

INDEPENDENT PRICING AND REGULATORY TRIBUNAL

REVIEW OF A RATING FRAMEWORK FOR LOCAL LAND SERVICES

ROUNDTABLE

Tribunal Members

Dr Peter Boxall, Chairman
Mr Simon Draper, Member
Dr Paul Paterson, Member

Member of the Secretariat

Mr Colin Reid

At

IPART Offices, level 8, 1 Market Street, Sydney

On Monday, 28 October 2013, at 10.00am

1 OPENING REMARKS
2
3 THE CHAIRMAN: Thank you all very much for coming and
4 let's get started. My name is Peter Boxall and I am the
5 chairman of IPART, the Independent Pricing and Regulatory
6 Tribunal of New South Wales. I am joined today by my
7 fellow tribunal members, Simon Draper, on my right, and
8 Paul Paterson, on my left. Assisting the tribunal is
9 IPART's secretariat member Colin Reid.
10
11 I would like to take this opportunity to thank all
12 those who have made submission to the review. Stakeholder
13 submissions are available to the public on our website.
14 All submissions received have been carefully considered by
15 us in developing our findings and our final
16 recommendations. We will also consider matters raised in
17 the course of today's proceedings.
18
19 I should also advise that we have agreed to a request
20 from the Minister for Primary Industries to accept the late
21 submission by 6 December 2013 from the new Board of Chairs
22 of Local Land Services. We intend to provide other
23 stakeholders the opportunity to comment on any matters
24 raised in the Board of Chairs' submission. Such
25 submissions will be accepted up to Friday, 20 December
26 2013. This will delay the completion of our final report
27 until early 2014. We will advise stakeholders of the
28 revised time frame once we receive the Local Land Services
29 Board of Chairs' submission.
30
31 A copy of my letter to the minister on this issue is
32 available on our website.
33
34 The purpose of today's roundtable is for us to better
35 understand stakeholders' views through a structured
36 discussion. It allows interested parties the opportunity
37 to comment on matters arising from our draft report and
38 from the submissions that we have received.
39
40 On the agenda we have two major sessions covering:
41
42 Who should fund local land services, session 1; and
43 How to set the rate base, session 2.
44
45 The secretariat will provide a short presentation
46 before each session to outline the issues. I will then ask
47 for comments from participants at the table and then from

1 members of the audience. I will endeavour to give everyone
2 who wishes to do so an opportunity to speak and I request
3 that you limit your comments to five minutes per
4 intervention.
5
6 I should advise that today's proceedings will be
7 recorded by our transcriber. To assist the transcriber,
8 I would ask that on each occasion you speak, please
9 identify yourself and, where applicable, the organisation
10 with which you were affiliated. I also ask that you speak
11 clearly.
12
13 A copy of the transcript will be made available on our
14 website within the next week.
15
16 In terms of housekeeping, we plan to break for morning
17 tea at around 11.45am.
18
19 To get underway, I will now turn to Colin Reid from
20 the secretariat to provide a short presentation to
21 introduce the first session, thank you, Colin.
22
23 SESSION 1: Who should fund LLS
24
25 MR REID: Thanks very much, Peter. As indicated by the
26 Chairman, we have broken today down into two sessions.
27 Obviously there are a lot of subjects within this inquiry
28 and there may be others that we have not listed on the
29 agenda that you wish to raise and there will be the
30 opportunity to do that, but at least to get the discussion
31 started and to focus the discussion, we have prepared a
32 short presentation.
33
34 The first session will cover who should fund local
35 land services and the second is how to set the rate base.
36 As the Chairman indicated, we plan to stop for about 15
37 minutes around 11.45.
38
39 We understand that the government has already set the
40 budget for each local land services board over the short
41 term. So any adoption by the government of IPART's
42 recommendations would apply down the track with pre-work
43 required in the interim. This inquiry is therefore
44 concerned with the medium long-term sustainability of the
45 local land services and less concerned with what will
46 happen on January 2014 when local land services will begin
47 operations.

1
2 These are our key discussion starters for session 1:
3
4 Does the hierarchy work?
5 Who should be included in the rate base?
6 Are individual exemptions/discounts practical?
7
8 The first term of reference for the IPART review is to
9 develop an efficient and transparent cost recovery
10 framework that local land services boards can use to set
11 service fees for the different categories of service they
12 provide to the different groups of beneficiaries.
13
14 There was much debate about whether it is a cost
15 recovery or funding framework. We have interpreted this
16 term of reference to ask who should fund local land
17 services and by how much. We have included the government
18 and government agencies as potential funders of local land
19 services activities. In broad terms this approach is
20 consistent with current funding arrangements for the
21 Livestock Health and Pest Authorities, the CMAs and the DPI
22 extension services and broadly consistent with how the
23 government proposes to fund local land services in the
24 short term.
25
26 We have attempted to build a rationale around how
27 those decisions should be made. This rationale has
28 potential to affect the proportions paid by different
29 parties and also expand the rate base, so they are two
30 important issues.
31
32 Turning, first of all, to the funding hierarchy, this
33 is obviously an important element in the rationale for how
34 we have recommended local land services be funded. The
35 main objective of the hierarchy is to have those
36 responsible for creating the need for a local land services
37 activity who are best able to control the level of service
38 required to fund it. This requires, for example, producers
39 in some cases to meet the costs of regulatory standards and
40 to the extent that the market will bear those costs, they
41 are in turn passed and to consumers.
42
43 Some submitters to our draft report suggested that the
44 hierarchy gives too little emphasis to the public good
45 aspects of local land services and fails to recognise
46 adequately the joint nature of the public and private
47 benefits that flow from local land services. So the key

1 question for this part of the discussion, if you like, is:
2 does the hierarchy work and have we applied it
3 appropriately in our recommendations?
4
5 The next element of session 1 is: who should be
6 included in the rate base? At present private landholdings
7 greater than 10 hectares are included and in the western
8 region it is greater than 40 hectares, Biosecurity NSW,
9 along with others, has indicated such a restriction does
10 not capture the biosecurity risks posed by smaller
11 landholders particularly those in peri-urban areas.
12
13 Similarly the CMA also stressed the benefits that flow
14 from natural resource management activities to the broader
15 community and the impact that smaller landholdings can have
16 on the natural environment.
17
18 In our draft report we recommend that the minimum
19 rateable landholding be reduced to two hectares, in
20 recognition of these concerns and mindful of the
21 administrative costs of reducing the minimum rateable land
22 area further.
23
24 Other issues that have been raised are the alleged
25 current uneven playing field between private and publicly
26 owned or controlled land. We have recommended that
27 publicly controlled land be included but possibly on a
28 negotiated fee basis rather than a strict rating basis.
29 This could be extended to include land held by the
30 Aboriginal land councils though any such funding would
31 undoubtedly be financed by the government.
32
33 Having done that this leads us then on to the issue of
34 exemptions and discounts; the current exceptions that are
35 granted; and the level of recognition or incentives that should
36 be given for work already undertaken or proposed to be
37 undertaken to ameliorate biosecurity risk or improve the
38 environment.
39
40 In this regard some have also queried the current
41 service levels given to their industries by the predecessor
42 organisations for local land services and indeed the
43 ability of local land services going forward to provide the
44 services that are currently industry funded. So the key
45 question for this part of the discussion is: who should be
46 included in the rate base for local land services?
47

1 We take that issue of exemptions and discounts a bit
2 further and the question becomes: if there is to be an
3 exemption regime, how would it operate and is it practical?
4 In our draft report we suggest an exemption regime directed
5 at the individual landholders rather than industry based.
6 This is queried, for example, by the sugar industry. The
7 New South Wales Farmers have suggested the poultry
8 industry already operates under separate legislation aimed
9 at achieving the same outcomes as are to be achieved by
10 local land services. Currently, the poultry and the sugar
11 industries are the main exempted industries.
12
13 Other sources suggest that the government incurs large
14 expenditures, as for, say, the current bird flu outbreak
15 afflicting the poultry industry, and these expenditures are
16 not recovered from the industry. That is a key issue, whether
17 there should be exemptions and discounts.
18
19 So the question issues for discussion in section 1 are
20 therefore:
21
22 Does the hierarchy work?
23 Who should be included in the rate base?
24 Are individual exemptions/discounts practical?
25
26 With that, I will hand back to the Chair.
27
28 THE CHAIRMAN: Thank you, very much, Colin. From
29 around the table would anybody like to volunteer to go first
30 otherwise, I will pick somebody. How about you, Ian?
31
32 MR I DONGES: Ian Donges, Chairman of the Livestock Health
33 and Pest Authority. Clearly we have lived and breathed
34 this system for three years now and it is interesting to
35 have an outside perspective on where we are up to in terms
36 of rates.
37
38 More importantly, I think, Colin, as we have noticed
39 in the last two weeks, there is the big question around
40 biosecurity and how we can ensure that there are sufficient
41 resources and capability and funds to at least protect an
42 industry or ensure the industry is viable as best we can.
43 The avian influenza highlights straight away what sorts of
44 risks are involved out there.
45
46 I will correct one thing you said in terms of the
47 public costs: the actual real cost of this is to the

1 individual and it is a manifold cost in terms of what will
2 be the actual cost to those businesses, if it survives at
3 the other end, and there is certainly no indication that
4 the government will fund the actual costs of this problem,
5 which could be a whole lot wider given it has already
6 spread to another farm. There are some big public
7 questions there in terms of where it is going.
8
9 One of the areas, and I will probably start here to
10 get the discussion going, is the public land manager's
11 question. This has always been at the forefront in our
12 particular rate payer base in terms of the threats imposed
13 by public lands, particularly those that adjoin rural
14 landholders, with pest animal problems, and the reluctance
15 of some of those public lands to, we would say, pay their
16 adequate share.
17
18 The words you used there were an "adequate levy" or an
19 "adequate resource." You did not go specifically into it.
20 You said you did not think it was a good idea to actually
21 rate that land but that there needed to be a negotiation in
22 terms of getting an adequate amount of money to perhaps
23 address the problem. Do you have anything further to add
24 to that in terms of that big a question about public lands
25 because in some of our authorities now, this involves
26 nearly half of the land? With the current regional
27 boundaries, half the land in the south-east is public lands
28 that is adjoining ratepayer landholders and it is certainly
29 providing a greater threat to their businesses because of
30 the pest animal problems that are associated with those
31 public lands and the perceived lack of action from the
32 public land managers.
33
34 That is one question I would like to leave in the room
35 to see whether there are some more thoughts about that.
36
37 Clearly from our perspective, we have advocated that
38 there should be a widening of the ratepayer base. I think
39 that brings with it a wider argument in terms of how we can
40 best position this new organisation to broaden the
41 rate base at the same time as talking about biosecurity
42 being the number one issue that the ratepayer base will be
43 focused on. Thank you.
44
45 THE CHAIRMAN: Thank you very much, Ian.
46
47 This issue of the public lands is a major one and we

1 have flagged it. We have not come out with a
2 recommendation to extend the rating base. We have left it
3 open to negotiation. That does not rule out an extension
4 of the rating base. We primarily had in mind land owned by
5 the state government and other governments, but there is
6 the issue of local government land and Aboriginal land
7 which has come up as part of the consultation, so this is a
8 topic that we need to get a landing on.
9
10 One alternative is to recommend that rates be applied
11 to public lands just in the way whatever rates are applied
12 to private lands. We need to think that through in terms
13 of the reaction of the public landholders who might want to
14 make some contribution in kind which they could negotiate.
15
16 This is a very important issue and clearly the
17 biosecurity is a very important issue, so thank you very
18 much, Ian.
19
20 Who would like to come in next?
21
22 MR N QUINN: Nelson Quinn, the Serrated Tussock Working
23 Party for NSW and ACT, and apologies for that long title.
24
25 Our people started looking at this from the point of
26 view of dealing with a pernicious weed issue that was
27 similar to many other pest issues, and we could never
28 separate any of these individual issues out from the
29 landscape as a whole. This applies to many biosecurity
30 things as well. The avian flu has been mentioned. There
31 is a link with wild birds and so on.
32
33 We have argued, and will continue to argue wherever we
34 can, that the rate base for this needs to be, as in other
35 jurisdictions in Australia, as wide as possible and you
36 cannot separate out the towns from the countryside.
37
38 I am involved in the olive industry. I live near
39 Canberra. There are probably more olives in Canberra
40 itself than there are all around it. That is just one
41 simple example. We would argue that there should not be
42 exemptions - we really need a whole-of-landscape approach.
43 It is already up there with the issue of horticulturalists
44 with small stock holdings. The reality of Australia is
45 that 70 per cent or so of farmers have more than one
46 enterprise. Again, any attempt at segregating out all
47 these things becomes really, really difficult.

