

INDEPENDENT PRICING AND REGULATORY TRIBUNAL

REVIEW OF A RATING FRAMEWORK FOR LOCAL LAND SERVICES

PUBLIC FORUM

Forum Chairman

Mr James Cox, CEO

Members of the Secretariat

**Mr Colin Reid, Mr Peter Leventis,
Mr Thomas Clay and Mr Alex Kelty**

**At the Penrith RSL
Hornseywood Hall
8 Tindale Street,
Penrith NSW 2750**

On Monday, 8 July 2013 at 10.10am

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1 OPENING REMARKS

2
3 THE CHAIRMAN: Good morning everyone and thank you for
4 coming to this public forum that is part of our review into the
5 development of a funding framework for Local Land Services
6 NSW.

7
8 My name is Jim Cox and I am chief executive officer and full-time
9 member of Independent Price and Regulatory Tribunal of NSW,
10 (IPART). Assisting me today are members of the IPART
11 secretariat: Colin Reid on my left and Peter Leventis, Thomas
12 Thomas Clay and Alex Kelty.

13
14 We released an Issues Paper on 21 May asking stakeholders for
15 their views in response to terms of reference issued by the
16 Minister for Primary Industries and these terms of reference
17 ask us to develop a framework that Local Land Services boards
18 can use to set service fees; recommend the rating base, for
19 example, stock carrying capacity, land area or land value and
20 an associated fee collection mechanism; and develop an
21 approach to ensure that Local Land Services boards comply
22 what is recommended in the setting of service fees.

23
24 We will not be determining actual service fees. The
25 intention is that fees may vary between regions to reflect
26 local needs, however, it is proposed that they should be
27 calculated using a common approach which will be developed
28 as part of this inquiry. So at the end of the day it is a
29 Local Land Services' boards that will be setting fees.

30
31 Some services, as now, will be funded by government
32 and other services will be priced to recover part or all of
33 their costs from landholders.

34
35 The timetable for the review after today is as
36 follows: we will submit a draft report to the government
37 by the end of August. There will be a round table in
38 Sydney in September. We will receive public submissions on
39 the draft report by mid-October and we will submit a final
40 report to the government by the end of November and the
41 government will decide whether to adopt our
42 recommendations.

43
44 Today's forum provides stakeholders the opportunity to
45 talk to their written submissions and to more broadly
46 present their views on the matters raised by the terms of
47 reference and captured in our Issues Paper.

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2 We have divided today's forum into three sessions.

3 The first session we will introduce the matters on which we
4 are asked to make recommendations. This session will also
5 provide an opportunity for stakeholders to comment more
6 generally on the services delivered by the Livestock Health
7 and Pest Authorities, DPI extension services, and the
8 Catchment Management Authorities and what is charged for
9 those services.

10
11 The second session will be on the cost of local land
12 services that should be recovered from individual
13 landholders and the costs that should be borne by the
14 broader community.

15
16 The third and final session will be on the rating
17 basis that should be adopted to recover costs, for
18 example, should it be notional stock carrying capacity,
19 land value or land area.

20
21 For each of these sessions a member of IPART
22 secretariat will provide a brief presentation that outlines
23 the key issues that we see as important in making our
24 recommendations. Then I will ask for comments from people
25 sitting in the audience. Can I ask that each stakeholder
26 restricts their comments to the relevant topic and we will
27 have a roving microphone available to assist everyone to
28 hear what you are saying.

29
30 As you can see, the forum is being transcribed so that
31 we have a record of what is said to help us in our work and
32 of course the record will also be available to any member
33 of the public through our website. So what you say will be
34 recorded. To assist with the recording of the proceedings
35 please identify yourself and the organisation, where
36 relevant, which with you are associated before you start to
37 speak.

38
39 In terms of housekeeping, we plan to break for lunch
40 at 12.30pm, refreshments will be made available for that
41 purpose. In terms of what we might hope to get out of the
42 day, we have had two previous workshops - one in Wagga
43 and one in Tamworth - and of particular interest for us today
44 is to learn what is due, different, unique about Sydney and
45 coastal areas.

