

WALCHA COUNCIL

ABN 24 780 320 847

2W Hamilton Street
PO Box 2
WALCHA NSW 2354



Telephone: 02 6774 2500
Rates & Admin: 02 6774 2500
Engineering: 02 6774 2515
Fax: 02 6777 1181
Email: council@walcha.nsw.gov.au
Website: www.walcha.nsw.gov.au

17 December 2013

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

Dear Dr Boxall

Re: Review of Funding Framework for Local Land Services NSW

Council, at its Ordinary Meeting held on 16 December 2013, considered the Local Land Services Board of Chairs' Submission on the Review of Funding Framework for Local Land Services NSW and Council has a number concerns.

Councils is aware that the NSW Independent Pricing and Regulatory Tribunal (IPART) published its Draft Report on titled "*Review of funding framework for Local Land Services NSW*" in September 2013, with a closing date for submissions of 15 October 2013 however Walcha like many NSW Councils were not aware of the existence of the Report which is reflected in submissions being received from only three councils and one from Local Government NSW. Walcha Council believe there has been a severe lack consultation with Local Government, a major stakeholder.

Council is concerned that the Local Land Services (LLS) Board of Chairs has unilaterally sanctioned the approach detailed by IPART in the Report and its attempts to design a transparent and repeatable process for recovering reasonable costs from parties who create the need and benefit from the LLS services provided.

This is of concern to Walcha when the IPART recommendation (7) is taken into account which states that government funding be available to the LLS as a funding mechanism where – **as the funder of last resort**, it is inefficient or inappropriate to target actual service recipients or beneficiaries of with a fee or levy.

Given that the Local Land Services combines the former Livestock Health and Pest and Catchment Management Authorities together with some advisory services of the Department of Primary Industries, the concept of having the State and Federal Governments being the funder of last resort is blatant act of cost shifting.

WHEN REPLYING PLEASE QUOTE WO/2013/02129
WHEN MAKING ENQUIRIES PLEASE ASK FOR Liz Hobbs

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This is especially so when this positioning of government funding as a last resort is coupled with the IPART Recommendation 17 which recommends expansion of the LLS rating base by reducing area of rateable land from 10ha down to 2ha.

Walcha Council is aware that the Department of Primary Industries provided advice on the Department's website that Local Land Services will be funded via direct budget contributions from the NSW Government, ratepayer funds and a continuation of natural resource grant funding via the State Government and Australian Government.

Furthermore, the Minister for Primary Industries was reported in The Land Newspaper edition of 22 August 2013 that on page 13 of the Draft Report "*The Minister (for Primary Industries) has advised that over the coming 4 years, LLS boards will have access to \$22 million of recurrent NSW Government funding and the proceeds of an efficiency dividend of \$20 million to fund agricultural advisory services.*"

Council is aware that the NSW Governments commitment to LLS funding is only for a period of four (4) years which raises the question of whether NSW Government funding will cease at that time and be passed on to LLS rate payers.

To place this Community Service Obligation income for the new Local Lands Services as **the funder of last resort**, and to have only a small portion of the funding guaranteed for a period of four years is a tantamount to an unfunded mandate – transferring the cost from the State Government to rate and levy payers.

The Local Land Services Board of Chairs made the following five recommendations:

1. 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 (as illustrated in Table 1 – page 5 of Attachment D).
2. all risk creators are subject to the Local Land Services rate including land holdings below 2 ha, excluding commercial and industrial land.
3. all industry exemptions be removed and that Local Land Services 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 Local Land Services.
4. IPART ensures that the final framework is sufficiently flexible to allow for regional variations, while recognising that the process for setting rates

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- by the Local Land services Boards needs to be transparent and repeatable.
5. exemptions for public landholders are removed and that the Local Land Services engages in a process with these land managers to determine how they will manage their risk management obligation and contribution to Local Land Services.

In conclusion Walcha Councils position with regard to a number of negative impacts upon Local Government is as follows:

- the contribution from State and Federal Governments should be first level of funding and not “*as the funder of last resort*”, where it is inefficient or inappropriate to target actual impactors or beneficiaries with a fee or levy (Recommendation 7 of the Draft Report)
- local government should not be used as a collection agency of special purpose rates even for a fee (Recommendation 8 of the Draft Report).
- that there should be no base rate, only a minimum rate, and not that the recommended Local Land Services rates should include a fixed and variable component (recommendation 10 of the Draft Report).
- that the expansion of the flood mitigation levy, like the Hunter flood mitigation levy, not be made to other Local Lands Service Boards (Recommendation 14 of the Draft Report).
- the expansion of the Local Lands Boards revenue into environmental levies on rateable properties should be opposed, even though the recommendation has a condition that it does not duplicate any rate/services provided by local government (Recommendation 16 of the Draft Report)..
- Council oppose the concept that all risk creators are subject to the Local Land Services rate including land holdings below 2 ha, excluding commercial and industrial land (Recommendation 2, Board of Chairs Response).
- Council oppose the concept that exemptions for public landholders are removed (Recommendation 5, Board of Chairs Response).

Yours faithfully



JACK O'HARA
GENERAL MANAGER