1
2 We would also argue that there are many issues that
3 are properly within the camp of wholly or partly public
4 good and unless the community as a whole accepts
5 responsibility for those, they are very difficult to deal
6 with.
7
8 It also is very difficult to pin down on the
9 hierarchical idea. It can be very hard to pin down who the
10 perpetrators are. If you look at most plant and animal
11 pests in Australia, they come from imports of something,
12 either without prior knowledge, like fire ants, or through
13 garden plants. Once a problem has been identified, it can
14 be very difficult to track back to who was responsible for
15 it in any meaningful way. On the other hand, you can deal
16 with that by having better quarantine and by making people
17 who import things pay to do that. The latter obviously
18 meets with huge resistance when it is done in a broadbrush
19 way.
20
21 To put it in a nutshell, I suppose it all comes back
22 to this: the idea of direct cost recovery will apply to
23 some things but fewer than you might think if you take into
24 account these broader considerations. Thank you.
25
26 THE CHAIRMAN: Thanks very much, Nelson. Also, in your
27 submission, you raised the issue about public good and
28 issues like that. One reason why we have gone down to
29 two hectares as a minimum rather than below that is that
30 there is an issue here of being able to administer
31 something and to be practical about it. We have left the
32 option open for LLSs not to go down to two hectares if they
33 don't want to. Otherwise, we would just have every
34 householder paying.
35
36 Then you say, "Maybe it's a public good." In the case
37 of something which has been imported, you are quite right,
38 it is often difficult to track back to the importer, but
39 the issue then in the hierarchy, the next level down, is
40 the beneficiaries who benefit. Talking theoretically for a
41 minute, is it possible to have the beneficiaries pay? The
42 alternative to that is to get every taxpayer in New South
43 Wales to pay and we need to be conscious of that. The
44 position of IPART in the draft report is that we cannot
45 always go down to every taxpayer paying. One has to look
46 and see whether it is possible to bill further up the line.
47

1 Thank you very much Nelson. Who would like to go
2 next? Yes, Stefanie?
3
4 MS S SCHULTE: Stefanie Schulte, New South Wales Irrigators
5 Council. With regard to the question of who should fund
6 LLS, many of our members find it difficult to answer this
7 question because we have so little detail of what services
8 will actually be provided. A lot of our members come back
9 to us and say, "We have already employed extension officers
10 ourselves and how much input will we actually have in
11 deciding what services will be provided in the individual
12 LLS areas?"
13
14 The fear is definitely there that, given the
15 composition of the boards in being mainly appointed members
16 rather than elected members, those kinds of issues will be
17 overlooked and subsequently, I guess, that there might be
18 services offered for which individual landholders will have
19 to pay, but services which they ultimately will not use.
20
21 THE CHAIRMAN: Thanks, Stefanie. That also raises some
22 issues that we have wrestled with. The government decided,
23 not us, to have four members appointed by the government
24 and three elected. I guess if you don't like the elected
25 members, you vote other ones in and if you don't like the
26 board appointed by the government, you vote the government
27 out. I realise that has a way to go.
28
29 On the issue of what services you will get or your
30 members are getting, there is the case, as Colin outlined,
31 for exemptions. If your members individually believe that
32 they are doing something that they don't see why they
33 should have to pay the LLS to do, then we have left open
34 the issue of an exemption.
35
36 MS SCHULTE: If I may respond to that, in terms of the
37 efficiencies, though, we don't want to see services being
38 doubled up again. There is the importance here of
39 localism, of talking with the individuals in the individual
40 areas to make sure that we don't need to have an exemption,
41 but rather not having to offer those services if they are
42 already delivered otherwise.
43
44 THE CHAIRMAN: Thank you, Stefanie. Joylon?
45
46 MR J BURNETT: Joylon Burnett from the Macadamia Society.
47 Our position is that the hierarchy that IPART has set out

1 in their document is a sound hierarchy. It gives a good
2 process for working through a funding mechanism. However,
3 we are disappointed that, in the document, it does not seem
4 to have been applied rigorously or consistently. The very
5 idea that Crown land and state government owned land, could
6 somehow be exempt from that hierarchy makes a mockery of
7 the entire hierarchy.
8
9 THE CHAIRMAN: They are not exempt, Joylon.
10
11 MR BURNETT: Well, they don't currently pay and --
12
13 THE CHAIRMAN: Sorry, no, just so we are clear. If the
14 perpetrator is Crown land then they would be held to
15 account.
16
17 MR BURNETT: Well, they are not currently.
18
19 THE CHAIRMAN: No, we are talking in the future.
20
21 MR BURNETT: Okay, and clearly they are. I mean it is
22 Crown lands where often the land management is minimal. If
23 you look at something like feral pigs, for example, it is
24 principally on Crown lands that they breed up and then have
25 excursions into productive land. To have a rating base
26 that does not include Crown land to us makes a mockery of
27 it.
28
29 I would also like to emphasise the point that
30 Stefanie Schulte made. If you look at the Rural Research
31 and Development Corporation model where statutory levies
32 are put in place, for those levies to be put in place the
33 industry first has to have a very clear strategic
34 investment plan which sets out in significant detail what
35 will be done, what the outcomes will be and how the
36 ratepayers or the levy payers will capture that benefit and
37 get a return on their investment. We have none of that
38 with the LLS yet. I think it is extraordinarily premature
39 to be deciding who will be paying a rate before we can tell
40 who is going to be able to capture the benefit of that
41 rate.
42
43 Again, as Stefanie Schulte raised, there is the
44 potential here for significant duplication of services.
45 Biosecurity was raised by Ian Donges. Our industry, as
46 indeed is the case with many plant industries, is a member
47 of Plant Health Australia. We have a biosecurity plan

1 which identifies down to regional levels the actions we
2 will take to combat plant pest incursions and it identifies
3 how that will be funded. We have a plant biosecurity levy
4 and that can be set at whatever rate is necessary to fund
5 our contribution towards incursion management.
6

7 Indeed state government's contribution to plant and
8 pest incursion is already mandated under the Plant Health
9 Australia deed. This seems to me to be a clear duplication
10 in terms of DPI extension services. They walked off that
11 field in terms of horticulture a number of years ago and
12 very few horticultural industries have any meaningful
13 extension services coming out of New South Wales DPI. It
14 is not clear to us in anything on the LLS that this will
15 change.

16
17 With regard to the CMA, we use its services very
18 effectively and efficiently under the existing model. Our
19 concern is that it will be harder to access and more
20 expensive to access under this new model.
21

22 The hierarchy that IPART has set out is a good
23 hierarchy. In terms of its application, I think it has
24 been very disappointing and clearly I think influenced by
25 political considerations.
26

27 THE CHAIRMAN: Thank you, very much, Joylon. What
28 about Tom Gavel from the CMA?
29

30 MR T GAVEL: Tom Gavel, I am chairman of the Catchment
31 Management Authority Chairs Council. I have also just been
32 appointed as the chair of the Central West Local Land
33 Services, but I will just speak on behalf of the CMA.
34

35 Our position has always been that everybody should
36 pay. All the community should pay. I know that is
37 probably not feasible at the present time, so I would
38 recommend that it should be all rural landholders pay.
39 I don't believe that going down to two hectares will make
40 much difference, although it will make some difference;
41 however I think all rural landholders should pay because
42 the risks are there. The risk is as great in a rural
43 residential housing block as it is for 100,000 hectares in
44 the western areas as far as biosecurity is concerned.
45

46 My expertise of course is in natural resource
47 management. I think there should be a responsibility on

1 the community to assist in funding natural resource
2 management. We do receive funds from both the Commonwealth
3 government and from the New South Wales government, but
4 that is only seed funding. The benefits that are incurred
5 from the works from the natural resource management side of
6 it and also from the biosecurity and the services that will
7 be delivered through the Department of Primary Industries
8 are vital for all communities in New South Wales.
9

10 THE CHAIRMAN: Thank you very much, Tom. I was
11 wondering, Bryce, from the Natural Resources Commission,
12 whether you might go next.
13

14 MR B WILDE: Thank you, Mr Chairman, Bryce Wilde Natural
15 Resources Commission. Picking up a point that Nelson
16 raised earlier on the issues of biosecurity and also
17 incursions of plants and weeds, with weeds, the risk
18 creators there, research shows that 65 to 70 per cent of
19 all incursions are garden escapees. If you are adopting a
20 framework which is very strong on a risk creator and
21 beneficiary impactor basis which is sound, it seems to be
22 somewhat difficult and constrained then to set up a
23 benchmark of two hectares without going down to really
24 attack some of the key risks which happen in landscapes.
25

26 That example is given with weeds, but there are also
27 other examples that can be given in relation to
28 peri-urbanisation, blockies, et cetera, on animal health
29 and biosecurity outbreaks. I would encourage IPART to do a
30 little bit more research on the true risks and then
31 recontest that level of two hectares and look into other
32 areas to streamline and simplify the cost recovery
33 framework.
34

35 THE CHAIRMAN: Let me pick that up. This is a really
36 important point. IPART can always do more research, but
37 you get to a point where you have to make a decision and so
38 our draft - and it is a draft and that is why we are having
39 this discussion - proposed two hectares. You get
40 suggestions that - Tom, I don't want to verbal you - it be
41 down to all rural holders. That means somebody living in a
42 country town with a quarter-acre block is caught. Another
43 example is, somebody living out of the Ryde has a fruit
44 tree, with fruit fly in it.
45

46 We have to draw a line and every time you draw a line,
47 there is somebody that falls on the other side of it, so we

1 are open to draw the line in a different place. After
2 consultation and looking at it in terms of administrative
3 efficiency and of being able to collect and levy, we
4 settled at two hectares. Again that is the minimum; they
5 can go down that low. Some LLSs might not go that low. If
6 people have concrete suggestions about where to draw the
7 line, please make them.

8
9 MR WILDE: I would applaud IPART's approach to actually
10 enable there being some regional devolution and variation
11 of the rate setting. This is an area that also could be
12 enabled to have decision making by the Local Land Services
13 Board of Chairs upon a recommendation from an individual
14 LLS board. For instance, say the Central Tablelands, they
15 may wish to go, with community support, to a lower base to
16 attract the key risks in that area. They may not wish to,
17 but if they have the capacity and the freedom to do that
18 within a sound cost recovery framework then that is a step
19 they can take and that would be enabling rather than
20 constraining and addressing the key risks.

21
22 THE CHAIRMAN: We enabled down to two hectares in the
23 draft decision. Are you suggesting that we enable down to
24 one hectare or all rural blocks?

25
26 MR WILDE: I have not done the work to actually look at
27 the exact level, so what I am encouraging is that it be
28 lower than where it is currently and that there should be
29 some further work. I think time can permit that especially
30 given the extension of time to LLS.

31
32 THE CHAIRMAN: Thanks very much, Bryce. I didn't want
33 to put you in a spot.

34
35 MR WILDE: I will go on the spot in another matter. In
36 relation to public land management, I think that is vital
37 that there is actually a nil tenure approach, but the
38 emphasis should be beyond national parks and state forests.
39 Too often when people talk about public land managers they
40 are talking about those two principal land managers but
41 there are significant risks created by other public land
42 managers whose core business is not public land management.
43 For instance, linear reserve managers, are critical and
44 significant risk creators and I think the discussion
45 analysis bringing them into the fold is essential if we are
46 to actually improve our landscapes across the state.
47

1 THE CHAIRMAN: Thanks very much, Bryce.

2
3 MR DRAPER: Bryce, to clarify when you suggest that we do
4 more research on the threshold down to which we can go for
5 charging, what sort of criteria do you think we should be
6 looking at? Is it just about doing more research on the
7 risks created by those small landholders? Other factors
8 Peter has mentioned include administrative efficiency,
9 whether those charges are seen as legitimate by those
10 landholders and various other factors. What do you think
11 we should be looking at?

12
13 MR WILDE: I would support the focus on risk creation and
14 also value. I think those are the two key areas, because
15 particularly in coastal areas, from an NRM perspective
16 there is a significant value being created and
17 beneficiaries also at a smaller level which need to be
18 considered, but the major part is about risk. I would
19 encourage IPART to think of other areas in the cost
20 recovery framework to find administrative efficiencies,

21
22 I would suggest in some areas in relation to the use
23 of cost benefit analysis an activity level done at a
24 preliminary level stage, step three, and then done at a
25 full-blown level, step four. There may be other areas that
26 you can streamline it and make it simpler and easier to use
27 beyond the size of a landholding.

28
29 THE CHAIRMAN: Thanks very much you, Bryce. Shaun,
30 from local government?

31
32 MR S McBRIDE: Shaun McBride, Local Government
33 Association. We would have some practical concerns about
34 lowering the threshold below two hectares. We find it
35 becomes problematic below that level, or even at that level
36 in many cases. First, many of the public wouldn't be
37 making the connection; they would not be understanding
38 what they are paying for. They would be saying, "We have
39 already paid our council rates. What are these additional
40 rates for? I'm not a rural producer, I live in an urban or
41 peri-urban area." There would be the issue of just
42 communicating that and there would also, of course, be a
43 fair degree of political resistance.

44
45 Using the example of the orange tree in Ryde, does the
46 LLS really propose that it will have officers working
47 throughout the Sydney suburbs and perhaps duplicating the

1 work that councils do? There is a crossover that comes in
2 and I am not exactly sure at what size parcel of land, but
3 it starts getting blurry. I wouldn't imagine the LLSs
4 would want to devote a lot of resources to having officers
5 running around Sydney seeking out the individual orange
6 tree with fruit fly, or something like that.

