



Ref:  
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Independent Pricing and Regulatory Tribunal  
PO Box Q290  
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Email: [ipart@ipart.nsw.gov.au](mailto:ipart@ipart.nsw.gov.au)

Dear Sirs

**RE: REVIEW OF LOCAL LAND SERVICES FUNDING – LOCAL LAND SERVICES BOARD SUBMISSION**

I would like to respond to some aspects of the submission lodged by the Local Land Services (LLS) Board.

**Method of Billing**

The LLS Board submission proposes that councils recover rates from properties of less than 2 hectares.

It would appear that inherent in this recommendation is that the position of the Board is that all services relating to smaller than 2 hectare properties will be solely funded through a general rating system.

This does not seem to be consistent with the hierarchy of charging system proposed by IPART, instead the Board are moving to the last option as their first method of raising revenue.

If the hierarchy recommended by IPART is adopted, the LLS will need to have mechanisms for billing all relevant landowners fees for services. In developing such a system they will need to have mechanisms for identifying landowners of properties with less than 2 hectares.

Equally, the system of creating two billing systems, one through the LLS and the other through councils, is likely to create a perverse incentive to increase the amount raised from one group of beneficiaries (those under 2 hectares) as the charging is less visibly coming from the LLS and more attached to local government.

Additionally, it will increase the desire to push reliance on this revenue as there is less need to establish a nexus between the cost and the charge. This, over time, is seen as removing the principles set out by IPART to establish good price signals that will drive the services needing to be provided and the efficiency of providing those services.

The method of recovery of the revenue should not be set in legislation. Determining the best methodology should be determined by allowing for market testing of the various alternatives. If local government is the lowest cost provider of the service they should be able to contract to provide this service. The data is available on the property owners within the NSW Government systems and private services are often used these days within councils for production and posting of bills, as well as collection of outstanding debt. This position is supportive of what has been proposed by IPART, that the most efficient and effective billing method needs to be developed based on reviewing the costs of various options.

If it is planned to regulate the organisations providing the billing, it would not seem to be efficient to establish a system where the LLS have to undertake some billing, but not all their billing. This would lead to duplication of resources needed for raising, tracking and recovering of debts.

Equally, local government will not have information on what properties are intensive agriculture. This will require additional administrative systems to be put into place to determine which properties are to have charges levied by local government and which are to be charged by the LLS. This will not be efficient and increases the chance of errors occurring.

Local government would be required to incur costs in modifying systems to allow for billing based on area. This is not currently used in the local government rating model and, as such, none of the local government systems would currently have the capacity to bill in this way. No costing on achieving such changes is provided in the submission to warrant that the benefits outweigh the costs.

### **Removal of Public Landholders Exemption**

If the intention of the board is to remove exemptions to local government from these services then, equally, land under the control of the NSW Government should no longer be exempt from charging from local government.

If such a change is proposed it should be undertaken as a part of a wider review of inter-governmental charging to ensure that there is consistency in the approach and a good understanding of the basis for this occurring.

The objection is not to the issue of levels of government being required to fund their fair portion of the cost of services being provided, but rather that this should be done in a holistic way, not a one sided approach that increased the cost burden on a level of government already financially struggling.

Additionally, the process of determining boards will have already been undertaken on the basis that local government is not a stakeholder in this way. Significantly changing the basis of the relationship between local government and the LLS after the opportunity to be engaged in the process of developing the governance structures and appointments is not seen as clear, transparent or equitable. In a number of cases local government would be a significant occupier of rateable land if this change occurred. But currently local government would not be able to nominate a person for the board as we are not eligible under the current system.

### **Other Matters**

Undertaking this review it was noted that the change to a minimum 2 hectare sites may have unintended consequences in relation to the type of property covered by the charges. It is unclear whether there would be conditions in the regulations that would prevent the charges from being applied to what are predominantly urban areas. With the focus on ensuring that the charges only relate to the landowners who are benefiting from the activities or causing the issue I am sure that IPART will consider any potential impacts on a broadening of the land covered by the change to the size ruling.

Thank you for considering our submission.

Yours faithfully



David Rawlings  
GENERAL MANAGER