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1 To introduce the topic, I will hand over to Colin
2 Reid, who will talk to the first session.
3
4 SESSION 1: INTRODUCTION TO REVIEW
5
6 MR REID: Thank you very much, Jim. As Jim has indicated,
7 we have broken the day down into three sessions. I will
8 present obviously the first session. Peter Leventis, on
9 Jim's right, will introduce session 2, which is about
10 deciding who contributes and how much they contribute.
11 Thomas Clay will introduce session 3, which is deciding on
12 the basis of payment; in other words, the rate base.
13
14 We obviously have the benefit of access to the
15 outcomes of earlier consultation by the stakeholder
16 reference panel and, in particular, the workshop sessions
17 that were run by Mick Keogh. Obviously we also have your
18 submissions, all of which are available on our website if
19 you wish to access those.
20
21 The purpose of today's forum is, firstly, to
22 convey our interpretation of the terms of reference. You
23 may well have a different interpretation and we would like
24 to hear that. As I say, it is more importantly to provide
25 you with the opportunity to voice your views, including
26 expanding on your submissions with regard to what happens
27 at the moment, what you believe should happen and how we
28 can ensure that what is adopted will be complied with by
29 the Local Land Services boards in setting service fees.
30 Specifically on that last matter, the important issue there
31 is how expansive our framework should be and how detailed
32 it should be and what discretion is required by Local Land
33 Services boards in exercising their powers in setting fees.
34
35 Just to put everything in context, the Local Land
36 Services Act was assented to on 1 July 2013. In late May
37 the government released a series of fact sheets in relation
38 to local land services and these in part set the context
39 for this review. The government has indicated that local
40 land services will be funded from a variety of sources.
41 They are the Commonwealth and state Government and local
42 ratepayers.
43
44 The government has also indicated that local
45 ratepayers currently fund around one-third of the services
46 to be combined under local land services and they
47 anticipate this proportion will broadly continue. The

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1 government has indicated it supports in principle the
2 recommendation from the stakeholder reference panel to
3 amend the current rating system to collect a flat fee from
4 small properties, ranging from 2 hectares to 10 hectares in
5 size, and a biosecurity levy from these same property
6 holders in recognition of the biosecurity risk that they
7 create. In addition to that, the government has said if
8 the local boards and ratepayers agree, they can introduce
9 additional new services and obviously they would have to be
10 paid for by local ratepayers. In setting charges for such
11 services Local Land Services boards will need to comply
12 with a broader framework that's applying across their whole
13 range of services.
14
15 The government also provided this indicative source of
16 funds statement. It covers a period for four years
17 commencing 1 July 2014. In a number of respects this
18 pre-empts the outcome of our review but it does provide an
19 indication of the government's expectations. Things to
20 note include that these figures are for the four years, so,
21 for example, the \$140 million there, that is existing rates
22 collected by the Livestock Health and Pest Authorities -
23 it's about \$35 million a year at the moment, so over the
24 four years it is \$140 million.
25
26 The government has also indicated it hopes to save
27 around \$5 million a year in the administrative efficiencies
28 from combining the three existing organisations and those
29 savings will be applied to providing advice and extension
30 services. In addition, we are advised by the department
31 that 49 DPI staff and their consolidated fund budget of
32 about \$5.5 million a year are being transferred to local
33 land services and some of the staff that are being
34 transferred will be shared across different regions, so
35 they won't be just working in the one region but it gives
36 you a feel for the amount of money we are talking about and
37 the possible sources or intended sources for those funds
38 more broadly.
39
40 Given this context for our review, I would like to
41 then turn to our terms of reference which Jim referred to
42 in his opening address. The terms of reference are,
43 firstly, to develop an efficient and transparent cost
44 recovery framework to be applied in the setting of service
45 fees. Part of that is to assess the strengths and
46 weaknesses of cost recovery frameworks used in other
47 jurisdictions. We are to advise on an efficient rating

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1 base and an efficient fee collection mechanism and lastly,
2 we are to develop an audit methodology for assessing the
3 extent efficient cost recovery pricing is introduced. Also,
4 as Jim has indicated, we are not setting the actual price
5 of services but recommending the framework by which fees
6 will be set. I think that is an important thing to note.

7
8 Our timetable is we released the Issues Paper and
9 invited submissions on 21 May. The initial date for
10 submissions closed on 2 July. We are holding these
11 workshops June/July. This is the last of the workshops.
12 We will release a draft report and invite submissions at
13 the end of August. We will hold another roundtable to
14 discuss the outcomes of our draft work at IPART's
15 offices in mid-September, receive public submissions on
16 the draft report until mid-October and will present a final
17 report to government the end of November.

18
19 I now wish to look in more detail at our terms of
20 reference. Let us first consider the elements of the cost
21 recovery framework. The first thing is to look
22 at is the nominated services that are going to be provided by
23 local land services. The broad categorisation of services
24 that are currently delivered across the three organisations
25 is obviously biosecurity. That, as it is at the moment,
26 relates mainly to animals. Our understanding is that the
27 plant biosecurity is going to be transferred from DPI
28 across to local land services, with that exception of
29 weeds, which will remain with local government.