8 We do have some problems with that particularly with
9 the confusion and the potential constraints that would also
10 pose to councils' own rating capacity. People would see,
11 next to their council rates, this parallel rate being
12 collected by another authority that they do not quite
13 understand. There is probably only a certain level of
14 tolerance for paying rates to various authorities or
15 taxes - let's call them taxes; that's what they are - so we
16 do have some concerns in that area.

17
18 We also have concerns about one of the opening
19 comments about who pays and that is with regard to the
20 question of taxpayer funding being a last resort and that
21 we try to avoid that and push everything out to the user or
22 the beneficiaries up the line. I think it is important
23 that the public good benefit be recognised. The only way
24 to fairly recognise that is through government maintaining
25 a solid level of taxpayer or budget support to the services
26 of certain local and services.

27
28 THE CHAIRMAN: What about local government lands?

29
30 MR McBRIDE: With local government lands, we in fact
31 raised that, just to sort out where the boundaries are on
32 this. There are two primary categories of local government
33 land. There is land that the councils actually own and
34 there are two categories of that, operational and
35 community. With operational land they have a lot more
36 flexibility.

37
38 Then there is land managed by councils which is in
39 effect Crown land. A large proportion of the green space
40 in many council areas is Crown reserve that is being
41 managed by the council as trustee under the care, control
42 and management of council.

43
44 Councils would argue that in meeting the obligations
45 of the trustee, they are managing those Crown landholdings
46 and they are a significant proportion of the open space
47 that councils administer. They include things like the

1 hundreds of caravan parks up and down the New South Wales
2 coast which are primarily Crown reserves, mostly run by
3 councils, all the showgrounds, many sporting fields and
4 things like that. They are not bushland necessarily.

5
6
7 We can see that there is an area that needs to be
8 explored, although I am not sure that we have all the
9 answers there. We would want to avoid duplication there.
10 In most areas councils already have responsibility for
11 weeds management, so there is no need for an LLS to be
12 duplicating that. There is probably a need for councils to
13 work in consultation or in collaboration with the relevant
14 LLS, but councils are already doing a lot of those
15 functions in those areas. You would, therefore, have to
16 take that into account when assessing whether there is a
17 surplus or deficit on council's part when it comes to the
18 land management. I think some of those arguments will also
19 carry over into Crown land managed by a state agency or
20 other trusts on their behalf and, to some extent, national
21 parks.

22
23 THE CHAIRMAN: Thank you, very much, Shaun. I was
24 wondering now whether I should go across to Monica, on
25 sugar.

26
27 MS M POEL: Thank you, Monica Poel, New South Wales
28 Cane Growers Association. I am here to represent the 600-odd
29 cane growers who are in the three coastal flood plains of
30 northern New South Wales. It is a very concentrated
31 industry in the Clarence, Richmond and Tweed areas.

32
33 Since around 1985, the industry has enjoyed, through
34 legislation, I understand, exemptions from pasture
35 protection rates of the sort proposed and other sorts.
36 I think my members would expect me to say that they
37 actually find the possibility that they may lose that
38 exemption highly objectionable.

39
40 The reason that they obtained the exemption was that
41 the industry had, for many decades, undertaken its own
42 organised and structured approach to what we now call
43 biosecurity and crop protection through crop protection
44 boards and other mechanisms. So today the industry funds
45 that. For example, in this financial year, those three
46 rivers will contribute \$1.6 million to our own agricultural
47 services group which is met partly by the millers and also

1 by the canegrowers. That group does have a mandate to
2 address biosecurity and production and other local land
3 services that we see a duplication of.
4
5 My members are very concerned that, if they do not
6 continue to receive the exemption, they will actually end
7 up having to pay twice. When you look at, for example,
8 the market value test that LLS may apply in the proposed
9 framework, I think they would say that the test will not
10 apply because whether the industry may be a risk creator or
11 a beneficiary, the industry has mechanisms and structures
12 in place, and processes, and is well organised to be able
13 to address that itself.
14
15 By way of example, I think it may have been about 10
16 Years ago, acid sulphate soils became a really significant
17 issue for coastal flood plains and for the industry.
18 Through this agricultural services group at the time, the
19 industry established a self-regulatory approach and it
20 continues to do that today.
21
22 There are a number of examples like that where the
23 industry accepts where it may be a risk creator or a
24 beneficiary, and because it is so concentrated and
25 specialised, the industry then acts on that itself.
26
27 I think the other important point that is quite
28 different about sugarcane is that the industry is very
29 closely related to Queensland. Of Australia's cane
30 production, northern New South Wales produces around 5
31 per cent of the national amount and 95 per cent comes from
32 Queensland. There is a significant investment which we
33 leverage off Queensland in biosecurity and in other local
34 land services. So we actually see ourselves in many ways
35 much more closely aligned with some of the local land type
36 services that come out of Queensland in that way.
37
38 One of the other points that I would make that is
39 probably important for everybody to understand is the
40 majority of our members are primarily and almost completely
41 cane farmers. I think a minority are also farming, say,
42 cattle or other industries on a separate property perhaps
43 or adjacent to their cane farm. On that land they do pay
44 rates under the existing system and they are not proposing
45 that there be an exemption. Those people are suggesting
46 that the exemption really should just apply to the area
47 under sugar because they already have this investment that

1 they are making. I think that's about it.
2
3 THE CHAIRMAN: How many LLSs does the sugarcane
4 industry straddle?
5
6 MS POEL: It is set in a relatively small part of the
7 Northern Rivers.
8
9 THE CHAIRMAN: So it is just in one LLS?
10
11 MS POEL: Yes.
12
13 THE CHAIRMAN: Thank you. Ian, would you like to add
14 something?
15
16 MR I McBEAN: Ian McBean from New South Wales Sugar. If
17 I could add to what Monica has said, certainly from our
18 perspective, the sugar industry is highly organised and
19 strongly linked to Queensland. From our point of view, we
20 see that the structures and investments we are making in
21 our local land services per se to our existing
22 organisations under the current exemption clearly work for
23 us and we have no doubt that we will strongly advocate for
24 our exemption to be maintained.
25
26 I do have a concern that, in the discussions today,
27 biosecurity is becoming the principal driver of the
28 direction in which local land services are going. In
29 certain instances where there is a strong public good
30 component to biosecurity, for example, there are human
31 health concerns, I can clearly understand that, but from
32 our industry's perspective, we have a very efficient and
33 very organised approach to biosecurity. We manage that
34 ourselves through our existing processes.
35
36 I guess a case in point right now is a concern about
37 something that has raised itself in the north of
38 Queensland, which is called yellow canopy syndrome. To
39 date, our industry, through its own structures, is the one
40 that is dealing with that issue. We have had no input, no
41 inquiries, no assistance from any government organisations
42 in New South Wales to this point. Certainly at this point
43 you might argue the risk is relatively low; however, it is
44 on our radar and we are doing something about it. It does
45 not seem to be on anybody else's radar.
46
47 In relation to individual exemptions, from a sugar

1 industry perspective - in some instances this links back to
2 what the Irrigators Council was saying - where we have
3 existing structures in place whereby we are funding local
4 land services and whereby, in our instance, all our cane
5 farmers and sugar mills are funding that, I cannot see that
6 an individual exemption process would make any sense
7 whatsoever. You would, in essence, have all of our cane
8 farmers and the sugar mill making the same application for
9 the same exemption on the same basis. Therefore, we
10 strongly believe that the exemption that we currently have
11 should stay and it is our view that, to date, IPART has not
12 made a case as to why our exemption should not continue.
13
14 THE CHAIRMAN: Thank you very much, Ian. I was going
15 to ask Angus next.
16
17 MR A GIDLEY-BAIRD (NSW Farmers): I will quickly work
18 through the three points on the screen there. "Does the
19 hierarchy work?" Our point at the moment is it is a
20 framework and it is not really going to be known to whether
21 or not it works until it actually hits the ground and we
22 see individual boards applying it to give us a true sense
23 of its application on the ground.
24
25 "Who should be included in the rate base?" There has
26 been discussion about going down to two hectares. I know
27 our policy at the moment calls for those with two hectares
28 and above to be ratepayers. I do acknowledge there are
29 some concerns about the risk creators on properties less
30 than two hectares, though, and how to actually include
31 those in the process is probably something to be
32 considered.
33
34 "Are individual exemptions/discounts practical?" On
35 behalf of our poultry meat guys who currently have an
36 exemption, it was noted in our submission that under their
37 current arrangements with the Poultry Meat Industry Act
38 there are requirements there with agreements between
39 processors for biosecurity and there are other
40 environmental requirements as part of that.
41
42 We are probably similar to the Cane Growers
43 Association in the sense that we don't want to see a
44 duplication, whether it be a duplication of services and
45 definitely not a duplication of revenue collection for
46 those two means to serve the same end.
47

1 A question I have that might relate to some of the
2 discussion, and it was noted by Shaun and others in terms
3 of the public good, is that I am interested to know if you
4 could possibly explain a little bit further the distinction
5 you had in the draft report about the regulatory and
6 non-regulatory approaches to the funding framework. You
7 noted that they were different, but then in the two tables
8 that you have there, they seem to be the same; the tables
9 seem to be the same.
10
11 I could not quite understand how they were applied
12 under the different scenarios there, noting that also in
13 the report the regulatory functions probably focus more on
14 the risk creators as the funders whereas the non-regulatory
15 ones focus on the beneficiaries as being the funders.
16
17 I know there are probably a number of my members who
18 would probably question some of the environmental
19 requirements that might be placed on them as to whether or
20 not, as a regulatory function, the actual process that it
21 is imposing upon them is creating a cost on them already
22 and they would question why they should be funding,
23 I suppose, the policing or the regulatory support network
24 around that.
25
26 I would be interested in your explanation of that,
27 because I think that might help us get a better
28 understanding as to how the framework might be applied in
29 what is to me not so much confusing but it is a little bit
30 of a grey area as to how the LLS functions will be imposed
31 on the ground because there are dual roles both for the
32 individual properties and also for the greater public good.
33
34 THE CHAIRMAN: Thank you, Angus. Do you want to reply
35 to that, Colin?
36
37 MR REID: Thanks, Angus. I think we made that
38 distinction. Essentially with the non-regulatory functions
39 when we were looking at that, we asked was that adding
40 value, if you like, when they were essentially directed at
41 beneficiaries, for example, whether it be some extension
42 services or agricultural advice, where it was almost like a
43 discretionary service that could be offered through the
44 local land services. Still on the non-regulatory
45 activities, there was some discretion on behalf of the
46 recipients of those services as to whether they in fact
47 signed up for those services or not. In simple terms we

1 saw it that way.
2
3 With a lot of the regulatory functions, however, that
4 was something that was imposed by government and it was
5 imposed by government in a response to perceived risk or
6 activity where it could be creating an impact or
7 exacerbating existing risk. I know there has been much
8 debate about clearing native vegetation, but put that to
9 one side.
10
11 So the regulatory functions we saw as government
12 responding to a perceived risk or impact. For that reason,
13 we thought if fell more directly into the area where it
14 would be the risk creator or the impactor who would pay.
15 That is it in broad terms. It will be defined more clearly
16 in the report, but in broad terms that was the distinction
17 we were making.
18
19 MR GIDLEY-BAIRD: I suppose further to that then, I am
20 guessing there is the possibility that the broader
21 beneficiary of some of those regulatory functions can still
22 be recognised under this framework.
23
24 MR REID: There is that possibility, that's right. There
25 has been much debate about what a public good is. There
26 have been some issues around that and how you define the
27 public good. Certainly that is true, but obviously the way
28 the hierarchy works, to the extent that they are
29 identifiable and to the extent that it is efficient to have
30 them fund local land services, then obviously the way the
31 hierarchy works, they would be the first ones to pay. If
32 it was not feasible to collect money from the impactor or
33 the risk creator, then obviously the next step would be the
34 beneficiary.
35
36 THE CHAIRMAN: Does that help, Angus?
37
38 MR GIDLEY-BAIRD: Yes, I think so. As I said, a lot of it
39 will fall out when it starts hitting the ground, but --
40
41 THE CHAIRMAN: It will indeed. This is a methodology for
42 the local land services to apply, but where it is so
43 regulatory, if parliament passes a law that there is a
44 certain regulation, then everybody has to fall into line.
45 That would tend to mean that you would look at the risk
46 creator first, if not there, then the beneficiary, then the
47 public good. With something like an agricultural extension

