



Mr Jim Cox
Chief Executive
IPART
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Attention Mr Colin Reid

Dear Sir,

Re Draft Report – Review of Funding Framework for Local Land Services NSW

The draft report has been reviewed by the Cumberland LHPA board and this submission relates to recommendations 14, 17, 18, 19, 21 and 22. The other recommendations of the draft report are accepted.

Recommendation 14 – Hunter flood mitigation levy

There is Ministerial approval in place for predecessor entities to the Hawkesbury Nepean Catchment Management Authority (HNCMA) to implement a special purpose rate to fund operating costs for the Loyalty Road Flood Retaining Basin in Parramatta. This asset was transferred in late 2012 to HNCMA when Sydney Metro CMA was abolished and without rates having been levied on the identified beneficiaries.

It is submitted that the recommendation should be expanded to include all existing situations where either a rate is being levied or where an approval to rate has already been granted.

Recommendation 17 – Reduction in minimum rateable area

The recommendation is that the reduction in minimum rateable area should be reduced no later than 2017.

For the Greater Sydney region, this reduction should be implemented in the 2015 rating year, because otherwise the board will not have sufficient funds for its biosecurity functions.

Recommendation 18 – Area based rating

The recommendation is that land area be used as the rating base for any general or broad based rate, but where the minimum rateable land area is below 10 hectares, LLS boards should be REQUIRED to use land area as the rating base for general rates. This appears to apply to rates ABOVE 10 hectares as well as below 10 hectares.

To be financially viable it appears that the Greater Sydney Local Land Service will have to set a minimum rateable area below 10 hectares and most likely it will be 2 hectares. It appears that the tribunal's recommendation is therefore that land area should be used as the rating base for any general or broadly based rate for ALL properties.

It is submitted that land area should apply up to 10 hectares and thereafter notional carry capacity (ncc) should apply.

IPART acknowledges that "Notional stock carrying capacity, however, has a long history as a rating base, although it is best understood by parties owning large landholdings." (1.3 Key issues).

ALSO, boards should be able to charge a flat general rate for up to 10 hectares, (irrespective of size), with an additional charge based on ncc above that area. This 'base rate' charge is a more practical approach, and is understood in Local Government rating systems.

Recommendation 18 – Rating base options.

The rating base options considered by the Tribunal have been noted as have the assessment criteria. Table 8.1 presents 'no' answers for some criteria for notional carrying capacity that in the Board's view should have been assessed as 'yes'. The system has been in use for many years and is **clearly and easily understood** by most current ratepayers and is also accepted as a measure of productivity and biosecurity risk. The measure is **able to be consistently applied** and having been in place for many years for properties with a rateable area of more than 10 hectares **it is simple and cost effective to administer**. In this district and particularly for the part that will transfer to the Greater Sydney region the former Department of Agriculture's 'Agricultural Land Classification Atlas' has been used as a base to determine notional carrying capacities and its use and outcomes have been verified in many Local Land Board determinations.

Arguments presented by horticulturalists appear not to appreciate that there are risks other than pest animals.

With the diverse size of holdings in the current Cumberland District, changing from the current rating base to another might have unintended consequences. It would be easier to retain current structures and manage the newly rateable holdings below 10 hectares on an area basis. It is acknowledged that owners of lifestyle properties above 10 hectares may not initially understand 'ncc' but retention of that as a measure might also be important in the future, as food sustainability becomes an issue.

It is submitted that notional carrying capacity should be retained as a rating option for areas of 10 hectares and above.

Recommendation 19 – NCC only for Livestock industries

The recommendation accepts notional carrying capacity (ncc) as a rating base for livestock targeted activities.

As outlined in discussion regarding the last recommendation 18, ncc being a measure of relative land productivity should be considered as a rating base for other risk creators or beneficiaries. If a plant disease had the potential to impact several plant types it might be justifiable that the respective landholders fund a control activity, but it could be unfair that a landholder with a less productive holding effectively subsidises a highly productive one which would occur if an area only rating base applied.

It is submitted that notional carrying capacity should be able to be applied at the discretion of a Local Land Board for other than livestock industries.

Recommendation 21 - Exemptions

It is submitted that the present exemption from animal health rates for the first 5 horses be removed.

The origin for this was that a family might have up to 5 horses for week-end pony riding schools. It was considered that they were not in the 'business' of animal production. However, as ALL horses are subject to equine diseases, for which the LLS is responsible for investigating, they should be regarded as a biosecurity threat, and therefore rateable.

Recommendation 22 – Policy for exemptions

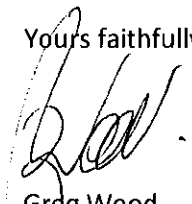
The recommendation suggests the establishment of a policy for assessing applications for the granting of exemptions and discounts. The principles outlined in 8.3.3 have been noted.

The intent of the recommendation is appreciated. The practicalities are questioned and are of concern. The costs of establishing an assessment regime would likely outweigh the benefits. With the functions of the new LLS entities including natural resource management, the better approach could be the use of direct incentives targeted at the biosecurity risk prevention and/or eradication, see figure 8.1.

It is submitted that there be no exemptions or discounts but that Local Land Boards establish an incentive policy.

If any further clarification of the above submissions is required please do not hesitate to call me.

Yours faithfully



Greg Wood
General Manager