30
31 There is the issue of advisory extension services currently
32 provided by DPI and then there is resource management
33 largely provided by the CMAs and of course emergency
34 services. I note, and this has been particularly raised by
35 the CMAs, that this siloing of services may not be helpful
36 going forward, given some of the services cover more than
37 one function to be performed by Local Land Services.

38
39 Having nominated the services, as has been pointed out
40 to us, those services will have to be linked to the
41 strategic plans of the Local Land Services boards and the
42 overall Local Land Services NSW. There will be those core
43 functions that will be provided, for example, biosecurity,
44 and there will be some discretionary functions that will be
45 at the choice of the Local Land Services boards.

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1 Having determined the services to be provided, the
2 next issue is to determine the level of
3 service and then to calculate the efficient cost of service
4 delivery. Once again, the main input into that, obviously,
5 will be the overview of the board and stakeholders and they
6 can presumably also have regard to benchmarking and, where
7 appropriate, independent review.

8
9 The next point will be to determine which parties
10 contribute and how much. That is the main focus of Peter's
11 session later this morning. That obviously will be
12 assessed in the light of available government funding and
13 the reasonableness of pricing outcomes as far as local
14 ratepayers are concerned. With this in mind let us turn
15 our attention to the second part of our terms of reference,
16 which is to advise on an efficient charging base.

17
18 There is a clear difference in focus that has come
19 through in the submissions. Some people are suggesting
20 that it be a broad-based rate and that Local Land Services
21 boards then have discretion on how those rates are applied,
22 to what services, having in mind that the services to be
23 delivered could vary from one year to the next and there
24 will be different, for example, biosecurity threats that
25 will develop from one year to the next.

26
27 Other people are looking for amounts that are
28 raised for a specific purpose and be linked to a specific
29 activity, so you can trace through the money raised and how
30 it is spent. So there's a bit of a difference arising in
31 the submissions in regards to that.

32
33 So what are the possible charging bases? Obviously
34 there's fee for service - which will be charged to
35 individuals for services captured by those individuals.
36 The possibility of an industry levy. I know some people
37 have raised the issue of the constitutional issues if there
38 is an industry levy, or there could be a broad-based rate -
39 and the ones that have been mentioned are
40 notional stock carrying capacity that the Livestock Health
41 and Pest Authorities currently apply; land area, which is
42 recommended in the Bull report, in his 2007 report; and the
43 other one is obviously land value.

44
45 In deciding on the rate base, the possible charging
46 bases, those rate bases will obviously have to be simple to
47 understand, transparent, verifiable, robust. An issue that

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1 has been raised is that given that there could
2 be some variation in Government funding, given that
3 conditions could change in one year to the next, or the
4 threats could raise - vary from one year to the next, the
5 funds that will be raised will have to cope with that
6 variability. And obviously the rate base will have to be
7 administratively efficient.
8
9 A key issue that has arisen - is there a role for
10 rebates and incentives? And once again there's a variation
11 in views here that's come through in the submissions, and
12 we'd like to expand a little bit on that today.
13
14 Some people are saying to introduce rebates and
15 incentives, that the administrative costs of that, and the
16 performance of that role would be just too great, too
17 complex, too complicated, particularly as within some of
18 the local - or the Livestock Health and Pest Authorities,
19 when they've been combined, there is a significant
20 variation in rates in those regions at the moment, and
21 with this further consolidation there'll be further
22 variation in rates as a starting point.
23
24 And so there's a transition issue there which people
25 are saying could be even more complicated if
26 you then start to introduce rebates and incentives.
27
28 And the last point, as far as the charging bases are
29 concerned, is the one we've mentioned before - are there
30 any legal constraints in the choice of rate base. And the
31 thing that comes to mind here is obviously constitutional
32 issues.
33
34 So the next area is advising on an efficient fee
35 collection mechanism. That fee collection
36 mechanism will have to be linked to the choice of rate
37 base. The possible fee collection mechanisms that have
38 been identified so far are the bill for
39 individual service, an annual return to the Local Land
40 Services - similar to what the Livestock Health and Pest
41 Authorities receive at the moment; or, we could have the
42 negotiated arrangements currently applied by
43 the CMAs. Another one is
44 obviously local government rates.
45
46 A number of people have supported local government
47 being the fee collection authority, but that is opposed by