1 service, where a farmer can take it or not, clearly the
2 beneficiary pays. In practice it will take some judgment
3 but that is the sort of framework.
4
5 MR GIDLEY-BAIRD: With the beneficiary one, or the
6 particular services developed, from the very origins of the
7 current LHPAs, what they were set up for was to try and
8 develop solutions at the local level to support
9 landholders. That one is all right. It is more the
10 regulatory role that the LLS will perform.
11
12 Obviously in many cases some of those regulatory
13 arrangements are imposed for greater public reasons rather
14 than the individual landholder themselves and therefore
15 requiring the individual landholder to pay for the
16 implementation of those regulations. I think it will be
17 questioned by our members in some cases, yes.
18
19 THE CHAIRMAN: It raises a pretty interesting point
20 because if parliament decides that a certain activity is
21 causing a problem and if it happens to be that that
22 activity is actually a by-product of farming, for example,,
23 then who should pay? In a sense, the occurrence of that
24 activity is actually a by-product or cost of farming. In
25 the end it is paid for by the consumer but in terms of who
26 actually pays the rate under the model, it would be the
27 farmer. I was going to ask Nick next and then John.
28
29 MR N MILHAM: Nick Milham from NSW Trade & Investment.
30
31 In the broad, the principles outlined in the draft
32 report appear to be reasonable. As a number of speakers
33 have already pointed out, the devil will certainly be in
34 the detail on how it is implemented, but in broad the
35 principles look reasonable.
36
37 One thing I wanted to comment on is this issue of
38 joint private and industry or public good and, I guess,
39 express a cautionary note about how easy it is to fall into
40 the trap of sort of defaulting to: if there are a broader
41 range of beneficiaries, then that is where payment for the
42 service or the regulatory activity should come from.
43 I thought your explanation, Peter, was very good in drawing
44 out the error that that can become. The issue is that many
45 private activities generate either goods for an industry or
46 benefits for the broader community.
47

1 I like to think of the front garden example. We and
2 some of our neighbours put significant effort into our
3 front gardens, which we enjoy, but so do the people who
4 walk up and down the street. Does that mean that the
5 council should subsidise my front garden? I would love
6 them to, but I think as a broad principle, that is on weak
7 ground.
8
9 It is the same when we talk about other areas of
10 private activities that also generate benefits either for
11 the industry or for the community and we need to then come
12 back to issues such as: is this an area where we are trying
13 to address a problem that has been created by industry in
14 the sense of a risk creator-type model or is it where we
15 are expecting as a community an industry or a landholder to
16 do something that is otherwise not in their interests or
17 that is in their interests to do partially but not to the
18 extent that we would require, which we call the sufficiency
19 principle.
20
21 It is only when it is in the public interest at an
22 industry level, for example, or at a regional level that
23 there is some reason to require or expect a higher level of
24 investment that then there becomes an argument to move
25 beyond the risk creator or private beneficiary paying to
26 achieve that extra benefit that we consider to be in the
27 broader public interest.
28
29 THE CHAIRMAN: Thank you very much, Nick. John?
30
31 MR J MACARTHUR-STANHAM: John Macarthur-Stanham,
32 representing Local Land Services, which I hasten to add
33 does not start functioning till 1 January, so I need to
34 make two disclosures up-front. Firstly, the board is yet
35 to meet; indeed, it has its first board meeting tomorrow.
36 Therefore, I do thank the Chair and the tribunal for their
37 consideration in allowing us to put in the late
38 submission. Secondly, I am a chook farmer amongst other
39 things.
40
41 I would like to make three points at a high level
42 because the board is yet to consider its position, so these
43 observations will be mine and any responsibility therefore
44 rests on my shoulders. Firstly, from my reading of the
45 draft, it is a sound hierarchy and framework with
46 appropriate flexibility, so I do not have a problem with
47 the approach.

1
2 I would suggest, given the nature of the risks and the
3 operations that we are dealing with here would appear
4 temporal, that it would be a wide base for rating subject
5 to the recognition of the transaction costs involved.
6
7 Where that leads me is certainly I think the rating
8 base should include government and councils. Government
9 authorities, councils, et cetera, are obviously in many
10 instances part of the risk creator issues and they should
11 be properly included.
12
13 Secondly, I would say the movement to two hectares is
14 sensible but perhaps it should only be considered as a
15 first step and some built-in capacity for review should be
16 considered. I say that because certainly one can clearly
17 evidence many individual instances where risk creators are
18 in areas or hold landholdings significantly below two
19 hectares. This obviously has to be balanced with the whole
20 issue of effective transaction costs and I know the
21 tribunal is very keenly aware of that. There may well be a
22 different mechanism to actually bring that into balance
23 below the two hectares but I think perhaps a secondary
24 review should be factored in.
25
26 Certainly I think more work needs done on intensive
27 agriculture and horticultural operations. You need to look
28 no further than the example of poultry, which Ian drew to
29 our attention earlier on. There are some issues there
30 which I think we do need to face, in your final report and
31 I think further work is needed there.
32
33 In relation to exemptions the whole issue of
34 exemptions sets actually a fairly dangerous precedent.
35 Although some of the risk creation activities can be
36 reduced, I don't think you are actually eliminating risks.
37 I don't think any industry bodies can eliminate risk. You
38 also have a temporal issue there as well. Because the
39 risks cannot be eliminated there has to be, by direct
40 definition, a connectivity to other areas within New South
41 Wales. I would be concerned about exemptions. Discounts
42 are another matter which one should approach with caution,
43 but should be there as part of the flexible armoury,
44 I would think.
45
46 That is probably all I have to say on this level at
47 this stage, but there will be more in our submission, thank

1 you.

2
3 THE CHAIRMAN: Thank you very much, John. Nick, and
4 then Joylon, and then I will move to questions or comments
5 from the floor.

6
7 MR MILHAM: If I could take the opportunity to bounce off
8 one of the comments that John made that picks up on points
9 that were made earlier in relation to exemptions. It seems
10 to me, and I guess Colin might like to comment, entirely
11 consistent with the framework that IPART has outlined to
12 give consideration to where, for argument's sake, an
13 industry is able to demonstrate that it is undertaking an
14 activity that might otherwise have been provided by LLS,
15 and it may well be appropriate to discount rates and on
16 that basis.

17
18 However, that then begs the question which John just
19 raised about the extent to which they are in fact
20 eliminating all risk to other landholders arising from them
21 and the management of their property and whether that's in
22 fact possible. That would be a question which I think the
23 framework could cover. As I said, the framework that has
24 been outlined seems to me to be able to provide for
25 consideration of that in the establishment of a rate or a
26 fee that may apply to a particular landholder or a group of
27 landholders.

28
29 MR BURNETT: I would like to pick up on Nick's analogy of
30 a front garden. No, we would not expect the council to pay
31 for your front garden. I think what is being proposed here
32 is expecting everyone else in the street, including those
33 who don't have front gardens, to pay for your front garden.
34 This is clearly a case of trying to spread the funding base
35 as broadly as possible and, in our view, irrespective of
36 whether there is any risk creation or benefit capture.

37
38 This is not about risk elimination. This is about
39 risk mitigation. I think both poultry and sugar have
40 demonstrated that there are examples where industries can
41 mitigate the risks that are meant to be addressed by LLS to
42 such an extent that an exemption has been granted them, and
43 many horticultural industries are in exactly the same
44 situation.

45
46 I don't think the New South Wales government has
47 demonstrated any market failure here yet where some of the

1 horticultural industries are concerned. We asked the New
2 South Wales government to give us data on the number of
3 times macadamia growers had accessed LHPA services - it was
4 unable to do so.

5
6 We did a survey of our industry and, to take your
7 point about 60 to 70 per cent farmers having
8 multi-industries, our members say about 5 per cent of them
9 run livestock; yet all of them will be required to pay
10 this. Just as Ian and Monica so clearly argued for cane,
11 we have in place very rigorous government-endorsed fully
12 funded biosecurity arrangements, even down to regional
13 security plans. We have been given no evidence at all that
14 LLS will add anything to those arrangements.

15
16 THE CHAIRMAN: Thank you, Joylon. Monica, and then we
17 will move to the floor.

18
19 MS POEL: Thank you, Mr Chairman. I wanted to take the
20 last opportunity, if I could, to come back to trying to
21 answer the final question on the slide there about the
22 practicality of individual exemptions and picking up on the
23 point of my colleague Ian.

24
25 I really do not feel that individual exemptions are
26 practical for our industry. If the industry-wide exemption
27 were to be removed I can see that there would be some
28 600-odd applications for individual exemption received at
29 Northern Rivers Local Land Services, and they would all be
30 exactly the same because the cane industry is very similar.
31 Each farm is very similar from one to the other.

32
33 I take the point about connectivity issues, but it is
34 quite a unique industry that is quite different in the
35 landscape from those other industries beside it. While
36 generally there would be connectivity issues, I think they
37 are far, far fewer in cane than they otherwise may be.

38
39 MR BURNETT: I could get 3,000 individual exemptions from
40 almost every horticultural grower in the north coast
41 region.

42
43 THE CHAIRMAN: Thank you. Monica?

44
45 MS POLE: My final point is that I would like to strongly
46 support the possibility of industry-wide exemptions, if
47 nothing else on the basis of administrative efficiency. If

1 you think forward and turn this around on its head, if
2 there were no industry exemptions for sugarcane, what type
3 of capacity could LLS have to respond to a biosecurity
4 issue? If we were to talk through the issues of smut,
5 yellow canopy syndrome, Fiji leaf gall, they would be quite
6 foreign actually to local land services in all of New South
7 Wales. I think it is important to consider those
8 practicalities.

9
10 THE CHAIRMAN: Indeed, thank you, Monica. Ian?

11
12 MR DONGES: Thanks, Mr Chairman. Having been first,
13 I thought it was a good chance to come in last - nearly
14 last.

15
16 To try and round this together, given that the LHPA
17 rates are the focus of attention here, the broad proposal
18 that you are putting forward fits pretty much in line with
19 what we were proposing in terms of broadening the rate base
20 and addressing a number of what we have called deficiencies
21 in our system at the moment.

22
23 In terms of coming down to two hectares, there were
24 two big considerations for us in that regard. The starting
25 point was, first of all, the administration transaction
26 costs, which John talked about. It has certainly been an
27 experience of ours in the past in terms of being able to
28 collect those rates, particularly when we were down to four
29 hectares, that it was a challenge at times justifying to
30 those particular landholders the services that we may or
31 may not provide. I do believe there is a stronger argument
32 now in terms of that question.

33
34 The other reason we nominated two hectares is we
35 believe with animal health that is a size of holding that
36 does often carry animals; therefore, there is a
37 justification for the risk that that will be providing to
38 the broader industries and therefore a strong case that
39 two hectares is a good starting point.

40
41 I would pick up on Bryce's argument that some
42 flexibility there would be worth a thought because you
43 obviously have huge differences between land capabilities
44 from the coast, say, to the tablelands and the slopes in
45 terms of what two hectares actually stands for. So there
46 may be a case that in some local land services' area
47 where you could bring that area size down.

1
2 The bigger question relates to exemptions at the
3 moment. We are definitely opposed to exemptions, and this
4 is from the long history of our organisation. We have
5 seen, over the 150-odd years, that some exemptions have
6 been granted over time and, yes, there is a very limited
7 argument, I believe, for those exemptions.

8
9 We provide services and perform many functions in
10 terms of animal health and pest animals. I pause on plague
11 locusts. Plague locusts will eat any plant known to man if
12 they are in sufficiently high numbers. Yes, we have
13 enjoyed a long period in this country where plague locusts
14 have not been a problem for some time for the state. That
15 is because there has been a very effective control program.
16 That program has been funded by LHPA ratepayers at
17 national level and at state level.

18
19 If you go back prior to those two organisations being
20 very heavily involved in controlling plague locusts, then
21 you will find a very different story from people who were
22 on the slopes, tablelands and maybe even the coast. We
23 want that to continue. I am sure that with the levy, as
24 you proposed, there will continue to be funding for plague
25 locusts as part of local lands services. That is something
26 that impacts on everyone. There are lots of other similar
27 examples.

28
29 If you then transpose costs to Animal Health Australia
30 and Plant Health Australia, they will not fund lots of
31 individual problems, or perhaps even regional problems. We
32 can talk about avian influenza because it is so popular or
33 topical today. I would contend that, at this stage, Animal
34 Health Australia will not fund that problem for that
35 particular landholder. I might be wrong, and I hope I am,
36 but early indications are that that is the case.

37
38 I think you need to look more broadly at the potential
39 wide risks that we are talking about and the fact that we
40 have had an industry that has been very successful in terms
41 of having a levy in place, which has been quite modest, to
42 help the animal health questions, the pest animal question
43 and the plague locust questions and broadly address those
44 problems, albeit there might be question marks about the
45 performance at times. But that is why you have individuals
46 who are elected and appointed to boards and therefore have
47 to answer for their performance. Thank you.

1
2 THE CHAIRMAN: Thank you very much, Ian. Are there any
3 questions from the floor? Does anybody in the audience
4 want to ask a question or make a comment?

5
6 MR S GUNTHER: Sam Gunther, from NSW Farmers, I have a
7 question about the manual to be used by LLS boards to
8 assist them in implementing the recommendations once they
9 come out. As has previously been said, the devil is in the
10 detail really in how these recommendations get implemented.
11 What input and opportunities for engagement will there be
12 for stakeholders in this manual and how will the
13 recommendations essentially be put to the local boards into
14 how they would implement them?

15
16 THE CHAIRMAN: Thank you, Sam. Colin?

