come from councils' existing NRM budget, therefore reducing the capacity of councils to undertake any on ground works and the works it does in conjunction with CMAs.

- The funding framework proposed by LLS does not identify any additional service(s) that it intends to provide the community.

- This will fly in the face of the convention that one level of government does not tax another level of government and create dangerous precedence. Councils are not entitled to rate crown land some of which will become the assets of LLS, for example Travelling Stock Routes (TSR). Historically in the OROC region TSRs have been the largest revenue source for LHPAs.

Some of the issues raised by the LLS BoC and the seriousness of consequences to local government, communities and individuals are of great concern to the member councils of OROC. We trust serious consideration will be given to these matters.

Surely no decision can be made on the limited information provided to IPART by LLS BoC.

OROC members welcome the opportunity to discuss our concerns further with IPART.

Yours faithfully

Clr Bill McAnally
Chair
Orana Regional Organisation of Councils (OROC)

c.c The Hon Katrina Hodgkinson MP
Minister for Primary Industries

The Hon Don Page MP
Minister for Local Government

The Hon Robyn Parker MP
Minister for Environment

The Hon Kevin Humphries MP
Minister for Western NSW
Member for Barwon

Mr Troy Grant MP
Parliamentary Secretary for Natural Resources

Mr Mark Coulton MP
Member for Parkes

Mr Ross Woodward
Chief Executive
Division of Local Government

Mr Noel Baum
LGNSW

LOCAL
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NSW

Our ref: R13/0002 Out - 22186

9 December 2013

Dr Peter J Boxall AO
Chairman
Independent Pricing and Regulatory Tribunal of NSW
PO Box Q290
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Dear Mr Boxall

LLS BOARD OF CHAIRS SUBMISSION ON FUNDING FRAMEWORK FOR LLS NSW

I write to express Local Government NSW's (LGNSW) serious concern with the Local Land Services Board of Chairs' submission to IPART Draft Report on its Review of Funding Framework for Local Land Services NSW.

The Board of Chairs' submission proposes a significantly altered funding framework that is strongly opposed by NSW Local Government.

LGNSW's concerns include:

- **The apparent reversal of the basic principle suggested by IPART that Local Land Services (LLS) should recover their cost in the first place by targeting actual risk creators and/or beneficiaries with a fee for service arrangement** - The Board of Chairs' submission appears to shift the funding model to a model that relies on general taxation tools such as a base rate and a rate for natural resource management. However, according to IPART's draft report, general taxpayer funding of LLS activities should be the last resort where it is not feasible, efficient or cost effective to charge either an impactor or beneficiary. The suggestion of a base rate, together with the suggestion of diluting the hypothecation of other revenue streams, is of particular concern as this will remove the link between funding tools/revenue streams and particular LLS activities/objectives and create general LLS fund that will lack transparency.

- **The recommended abolition of the land area threshold of 2 hectares for land that could be subject to a LLS rate for the proposed base rate and the rate for natural resource management** - LGNSW strongly opposes lowering of the threshold as it would result in an encroachment of LLS rates into urban and peri-urban residential areas, potentially including strata properties. The impact of new taxes and/or charges levied by LLS boards cannot be considered in isolation from the overall tax burden, and particularly from other taxation on land such as council rates. Councils' ability to raise additional rates (including special rate variations and special rates) is already becoming increasingly limited and crowded out by the encroachment of state land taxes. The submission also fails to provide any detail on how the urban ratepayers will be represented in the LLS Board structure of the LLS. It is imperative that LLS Boards are accountable to all ratepayers, not just with land holdings over 2 hectares.

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- **The proposal that councils should collect the base rate and the rate for natural resource management for land with an area below 2 hectares** – LGNSW strongly opposes using councils to collect LLS rates on the grounds that:
    - It results in a lack of accountability for LLS boards as ratepayers are likely to perceive any LLS rate/levy collected by a council as a Local Government levy, even if the rates notice indicates that it is an LLS charge;
    - Making the LLS responsible for both expenditure and revenue collection would create in-built controls on its expenditure growth and ensure appropriate transparency in the collection of the tax;
    - There would be considerable collection costs and complexity in using 152 councils to collect LLS rates;
    - It would create complications in those instances where a Local Government Area is divided between 2 LLS regions; and
    - It would cause confusion for urban property owners.

  The proposal also seems to be based on a misconception that only councils have the required property database to undertake rating. The NSW Office of State Revenue has access to the same property information and possesses revenue raising mechanisms that could be easily expanded for this purpose. This would be a more transparent mechanism for funding NSW Government imposed entities.

- **The recommendation that all exemptions for public land holders be removed** – LGNSW objects to this proposal. Local Government already applies significant resources to public land management and natural resource management. This expenditure more than offsets any perceived obligation to pay rates for LLS purposes. Further, Local Government is already subject to various NSW Government charges levies and rents for Crown lands under their management. There is no justification for Local Government's land holdings to be subject to LLS rates.

The LLS Board of Chairs' submission has been provided late, was not part of the consultation phase and seeks to fundamentally alter the model that has been under consideration. If IPART were inclined to consider or accept any of the recommendations referred to, LGNSW strongly believes that IPART would be obliged to restart the review process and undertake full consultation on the LLS Board of Chairs' proposed funding suggestions.
For further information on this issue please contact Mr Shaun McBride, Senior Strategy Manager on 9242 4072 or shaun.mcbride@lgsa.org.au

I hope LGNSW's comment are of assistance and look forward to the implementation of an adequate funding framework for Local Land Services.

Yours sincerely

Cr Keith Rhoades AFSM
President