17
18 MR REID: In relation to that, we have prepared some draft
19 guidelines. The issue that has been raised, however, is
20 what resources there will be at the local land services
21 level to implement them. That is one issue; in other
22 words, what level they should be directed at. That is
23 obviously a key issue.

24
25 The guidelines are out for a very limited review at
26 the moment but certainly once they are in a form and a
27 style, if you like, that we believe that there would be
28 benefit from wider circulation, then we will do that. At
29 the moment, there have been some guidelines prepared but
30 the question for us is the level they are pitched at and
31 how easily they could be adopted by local land services, so
32 we are just reviewing that at the moment.

33
34 THE CHAIRMAN: Does that assist?

35
36 MR GUNTHER: Yes, thank you.

37
38 THE CHAIRMAN: Anything else from the floor?

39
40 MR K LEE: Kent Lee, I am the chair of North Coast Local
41 Land Services - not Northern Rivers, North Coast, so we
42 will get that one right.

43
44 I would like to make a few comments. Hendra virus,
45 avian flu, cattle ticks, you name it, they do not stop at a
46 boundary fence just because the property size is less than
47 two hectares. It is my contention that if your land is

1 rated rurally, you should pay the rate.

2
3 My history is as a tax accountant, so I lived through
4 1 July 2000, the biggest tax change we have ever seen with
5 GST, and the sun came up the next day which was amazing for
6 some people. However, that system is not as good as it
7 could be simply because it has exemptions built into it.
8 It is much harder for that system to be administered. Much
9 more effort in terms of compliance is wasted on working out
10 what is exempt and what is not rather than looking for
11 avoidance and the like.

12
13 If we have exemptions, ipso fact cane, for example,
14 and I am not saying anything about that, we then have to
15 have somebody go around to check that they are actually
16 cane farmers. So that is a policing role taken up rather
17 than maybe an extension officer or some other benefit that
18 can be applied. It is much easier to impose the rate on
19 everybody and then work out individual exemptions. People
20 will apply for them and have to justify the fact that they
21 don't have to pay. It is as simple as that.

22
23 Before I go, I can give you a very quick example in
24 support of the small size. We have a small property on the
25 Central Coast, 150 acres. We have five of the old
26 agricultural concessional subdivisions along the edge which
27 are about one hectare each. I was riding along the fence
28 checking it about 12 months ago and there was a pile of
29 30 dead chickens over the back fence. The people who lived
30 in one of the five properties over there had decided to
31 kill their chooks and throw them over my fence. Under the
32 current system, they pay nothing, unless we catch them or
33 prove they did it. At least if everybody were to
34 contribute, there would be some form of responsibility
35 there. Thank you.

36
37 THE CHAIRMAN: Thank you, Kent. With the exemptions
38 issues, at the moment in our draft report, we have the
39 model, which was basically endorsed by Kent; namely, that
40 you levy the rates and then the local land services can
41 give an exemption or a discount to particular landholders
42 if they make a case.

43
44 The point about connectivity which John made, which
45 was also in our minds in developing the draft position, we
46 think is a very important point because clearly exempting a
47 whole industry in a sense can have the effect of removing

1 them from the whole equation, so we think that is a really
2 important point.
3
4 This is a tricky issue and we do need to come down
5 with our final decision and the comments made today by the
6 various stakeholders will be taken on board in our
7 deliberations. We have tried in our draft report, as
8 I say, to put it on an individual basis and to put it on a
9 local land services basis. It might be the case that
10 sugarcane farmers will all be located in one particular
11 LLS. There are other industries which are fairly close
12 where they could straddle two, three or four LLSs. So our
13 thinking thus far is that it is important to leave the
14 decision making very much at the individual LLS level on
15 this issue. That has been a really important discussion.
16
17 MR BURNETT: Just a quick point on that, please. The
18 problem with that is the individual LLS boards are
19 predominantly ministerial appointments.
20
21 THE CHAIRMAN: Just let me make the point I made earlier.
22 This is a democracy. Parliament has been elected and it
23 decided to appoint four government members and have three
24 elected members. There is the capacity for local
25 landholders to make their views known through the three
26 elected members. I agree four is greater than three. The
27 next option is to vote the government out. That is an
28 issue.
29
30 In terms of developing a methodology which, if adopted
31 by the government or some variation thereof is adopted by
32 the government, will have wide applicability, we need to
33 take the sort of approach which can go across the whole of
34 the LLSs.
35
36 The other point which has come up is the minimum area.
37 Clearly it is a very difficult issue and a number of
38 stakeholders have made points about looking at reducing the
39 minimum area from two hectares. Again, under our draft
40 recommendation, each LLS could go down to two. Obviously
41 if we have something below two, each LLS can go down to
42 that, so we will take on board those points and also the
43 points that were made by the CMA and Kent about looking at
44 all rural holders, but we note that point made by local
45 government, by Shaun, so we will take that on board.
46
47 On intensive industries - intensive industries below

1 two hectares, or intensive industries below whatever number
2 we come up with - we have got that down for discussion in
3 the next session. It is a very important issue because
4 even if you reduce the minimum to one hectare, there are
5 some intensive operations which can operate below one
6 hectare. We have given this matter a lot of thought,
7 including since we issued the draft report.
8
9 If there are any other questions of comments people
10 would like to make now, including in response to my few
11 remarks, you are most welcome to make them. Otherwise we
12 will adjourn for a morning tea break before we move into a
13 second session. Does anybody want to say anything else at
14 the moment? Yes, Tom?
15
16 MR GAVEL: I would like to make the point that the actual
17 funding we are looking at is for local land services. It
18 is not just for one particular area and we need to take
19 into consideration what those functions of local land
20 services are, thank you.
21
22 THE CHAIRMAN: Thanks, Tom. Is there anything else
23 before we break?
24
25 MS POEL: Could I make one last point?
26
27 THE CHAIRMAN: Monica, yes.
28
29 MS POEL: Thank you for the opportunity to make another
30 point. I would be interested to see in the next paper or
31 piece of work that IPART does on this a little bit more
32 discussion about the logic and rationale and the importance
33 of connectivity in the landscape if that is going to be a
34 deciding factor on any type of exemption. If it is
35 important, and I am not 100 per cent clear that we are all
36 actually saying the same thing, it would be good to see
37 IPART have a position on it. I guess other than that, that
38 would be my final point.
39
40 THE CHAIRMAN: Thank you very much, Monica. It is 11.25,
41 so why don't we resume at 11.45. That gives us 20 minutes,
42 thank you.
43
44 SHORT ADJOURNMENT
45
46 THE CHAIRMAN: We might resume now, thank you.
47

1 During that break, my colleague, Simon Draper, pointed
2 out to me that we really had not addressed directly the
3 point which has been made by a number of stakeholders
4 including Stefanie, and I think Joylon and Monica, about
5 duplication. You already do a particular activity, then
6 along comes the LLS and does the same activity and then
7 bills you and you end up paying double.

8
9 We sort of addressed that indirectly, but to address
10 it more directly and just in case you want to make any
11 follow-up comments, could I just say that if a landholder
12 is engaged in some activity and then the LLS comes along
13 and wants to bill that landholder for doing the same thing,
14 then that is a case for applying for an exemption.
15 Alternatively, you could stop doing it and let the LLS do
16 it, but is a case where your might want to apply for an
17 exemption.

18
19 Are there any comments on that?

20
21 MS POEL: I took that point from the framework that was
22 presented, which was good, but to build on that, I would
23 say I believe it is logical and practical where there are,
24 say, 600 or thousands of people with exactly the same
25 duplication issue that it would be sensible to do that on
26 an industry rather than on an individual basis.

27
28 THE CHAIRMAN: Thank you, Monica. Stefanie?

29
30 MS SCHULTE: Just to add to that, if you have a service
31 that is already implemented and then ask the LLS to pay for
32 it, we always thought that the LLS was there to pick up
33 anything that was not available in the marketplace. Hence,
34 if those services are already being employed by industries
35 and are willing to be paid for by industry, it should not
36 be the LLS then who would fund those. I must be
37 understanding this --

38
39 THE CHAIRMAN: No, of course if you are getting a service
40 from the private sector, then why would the LLS come along
41 and want to offer you another service? I thought some of
42 the points about duplication were where some of the
43 stakeholders were doing something and the LLS came along
44 and wanted to do the same thing and bill them. I think we
45 have covered it off.

46
47 MR DRAPER: Just to clarify the question or the point

1 I made to Peter, it is not so much a case sometimes of
2 persuading the LLS to give you an exemption but to persuade
3 them not undertake the activity and therefore charge for
4 it.

5
6 SESSION 2: How to set the rate base?

7
8 THE CHAIRMAN: We will move on now to session 2, thank
9 you, Colin.

10
11 MR REID: Thanks very much, Peter.

12
13 Session 2 we have titled, "How to set the rate base?"

14 The matters that we are looking to consider here are:

15
16 What should be the general rate base;

17 The role of special rates;

18 How to allow for intensive industry - and some of this

19 has been discussed already obviously;

20 The level of guidance required for LLS boards; and

21 Any other issues that people may wish to raise.

22
23 Having gone from the first session, where we discussed
24 who should fund local land services, we are now turning our
25 attention in session 2 to how to set that rate base.

26
27 There have been a number of options put forward as to
28 what the general rate base should be levelled on. In the
29 letter that came to us from the minister, the issue of land
30 area was raised, the question of notional stock carrying
31 capacity, the unimproved capital value of land, and
32 obviously people have talked about a possible blending of
33 these.

34
35 Others have raised, given that this general rate base
36 is to cover some of the core broader functions of local
37 land services, whether any of these measures appropriately
38 capture the biosecurity risk or the natural resource
39 management issues associated with local land services and
40 whether there are any other possibilities.

41
42 The funds raised for the general rate base are
43 designed to fund the core regulatory functions of local
44 land services where they are not covered by special rates or
45 fees for service. Some of the submissions were confusing
46 the general rate base with special rates, such as some of
47 the animal health rates, and that is not the intention

1 here.
2
3 A number of submitters have stressed the productive
4 capacity of the land as measured by notional stock carrying
5 capacity or land value as measured by unimproved capital
6 value as an appropriate rate base. I suppose our concern
7 was that such measures may bear no relationship to the
8 risks created or the benefits received, and we picked up a
9 number of things that the Honourable Richard Ball said when
10 he prepared his report a few years ago when he was putting
11 forward land area as an alternative to those other
12 measures. What should be the general rate base is
13 obviously a key issue.

14
15 As far as special rates are concerned, a number of
16 submitters are concerned that while the special rates may
17 give greater transparency - and that was one of the things
18 that the minister focused on in the letter to us in regards
19 to the inquiry, to give greater transparency, and special
20 rates are aimed at doing that, and they also allow better
21 targeting - they create a level of administrative
22 complexity and may in some cases create confusion with
23 local government rates, which is the issue that Shaun has
24 raised; for example, with an environment levy being raised
25 both by local land services and also by local government.
26 It could get to the situation where you have so many
27 special rates that the complexity of them outweighs any
28 perceived benefits. So for this part the question relates
29 to the role of the special rates.

30
31 Another issue for this session which we have discussed
32 in part in session 1 was how to allow for intensive
33 industries. A number of these issues have been raised
34 already. As I understand it, and Ian Donges can correct
35 me, notional stock carrying capacity is weighted for some
36 intensive industries, so there is some adjustment made
37 there to allow for feedlots or whatever for some of the
38 intensive industries.

39
40 MR DONGES: That's right.

41
42 MR REID: Obviously that is an issue that could be pursued
43 in this particular case. The Livestock Health and Pest
44 Authorities were not concerned with intensive horticultural
45 activities. That is a function that I understand is coming
46 across from DPI to local land services, and that is an
47 important new function, recognising the work done by

1 individual industries already.

2
3 NSW Farmers have raised the issue of developing
4 special rates for intensive industries. I suppose it is a
5 case of how you would calculate those and what you would
6 link them to. The issue that has been raised before is
7 that obviously some intensive industries may operate on
8 less than two hectares or you may have a mixed farm where
9 part of the farm is devoted to intensive industries and the
10 rest of it is not.

11
12 The last issue that we have touched on is the level of
13 guidance to local land services boards. In the formation
14 of local land services, there has obviously been much
15 emphasis on the need for local boards to be close to the
16 local community, to have a high level of independence and
17 delegated authority to meet local needs.

18
19 A question for this inquiry, and more broadly, of
20 course, raised by the Irrigators Council and others, is
21 what resources will be available to local boards to
22 implement the funding framework and what guidance and
23 independence they should have in rate setting. Obviously
24 the outcomes of that discussion will influence how we
25 develop our recommendations on how rates are set and the
26 extent of guidance that we provide in our recommendations
27 and in the guidelines.

28
29 These are the talking points that we have set as the
30 key issues for session 2:

31
32 What should the general rate base be;
33 What is the role of special rates;
34 How to allow for intensive industries..
35 What is the level of guidance required by LLS
36 boards; and
37 Other issues.

38
39 There may be some other issues that people wish to raise.
40 With that I hand back to the Chairman.

41
42 THE CHAIRMAN: Thank you very much Colin. Comments
43 and questions around the table. Angus?

44
45 MR GIDLEY-BAIRD: I will quickly work through these as an
46 initial starting point for a discussion anyway. We
47 submitted that there should be a general rate and then a

1 number of special rates accordingly.
2
3 I suppose we saw it as an opportunity where you could
4 identify certain services to provide a particular benefit
5 for a group or a collective group. It has to be large
6 enough; it cannot be individuals because obviously the
7 transaction costs make it prohibitive but where areas or
8 groups can identify a particular need for a particular
9 service, then allowing them to raise revenue to support
10 that service is something that we see as a process by which
11 special purpose rates could be used. We have identified
12 that the animal health rate and others should be continued.
13
14 I am very interested in the government's response to
15 the suggestion of administration charges being recovered
16 through that process, for the collecting of those rates.
17
18 The intensive industries matter is interesting in
19 that we flagged that there should be a separate rate for
20 intensive industries recognising that they are not the same
21 as the broadacre livestock industries. They are operating
22 on a much smaller land base. They are much more intensive
23 in, obviously, their stock intensity, which in turn exposes
24 them to a much higher risk with biosecurity and things like
25 that.
26
27 We have not had the discussion on how you might
28 calculate that rate, but we are just drawing the
29 distinction between, I suppose, a general rate based on
30 notional carrying capacity or something like that and how
31 it will have different implications when being imposed on
32 an intensive industry where there is a lot of livestock and
33 possibly a high need for services.
34
35 If you look at those industries you can probably say,
36 "Well, there is eggs and there is pork." Do you include
37 some of the dairies in that now? Do you include
38 horticulture in that? I don't know. It should be
39 recognised that there are general broadacre livestock
40 industries out there and what we would consider intensive
41 industries and they will have different needs for services,
42 different regulatory requirements and different, I suppose,
43 capacities to pay depending on what sort of structure you
44 set up for the rating base.
45
46 In terms of the rating base, in our policy we support
47 notional carrying capacity for the setting of rates.

1 I must admit that policy was formed a couple of years ago
2 before the whole LLS formation and the inclusion of CMA
3 functions came across. I do recognise that there are going
4 to be a number of services performed by the LLS which may
5 not necessarily relate to the actual stocking density on
6 your property.
7
8 I suppose the background to the formation of that
9 position was that traditionally the LHPA services, the PP
10 boards and all that beforehand were quite focused on
11 livestock matters and, as a result, notional carrying
12 capacity gave some indication on the benefits received from
13 those agencies when they performed them.
14
15 You can have a huge property in the western division
16 of New South Wales and a much smaller property on the
17 eastern side of the range and along the coastal area and
18 have similar, I suppose, livestock on that property. From
19 an income-generating point of view they might have the same
20 income-generation capacity, but obviously if you based it
21 on land area, there would have to be differences weighted
22 on land area by geographical zone or possibly, even within
23 that, some differences across the geographical areas.
24
25 We have not really looked too much in terms of the
26 levels of guidance required by LLS boards. I know a lot of
27 our focus in the early stages was on ensuring that there
28 would be a greater number of elected people to those boards
29 and therefore accountable to those ratepayers. We saw that
30 as a means of providing that accountability back to the
31 individuals on how they set, determined and charged rates.
32
33 Granted each board probably needs to have a degree of
34 autonomy itself to set and charge rates according to what
35 industries they represent, what industries are in their
36 area and what landforms they have, but at the same time
37 consistency across boards is needed because there is
38 nothing worse than a landholder, who owns two or three
39 properties, realising that he is getting charged
40 differently by different boards or different local
41 land services areas - justifying that across a line on a
42 map basically. That is probably enough for the moment.
43
44 THE CHAIRMAN: Thank you very much, Angus. Would
45 anybody else like to comment? Nelson?
46
47 MR QUINN: Thank you. We advocated using unimproved

1 capital value of land discounted so it only related to the
2 rural possibilities of land use as a basis for any general
3 rate and you will argue about that and have other versions
4 and so on. The paper didn't seem to say much about
5 non-rural uses of what is rural land. Most of the talking
6 about intensive industries has been basically about
7 livestock industries, but there are all sorts of other
8 things particularly in the peri-urban areas.

9
10 Also, if we are talking about risk creators and so on,
11 how do we capture the charges that should be imposed on the
12 main pathways for the dispersion of problems? I am
13 referring to things like the transport industry, the
14 nursery and garden industry and so on.

15
16 THE CHAIRMAN: We are thinking about not just intensive
17 livestock industries but also intensive horticulture and
18 other industries, so that point is well taken. In our
19 draft paper, draft decision or draft recommendation, we
20 have an option, particularly for the western LLS that might
21 not go down to the minimum of two hectares of being able to
22 use either notional carrying capacity or land area for
23 general rates.

24
25 For intensive industries, as Colin pointed out in the
26 introduction, the LHPA particularly already deals with the
27 issue of intensive industries in a sense where they have a
28 landholding which has an intensive industry - that is a
29 livestock intensive industry - on just a small part of that
30 landholding. So the concept of the intensive industry is
31 there and there is some administrative experience in
32 dealing with it.

33
34 I don't think it is very easy to come up with a sort
35 of general statewide rate and maybe one option is to leave
36 that to the local LLS to determine on intensive industries
37 within their bailiwick. This includes non-livestock
38 intensive industries also.

39
40 Anything else? I am sure there are more comments.
41 Who would like to go next? Would you, Shaun, given that
42 you guys raise rates?

43
44 MR McBRIDE: As a general point, and we have raised this
45 many times in the committee that was developing the LLSs,
46 we raised the concern about the use of the term "rates".
47 That is probably just from a local government perspective.

1 "Rates" have a defined meaning in terms of local
2 government. They are basically a form of property tax in
3 the traditional meaning. They are based on value of land,
4 be it unimproved or whatever other valuation methodology is
5 applied. So I get a bit concerned about the use of the
6 terminology.

7
8 Again, as Colin pointed out there is the confusion
9 that can be generated with having multiple special rates.
10 Councils have special rates. Then we talk about local land
11 services having special rates and often there being some
12 ambiguity about councils and land environmental special
13 rates. Then local land services will have similar types of
14 special rates but with a different basis perhaps to the
15 council ones. I can see a lot of confusion about that.

16 I probably would be more comfortable with the local land
17 services used the term "levies" more than "rates", but that
18 is just a practical view from the local government sectoral
19 perspective.

20
21 I would note a couple of the methodologies proposed,
22 like unimproved capital value and notional carrying
23 capacity, would have limited or no application when it
24 comes to things if you are going to be considering national
25 parks and a large proportion of Crown land. The valuation
26 of a national park, because of the limitations on its usage
27 for commercial or productive purposes, is basically zero,
28 and that would also apply to a lot of Crown lands. Again
29 there would be no notional carrying capacity for a national
30 park because it is not a permitted use anyway under current
31 rules, so just a couple of points there.

32
33 It is probably not for local government to determine
34 what is the most appropriate base for each LLS area. I do
35 tend to agree with the view being put forward that each
36 area probably needs to consider its own local circumstances
37 and the needs of the LLS and the type of agriculture or
38 other industry structures in that area or region and
39 perhaps needs to tailor it accordingly. Councils do that
40 to some extent with their own local rating policies and so
41 on. That can vary quite considerably between individual
42 councils in terms of their rating mix and various other
43 aspects of their rating policy.

44
45 THE CHAIRMAN: Thank you very much, Shaun. Who
46 would like to go next?

47

1 MR BURNETT: On the general rate base, our view is that
2 the difficulty you having in trying to find a general rate
3 base is just symptomatic of the difficulty you have in
4 apportioning risk creation and benefit capture across this
5 range of services. Nevertheless, the area rate base would
6 appear to be the simplest and the most equitable. I take
7 your point, Shaun, about Crown lands and we are very keen
8 to see them included in this, if this is about risk
9 creation.

10
11 Also if the LLS is moving away from the LHPA to a
12 broader responsibility, the idea of a notional carrying
13 capacity means nothing to more than half of the ratepayers
14 in the north coast LLS, for example, and it will perpetuate
15 a greater sense of injustice than what is already there.
16 For those and the other reasons that I think Colin
17 mentioned about the benefits perhaps of an area rate, that
18 is where we would see the general rate struck.

19
20 We would encourage, if we are going to down this
21 route, the role of special rates wherever possible. As we
22 say, it is about a better targeting, a better capture of
23 who creates the risk and who captures the benefit. The
24 general rate is a very broad instrument and should be kept
25 to those parts of the services that are core and widely
26 distributed.

27
28 With intensive industries, if you can keep the general
29 rate to the very core functions of the organisation and
30 apply special rates or preferably fee for service for as
31 many of the functions of this body as possible, then
32 intensive industries will probably be caught in the normal
33 area general rate and the other things that would apply to
34 them.

35
36 In terms of the level of guidance required by LLS
37 boards, we think there has been some confusion in the
38 structure that has been set up between the governance
39 board, which should be skills based and to that extent
40 could be appointed by the minister, and a representative
41 group that then can comment on the allocation of funds and
42 the setting of special rates and those sorts of things that
43 are regional.

44
45 I know it is not really IPART's responsibility but,
46 John, we would maybe encourage you to look at the use of
47 regional advisory councils to perhaps have a greater role

1 in some of this setting of rates and allocation of funds
2 because the skills-based board has a role to play in
3 governance. Both the Ryan and Bull reports show that LHPA
4 was largely incompetent when it came to governance. I am
5 sorry, Ian, but that is fact of the matter. They could not
6 tell you where the money was spent.

7
8 So a skills-based governance board is very important,
9 but it will cause great angst with levy payers, ratepayers,
10 taxpayers, call them what you will, when they see that they
11 do not have the majority say in how these funds are set and
12 allocated. We would encourage you perhaps to look at that
13 sort of thing in terms of guidance.

14
15 THE CHAIRMAN: Thank you very much, Joylon. Monica?

16
17 MS POEL: In our submission, and today as well, the New
18 South Wales sugar industry has not taken a view on rates
19 and commented on the general rates. The logic is, and the
20 reason is, that we take the view that we should be exempt
21 from these rates and therefore have not commented on them.

22
23 THE CHAIRMAN: Noted, thank you, Monica. Who would
24 like to go next? Tom?

25
26 MR GAVEL: The CMA's position was that you would use the
27 unimproved capital value of land. Of course, we were
28 looking at a rating system that was over the whole
29 community. I still think that that is our position - well,
30 it is our position as far as getting an equitable process.

31
32 We also believe that special rates would be up to each
33 individual local land service area and it would be guided
34 by its community. It could happen through an
35 advisory board. I think it has been recommended that there
36 be an advisory board to assist in some of these things, but
37 each individual local land service area board would set up
38 that process and would be guided in what rating systems
39 they would take forward.

40
41 As far as the intensive industries are concerned,
42 I think intensive industries should pay, whether it be a
43 rate or a levy or a figure, to be involved in this process.
44 That is probably our position.

45
46 I guess you could look at an overall base rate and
47 look at developing a rating over a different tiered

1 process, which is another way of probably looking at the
2 rating system, particularly for those special rates.
3
4 THE CHAIRMAN: Thank you, Tom. Who would like to go
5 next?John?
6
7 MR MACARTHUR-STANHAM: Taking the issues from the
8 top I think I appreciate both the logic and the limitations to
9 using land area as a basis. I guess my initial position is that
10 may be about as good as we are going to get.
11
12 Having said that, I think once the local land services
13 boards meet, there will be a cross-section of views and it
14 will be interesting to see if we can challenge that key
15 assumption.
16
17
18 It is important, when looking at a general rate base,
19 to acknowledge and appreciate the flexibility that is given
20 through having a flexible component and a variable
21 component to a general rate base. I think that is an
22 important point to make.
23
24 In relation to special rates I would regard them as
25 fundamental. Tom's view that this be largely driven by
26 regions I think is correct. The focus that special rates
27 give is very consistent with the model that IPART has used
28 in its beneficiary framework.
29
30 Also it is important to realise that having special
31 rates will actually be really good as it will allow the
32 community and the person who pays greater transparency
33 and the actual ability to evaluate value on the service
34 delivery. That is really important, so I am certainly a
35 strong supporter of special rates because of the
36 transparency and accountability that should flow from that.
37
38 In relation to intensive industries, I think I heard
39 you allude to the fact that since the publication of your
40 draft report, you have given some more thought to that,
41 which is good. Certainly I think you need to do something
42 on intensive industries. It could be that that is
43 regionally led and perhaps one ends up with a matrix where
44 you are looking at a risk dimension or a risk axis and a
45 mitigation axis as the things that drive the cost basis
46 there.
47

1 "What level of guidance is required by LLS boards?"
2 Is that "by" or "to"? I am not really sure what the
3 thrust of that question was. Colin you might give me some
4 advice on that so I can better respond
5
6 MR REID: Yes, it should be "to". It was really at what
7 levels should our report and our guidelines be directed
8 at - the level of autonomy they will have, the level of
9 sophistication they will have to be able to implement any
10 funding framework that is recommended.
11
12 MR MACARTHUR-STANHAM: I think you have probably
13 pitched it at a reasonable level. Although it will be heavily
14 driven by regions, I would like to think that the LLS would
15 have enough both resources and sense to actually leverage
16 individual regions into a group approach to much of it.
17 There might be a small task force representing a number of
18 regions that is properly resourced so that there is both
19 due respect given to the individual requirements of the
20 regions and an overall consistency that actually pervades
21 those things.
22
23 THE CHAIRMAN: Just on that, John, in a sense, you would
24 be comfortable, I think from what you have said, with
25 having relatively high level guidance as opposed to being
26 overly prescriptive?
27
28 MR MACARTHUR-STANHAM: I think the high level guidance
29 is the way to go. I also draw attention - I think Bryce or
30 somebody else mentioned this - that there is a clear
31 obligation in the LLS Act, or whatever it is called, about
32 community consultation and involvement and in actually
33 establishing stakeholder communities, et cetera.
34
35 I think the answer is that you have actually to let
36 the communities and the people put the pressure on an LLS
37 to deliver. Give us some broad boundaries, which I think
38 you do at a high level. I think it is really important
39 that there are boundaries and parameters set. I am not
40 trying to get away from that, but I think you actually want
41 to allow that value to be surfaced. One of the questions
42 will be what local landholders want, what those communities
43 and stakeholder groups demand. I think there is a rigorous
44 process of actually finetuning that that you will not get
45 right if you try to do it at too fine a level.
46
47 THE CHAIRMAN: Thank you very much, John. Bryce?

1
2 MR WILDE: On the issue of special rates, the NRC supports
3 what John Macarthur-Stanham has just pointed out. One of
4 the key points of success for local land services will be
5 how regionally variable and innovative they are in
6 providing services customised to their community, their
7 environments and their industries. I think the potential
8 to have special rates which are fit for purpose is a really
9 important part of this suite of packages.
10
11 On the fourth question, "What is the level of guidance
12 required by LLS boards", you do need to listen to the
13 incoming board about what they want, so I would make that
14 clear.
15
16 From my perspective in reading the framework so far,
17 it is technical. It can be complex and it could be very
18 burdensome to implement. I would support the level of
19 non-prescriptive practical guidance so that there is a
20 suite of tools, a suite of assistance, which might be able
21 to help a board which is trying to do a lot of things in
22 getting services up and running. They would be able to
23 pick and choose from those suites of tools, matrixes,
24 whatever they may be, to help make it more administratively
25 feasible to implement on the ground - so that is being
26 practical but non-prescriptive. Those would be the key
27 points there.
28
29 There are a couple of other issues in the framework.
30 I was a little bit confused - it might just be my reading -
31 in the framework - about where strategic planning came in
32 compared with cost recovery framework. We feel that
33 strategic planning, which should involve
34 co-design with the community, industry and government,
35 should be first and foremost.
36
37 Those questions of identifying what are the priorities
38 should come first and secondary is the conversation about
39 how to cost them and how to cover those costs. It seemed,
40 to me on my reading of it, it was a little bit
41 interchangeable. I would like to encourage a greater
42 utilisation of strategic planning and then cost recovery.
43
44 MR REID: I think we have noted that, Bryce. Certainly
45 the intention would be that the strategic plan drive the
46 activities of local land services and, as you say the
47 funding, how you fund, will follow from that.

1
2 MR WILDE: Good, thank you. Could I make a few more
3 points, please, Chairman?
4
5 THE CHAIRMAN: Yes.
6
7 MR WILDE: As another minor point, in relation to specific
8 purpose rates, it was raised that there was an NRM rate
9 that it would require for it not to be replacing or
10 duplicating any other services and, secondly, that it would
11 have stakeholder community support. That same provision
12 was not put on other potential rates. Whether that is a
13 potential inconsistency or inequity might be an issue and
14 also to what extent or not the guidance material may be
15 defining what community support is.
16
17 I think it would be a brave LLS board to be putting in
18 place something which doesn't have community support, but
19 does that mean a majority? How is that measured? Has that
20 been thought through or not? I didn't see that in my
21 reading material.
22
23 MR REID: Certainly the strategic planning process has
24 built into it a consultation process. The point is taken
25 that those issues should have been emphasised for the other
26 rates and levies as well. I suppose why we distinguished
27 that one in particular was because there are special rates
28 that exist already and this was raising possibly a new one.
29 So we thought if it was to be implemented, there was a
30 particular need for community consultation on that.
31
32 MR WILDE: Thank you. Finally, the recommendations in the
33 framework talk about the role of auditing for the cost
34 recovery framework methodology. I think that that area
35 needs a little bit more discussion. It suggests that there
36 would be duplication between auditing against cost recovery
37 framework and the strategic plan implementation.
38
39 The NRC has been in the past the performance auditor
40 of the CMA side of the business. Those audits have been
41 focused on performance prioritisation, strategic planning
42 and implementation which are different in nature than
43 compliance audits. The audit strategy proposed is a
44 compliance-based audit which has its valid role but it does
45 not have the same role as a performance audit. To do a
46 compliance audit and a performance audit at the same time
47 would actually not remove duplication; it would create

1 confusion.
2
3 I think that needs to be thought through a little bit
4 more and I am happy to have further side conversations with
5 IPART regarding that, if that would benefit.

6
7 MR REID: We take that on notice, Bryce, thanks.

8
9 THE CHAIRMAN: With the audit, we were very keen not to
10 overburden the LLSs with an excessive numbers of audits.

11
12 MR WILDE: I absolutely endorse that premise. I think for
13 LLSs the first focus is that they should be allowed to get
14 up and running. There should be a removal of regulatory
15 oversight and burdens. I am concerned slightly that in
16 some elements, at least with the annual compliance
17 framework and cost recovery, some of these checklists
18 there, this system may be adding to the burden, so I think
19 that needs to be looked at in its entirety.

20
21 THE CHAIRMAN: Thank very much, Bryce. Ian?

22
23 MR DONGES: Thank you, Peter. I thought I would hold back
24 for a while and see where the comments were going. If you
25 really want to stir human emotions, talk about rates,
26 levies and taxes and see how you go. Part of the answer to
27 my friend up here who talked about corporate governance, is
28 when the new organisation started in 2009, the one thing
29 they got wrong was the rate setting and some individuals
30 had increases of 40 or 50 per cent. If you want to get the
31 best of people, talk about a 40 or 50 per cent increase in
32 rates!

33
34 One of your recommendations, and very rightly so,
35 Peter, is to standardise the rates. At the moment we have
36 some of the old Rural Lands Protection Board areas paying a
37 30 or 45 per cent rates difference for the same land
38 capability right next door to one another because we have
39 not been able to standardise those rates.

40
41 Now we are going from 14 regions to 11. There is
42 hence another challenge there, John, in terms of that
43 standardising of rates and the situation with neighbours
44 talking to one another and finding that their neighbour is
45 paying 20, 30 or 40 per cent less or vice versa. There
46 will be winners and losers in any change in this rating
47 system to start with. I am sure that is surmountable. As

1 I mentioned before, it to have an independent IPART looking
2 at this and bringing that level of scrutiny to where we are
3 going.

4
5 We fundamentally agree with your view, Mr Chairman,
6 in terms of where we are up to in having land area as being
7 the starting point when it comes to looking at a general
8 rate. I do think you have come down against
9 UCV, the unimproved capital value, versus the notional
10 carrying question. That is a very big question that has
11 been debated ad nauseam for as long as the LPHAs and their
12 predecessor organisations have been around.

13
14 The UCV question means that you will have enormous
15 differences between, say, the north coast with a high land
16 value with minimal animal capability, versus someone over
17 at Trangie, or wherever, who has much lower land value but
18 may have the similar land production capability. Hence we
19 have the system we have at the moment, but it is always
20 good to challenge these things and see where we are going.

21
22 The special rates I definitely agree with in terms of
23 targeting where we are going to. We have special rates now
24 of course. We have two of these and potentially there are
25 lots of opportunities to go down that path. I think it is
26 a far more equitable path to take. It gives local boards
27 good reasoning to target various outcomes or certainly
28 various services or functions that they may be looking at.
29 That, I think, would then be the test for obviously the
30 boards but also their communities. If all that works, you
31 will have a good outcome and it is a far more sensible way
32 to go than perhaps even the way we have been going.

33
34 The special rate that we have had for plague locusts
35 has given us a lot of grief in terms of some of the history
36 of that, which I will not bore you with, and it didn't
37 involve bringing in certainly the beneficiaries or the
38 ratepayers.

39
40 There is one point I would like to make very strongly
41 and that is that the organisation that I represent has had
42 a whole history of relating to ratepayers. I said when you
43 get the rating system wrong, you get the ire of ratepayers.
44 You need to have a relationship with the ratepayers in
45 terms of building a long-standing confident base so that
46 they trust you - without that, a whole lot of other things
47 will not work. That is something that we are sure at times

1 we did not get quite right. Hence there have been numerous
2 reviews into us, which were mostly to do with ratepayers.
3 I believe there is a lot more that can be done with local
4 land services in the future that can build that ratepayer
5 confidence in the organisation.

6
7 THE CHAIRMAN: Thank you very much, Ian. Stefanie?

8
9 MS SCHULTE: To follow on from what I said earlier this
10 morning and also what we had in our submission, we believe
11 that services or what services will be delivered should be
12 first and then a discussion about the general rate base
13 should be second.

14
15 I do acknowledge that this is outside IPART's scope.

16 However, I would like to mention, though, that the actual
17 rate base that will be decided on might be determined by
18 the services that will actually be delivered. So going
19 through this process back to front a little bit might not
20 necessarily be helpful.

21
22 However, if the discussion is about rateable lands of
23 two hectares instead of 10, I guess one of the issues that
24 we have raised in our submission is how we can possibly
25 implement that or enforce it. If the cost of doing so
26 outweighs the benefits, then we don't necessarily see a
27 benefit of going down that path.

28
29 Coming to administrative costs as well, with the
30 special rates that are being proposed first and foremost,
31 we believe it should be in consultation with the individual
32 industries that these rates may apply to, to see if they
33 are necessary and how far they should be enforced - but the
34 special rate as well as the minimum rateable area.

35
36 I guess this raises also the question of the cost
37 recovery mechanism or the process of how these charges
38 should be recovered. We would like to see some form of
39 entity or one kind of process through which all of those
40 charges are recovered and not very separate processes
41 through which these charges will be recovered in the long
42 run. That, we believe, also will aid transparency for the
43 LLS system as a whole.

44
45 Finally, in terms of the level of guidance required
46 for LLS, we heard at length that there should be
47 consultation with stakeholders and we will most certainly

1 support that. It is just a matter of whether or not
2 stakeholders will be consulted and whether or not they will
3 be listened to as well. We would like to see a process in
4 there that is not just a consultation process but that
5 those kinds of voices or issues will also be heard within
6 the LLS boards.

7
8 THE CHAIRMAN: Thank you very much, Stefanie. Nick?

9
10 MR MILHAM: I have one very general comment in relation
11 to the issue of the level of guidance. We have a fair amount
12 of experience within the department - in that context
13 I guess I am speaking for DPI within Trade & Investment -
14 in relation to working on broad cost recovery
15 issues. We would see part of the department's role,
16 particularly in the early days of LLS, working in
17 conjunction with the state level board to provide some
18 support to LLSs in developing that type of capability to
19 sort of think down that way of thinking about what an
20 appropriate level of cost recovery is in terms of applying
21 the principles developed by IPART. So there would be some
22 level of support there.

23
24 I guess again more broadly in relation to lessons
25 learned, while I accept what John said earlier about
26 perhaps keeping the guidelines at a reasonably general
27 level, you do need a quite specific worked example type
28 support in order to assist, particularly in the early days,
29 these organisations which will not be used to applying
30 those sorts of principles to actually work it through and
31 see how you would do it until it becomes, I guess, more
32 second nature.

33
34 THE CHAIRMAN: Thank you, Nick? Ian, would you like to
35 say anything else? Are there any other questions or
36 comments round the table before I go to the audience? Yes,
37 Angus?

38
39 MR GIDLEY-BAIRD: I have a couple of quick questions.
40 There was reference to the NRM rate as a special rate but
41 also there was a proposal about biodiversity rates.
42 I suppose I am a little intrigued, if part of the core
43 functions of LLS are biodiversity and NRM activities, as to
44 how a special rate on those things would actually yield
45 anything more than what, say, the general rate might do.
46 I am interested in your thoughts on how specific that could
47 be in terms of some of the services you are talking about

1 being delivered.
2
3 Secondly, and I can't really recall from the draft
4 paper, but were you looking at rates in the sense of a base
5 and then an ad valorem rate similar to what is being used
6 at the moment by the LHPAs and, if so, is there any
7 apportionment in terms of the costs in that actual rate
8 structure?
9
10 I know you are talking about the total costs beings
11 recovered through the rating process, but granted that
12 there will be certain functions of the LLS that will
13 require certain resources to be on ground 24/7 like some of
14 the emergency response roles that they will have to play
15 with biodiversity, et cetera, that will require a certain
16 resources level to be there all the time. How might then
17 the additional services being provided under, I suppose,
18 those specifically targeted rates be siphoned out?
19
20 Thirdly, to take Ian's point on the standardisation of
21 the transition process, you mention in there about
22 standardisation but do you have any concept on how that
23 might occur, given that I am guessing with the redefining
24 of boundaries and the 14 LHPAs going to 11 LLSs, obviously
25 there will be some areas that end up with different rates
26 within them? They will be standardised, but then I presume
27 all the new boards will go through a process where they in
28 turn set their own rates, so there could be a two-stage
29 process where each individual landholder may actually have
30 rates change twice over the implementation of this process.
31
32 MR REID: I am not quite sure I have captured all the
33 issues, Angus, but I will try. If I haven't, remind me.
34
35 We recognise, for example, talking about natural
36 resource management, first of all, that it relies a lot
37 upon seed funding at the moment. There is obviously
38 Australian government and New South Wales government
39 funding that comes in there to try and leverage off the
40 individual and the broader community in that sense.
41
42 What the Catchment Management Authority has raised
43 with us through the hearing process and submissions was the
44 question of whether there were some more broader community
45 catchment resource management activities that possibly
46 could be funded by a broader more general rate, and that
47 was an issue that was raised on its behalf. I don't know

1 whether Tom wants to add anything further to that
2 particular point.
3
4 MR GAVEL: No, that was the basis of our presentation,
5 yes.
6
7 MR REID: Thank you.
8
9 You raised the issue, Angus, of rate structure. As
10 I understand, it is legislated at the moment and we were
11 suggesting that it continue that there be a fixed charge
12 and a variable charge. Within that, we recognise that a
13 lot of these services have a fairly volatile demand, which
14 obviously may be seasonally based or could vary
15 significantly from one year to the other.
16
17 I think one of the key issues that you raised in your
18 initial submission, Angus, was the financial
19 sustainability, if you like - I may not have expressed that
20 properly - of local land services in that sort of
21 situation. People have suggested you could come up with an
22 assessment over time of the likely level of demand or
23 requirement for a service and that you could have an
24 annuity as a way of tackling that issue of
25 volatility.
26
27 Obviously you have particular points of view on the
28 locust plague levy, the insect levy. There was a major
29 plague a few years ago. There were insufficient funds
30 provided. A loan, if you like, was made from the
31 government at that stage and then there was a repayment of
32 that loan over time. I think it is difficult to predict
33 the scope and the frequency of a lot of these high security
34 risks, but we foresee that they could be recognised and
35 that you could come up with some sort of annualisation of
36 charges to cover that situation. That is our preferred way
37 or a suggested way of proceeding with those.
38
39 As far as the standardisation of rates is concerned,
40 we recognise that there is a substantial difference at the
41 moment and, as indicated, that will be exacerbated with the
42 reduction in the number of local service boards from the
43 old LHPA and the old CMAs. In many cases it might be a
44 large percentage difference but a small dollar variation.
45 In other cases, that might not be so. Often what IPART has
46 done in the past is it has looked at the standardisation
47 occurring over a number of years and has placed limits on

1 either the percentage increase or the dollar increase or a
2 combination of both to try and come up with a reasonable
3 outcome, with the end game, of course, of treating everyone
4 equally. I am not quite sure I have covered all your
5 issues, but I hope so.

6
7 THE CHAIRMAN: Anything else from round the table?

8
9 MR QUINN: There is one issue arising in this discussion.
10 We support a lot of things that have been said about
11 flexibility and the need for specially targeted or the
12 capacity for specially targeted fees and charges and rates
13 or levies, whatever you call them. Our major interest is
14 in dealing with widespread weed problems and the particular
15 one we home in on is at least in seven of the 11 LLSs.
16 I am aware that in the LLS legislation there is provision
17 for what I would call state-wide things to be brought to
18 bear so that LLSs have to comply with them and so on.

19
20 It is almost possible to use stuffing about with fees
21 to frustrate what otherwise should be seamless action. In
22 other words, inaction by an LLS in one area might frustrate
23 good action in another that is being partly supported by a
24 targeted special levy or something like that. We would
25 like to see that kind of seamless state-wide approach
26 applied to fee setting. I am not arguing there for uniform
27 fees, not at all, but just that you would get at least a
28 consistent approach across a region that is bigger than a
29 single LLS.

30
31 THE CHAIRMAN: Thanks, Nelson. John?

32
33 MR MACARTHUR-STANHAM: The actual structure of LLS
34 with the Board of Chairs will assist in achieving the results
35 you seek. You don't want to be more formalistic,
36 et cetera. I think you have to allow some flexibility.
37 You have a good structure to achieve what you are seeking.

38
39 THE CHAIRMAN: Thanks, John. Questions or comments
40 from the floor? No? Shaun?

41
42 MR McBRIDE: I would like to go back briefly to the public
43 land issue. I have been thinking about it and it is an
44 area that needs further exploration. There is a potential
45 for unintended consequence that would not apply to private
46 land. It applies to national parks, Crown lands and
47 probably some council land, in that with limited budgets

1 and so on, a consequence of applying a rate to the land
2 might just lead to a corresponding offset in the land
3 management budget of that particular agency, so
4 essentially, a zero sum gain. This is not likely to happen
5 on private land where the owner has a vested interest in
6 maintaining the land and maintaining its productivity and
7 so on.

8
9 We really need to explore that area quite a bit more.
10 For reasons that we have already discussed, like lack of a
11 suitable rate base, I am more inclined to consider after
12 today's discussion that it is an area that would probably
13 need to be negotiated and you would be negotiating who's
14 doing what services and things like that as well. Those
15 are just some caveats and flagging an area where I think we
16 would probably need do some more work.

17
18 THE CHAIRMAN: Thanks, Shaun. In the draft recommendation
19 thus far, we have the notion of LLSs negotiating with the
20 holders of public lands. Since issuing the draft report we
21 have given further thought to local government, prompted by
22 you, and also to Aboriginal-held land, but we would see at
23 the moment our draft recommendation would be to leave it
24 open to negotiate, which does not rule out rating it.

25
26 Are there any other comments around the table or any
27 comments on issues more generally with?

28
29 MR BURNETT: On issues more generally, it is a principle
30 of the federal government in the imposition of mandatory or
31 statutory levies that a formal process be put in place. A
32 majority of both producers and production have to support a
33 levy for R&D or for marketing. While it can be a
34 cumbersome process to introduce, it does mitigate some of
35 the issues Ian Donges raised about ratepayer disquiet,
36 dissatisfaction, angst about the imposition of these
37 things. It did not appear to have been considered in your
38 first paper and it would go a long way to ensuring that
39 there was support for these rates.

40
41 THE CHAIRMAN: Any further comments or questions?

42
43 We have a situation where the LLS board is accountable
44 to its LLS. As we have discussed the board has three
45 elected representatives and four appointed. There is a
46 scope there for consultation and getting buy-in from the
47 stakeholders. What you have outlined for the Commonwealth

1 is another way of doing that. In a sense, we do have that
2 as a result of the LLS legislation and what you are
3 suggesting is an alternative.

4
5 I think at this stage it would be difficult to
6 implement that under a greenfield approach, but I can't
7 imagine that consultation won't be part of the process both
8 at the LLS boards and at the chair of LLSs. I will ask
9 John whether he has anything to add to that.

10
11 MR MACARTHUR-STANHAM: Thank you. Actually with
12 the processes, particularly the obligation to have community
13 engagement there is a safeguard. I understand the examples
14 you have give in relation to R&D. I am not quite sure if
15 they translate to what we are talking about here. If it
16 did, it would be like saying any industry groups can have a
17 vote on the income tax or company tax, et cetera. I would
18 see that as more of the analogy and I am not sure that too
19 many people would be voting for too high a tax. I actually
20 think the existing framework is appropriate, but again it
21 comes back down to accountability, transparency and good
22 community and stakeholder consultation in there. So
23 I re-echo the comments of the Chairman and I think the LLS
24 structure as envisaged will deliver on that.

25
26 THE CHAIRMAN: Thank you, John. Is there anything else?
27 It looks like we could wrap up early. Bryce?

28
29 MR WILDE: Just a minor issue: it might help when you are
30 preparing the guidance material to spend a bit more time
31 looking at the benefits which accrue from multiple
32 activities. There is a lot of activity that can't actually
33 be truly separated out. The current framework encourages
34 costing each activity separately when there are
35 interdependencies, particularly in NRM and with LLS in the
36 interface between them in biosecurity. Those issues have
37 multiple benefits and the best interventions are ones which
38 have multiple activities being done at once. There might
39 need to be greater thought given to what is the best
40 intervention and costing that which may have joined up or
41 bundled. If you could explore that issue a bit more, it
42 might be beneficial.

43
44 THE CHAIRMAN: Thanks for that, Bryce. Anybody else
45 before we wrap up? Joylon?

46
47 MR BURNETT: Before you wrap up, again I don't know

1 whether IPART has looked to establish what costs in the
2 delivery of these services are currently borne by the New
3 South Wales government. A significant concern of ours in
4 this process is that there will be cost shifting from the
5 government to industry and more broadly the community.

6
7 Unless we have some sense of what it is currently
8 costing the New South Wales government to deliver these
9 services, it will be very difficult to hold them to account
10 on whether they have shifted some or all of those costs to
11 industry.

12
13 MR REID: We have the statements from the minister as to
14 the short to medium-term commitment of the government, so
15 certainly that information is available to us. It is
16 public information. I could certainly send a copy of that
17 to you.

18
19 MR BURNETT: Yes, please.

20
21 MR REID: I must admit I don't have information in the
22 totality of what it is currently costing for the services
23 that will be performed by LLS. Obviously the LHPA and the
24 CMAs produce annual reports. I am less certain on a lot of
25 the DPI activities and how much they currently cost, and
26 that covers some of the plant biosecurity issues.
27 I can certainly relay to you the information I do have on
28 what the minister made public.

29
30 MR BURNETT: Thank you.

31
32 MR DONGES: I can help you with LHPA. That is probably
33 close to my heart because at present we get no New South
34 Wales government funding at all and we have the pleasure of
35 paying payroll tax for running the organisation which
36 amounts at the moment to around \$800,000. When the LLS
37 structure comes into being, it will be far above \$1 million
38 as a single entry unless you can make it 12 entities, John,
39 so I wish you well in that quest.

40
41 A little while ago we were getting two levels of
42 grants from the state government, which have been
43 withdrawn, for various activities that we were undertaking.
44 That is I am sure that Angus Gidley-Baird's organisation is
45 looking closely at too in terms of where we go next, as
46 I am sure you are.

47

1 There is one question that I meant to ask you before,
2 Colin. In terms of your recommendations here, you are
3 talking about the minimum rating area of 10 hectares - that
4 is fine - and then above that it could be optional for the
5 regional boards to use notional carrying capacity as the
6 next part of that rating question.
7
8 Our submission talked about 40 hectares because we
9 felt there are some many of these smaller landholdings and
10 it gets confusing to landholders who, say, have 20 or
11 30 hectares to try and understand the notional carrying
12 capacity. We understand that is a problem. Therefore
13 setting a single rate based on a land area under
14 40 hectares we felt was a simpler way to go, easier to
15 administer, and got around some of our inherent problems
16 at the moment. Can you explain why you started at
17 10 hectares?
18
19 MR REID: Obviously we take advice on that, and the
20 practicalities of these things. I think we recognised that
21 in western New South Wales there were particular issues
22 that arose. We realised that in much of that western area,
23 the type of activity that was being performed was possibly
24 more livestock related than in many other cases. In
25 dealing with the larger landholdings and the livestock
26 issues, then notional stock carrying capacity was obviously
27 a recognised approach.
28
29 We did consider the approach that you suggested. As
30 I say, we will take further advice on that, but with the
31 general rating base, the main thrust was land area over
32 notional stock carrying capacity.
33
34 MR DONGES: Thank you.
35
36 MR REID: The choice technically was fairly arbitrary. It
37 was just more a recognition of issues in western New South
38 Wales than any greater logic than that and recognising
39 administrative issues.
40
41 THE CHAIRMAN: One last opportunity. No?
42
43 CONCLUDING REMARKS
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45 THE CHAIRMAN: Thank you all very much for attending
46 today's workshop and for your contribution and the spirit
47 within which it was delivered.

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2 The transcript from today's forum will be available on
3 our website within the next week.
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5 As I advised earlier, our final report will be delayed
6 pending the receipt of a submission from the Board of
7 Chairs and also the responses to that submission from other
8 stakeholders, which we have allowed out to 20 December.
9 Once we have those submissions in, we will then discuss
10 with the Department of Primary Industry a final deadline
11 for the report, and we will post that as soon as we know.
12
13 Thank you again for attending and with those
14 comments, I close the meeting, thank you.
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16 AT 1PM, THE ROUNDTABLE WAS ADJOURNED
17 ACCORDINGLY
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