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1 local government. We have local government representatives
2 here today, so we can expand and talk to that
3 matter further.
4
5 This section here, the fee collection system, is the major
6 focus of Thomas's session, as well as the rating base later
7 on this afternoon.
8
9 The last part of our terms of reference is to
10 develop an audit methodology to assess the extent that
11 efficient cost recovery pricing is introduced. People have
12 suggested that the audit process will have to be linked to the
13 strategic plan of the Local Land Services. Essentially
14 what we are trying to do here is see what checks and
15 balances are required to ensure Local Land Services comply
16 with the framework, adopt the efficient rating base, and
17 implement the efficient fee collection mechanism.
18
19 Because of the number of audit processes Local Land
20 Services will be subjected to - and we don't want
21 duplication and overlap - the audit process for
22 the funding framework will have to be rationalised with the
23 other audit processes that are going to be introduced.
24
25 Just to illustrate what we are looking at here, I
26 thought I would call on this example from the Hunter
27 Central Rivers Catchment Management Authority. And the
28 program here was to control and suppress the wild dog
29 population in that area. Objectives obviously were to
30 protect the biodiversity of native fauna, protect
31 livestock and improve farm productivity and
32 protect domestic pets and any livestock kept for domestic
33 use by householders.
34
35 And the funding arrangements that came out of that
36 process, the CMA, through the Australian Government's
37 'Caring For Our Country' program put in 70,000, the
38 Livestock Health Authorities put in about 74,000, National
39 Parks put in 25,000, and local landholders put in 51,000.
40
41 In deriving this apportionment of costs - obviously
42 the CMA applied a funding framework, a service was
43 nominated, the level of service was established, the
44 affected parties were nominated, a cost was agreed and a
45 contribution by each party was also set.
46
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1 What we are being asked to do is to rationalise
2 this process, formally document it, in a manner that Local
3 Land Service boards could implement to ensure uniformity in
4 the process between the different Local Land Services
5 boards, and recognising, obviously, that no two Local Land
6 Service boards are governing an area which is identical -
7 so there are differences between them, and different
8 approaches may be required.
9
10
11 And to also provide transparency for stakeholders, and
12 then provide a process that then can be successfully
13 audited.
14
15 Having in mind that we have separate
16 sessions for who should contribute, and what basis
17 a service fee should be set, I'd now like to open this
18 session up for general discussion. And for discussion
19 starters I put up how do the current
20 funding arrangements relate to the services delivered; and
21 the silos - obviously as they are at the moment - the
22 advisory extension services, biosecurity, natural resource
23 management, emergencies. We'd like to explore what are the
24 lessons from the current practices, and what checks and
25 balances are needed to ensure efficient cost recovery
26 pricing is applied.
27
28 So without further to do, I'll hand back to Jim to
29 Chair this session. Thanks, Jim.
30
31 THE CHAIRMAN: Thank you, Colin, very much. It's now the
32 opportunity for comments, questions, statements from people
33 sitting in the audience. We are obviously very interested
34 to learn your views. If you have questions of IPART, my
35 colleagues and I will attempt to answer it, bearing in mind
36 this is a fairly early stage of our inquiry, we may not
37 have settled views at this stage.
38
39 Now, we do have a microphone. Alex has got a
40 microphone. So if you want to make a contribution, just
41 raise your hand and we'll get the microphone to you, and
42 could you please identify yourself for the benefit of the
43 transcribers.
44
45 So who would like to go first? Always a difficult
46 moment. Okay. Thank you.
47

1 MR HART: Keith Hart, Senior Veterinarian from the
2 Cumberland Livestock Health and Pest Authority. If nobody
3 else is prepared to talk, I'm always willing to
4 have a go.
5
6 Just on one aspect, which is the notional carrying
7 capacity issue - always controversial, sometimes very
8 difficult to explain to people. The LHPA movement actually
9 put a submission to IPART, which included some quite good
10 information on that. You would expect them to, because
11 nobody knows better than they do how the notional carrying
12 capacity idea works.
13
14 Their idea was that the cut-off point be 40 hectares,
15 and below that down to 2 hectares, notional carrying
16 capacity would not be part of the rating base.
17
18 I think that something like that is a good idea - at
19 the moment it's 10 hectares - but something like that is a
20 good idea. It is absolutely impossible to explain to
21 owners of small areas of land - with whom I've had a lot of
22 experience, I can tell you, notional carrying capacity.
23 They have absolutely no idea.
24
25 But once you get up to an area where agriculture
26 becomes somewhat viable, notional carrying capacity is a
27 very fair way of rating, because it takes into account the
28 different capacities, carrying capacities of land, which to
29 a farmer are very much part of the way they operate. To a
30 small landholder, they have absolutely no idea.
31
32 So I just thought I would comment on NCC as a basis.
33
34 THE CHAIRMAN: Thank you. Next comment.
35
36 MR MacDONALD: Scot MacDonald. I'm a State Upper House
37 MP. Can I just ask a question with advisory extension
38 services? My background is agriculture up in the Northern
39 Tablelands.
40
41 I'm just sort of wondering - and the experience up
42 there is, with the advisory extension offices, they've
43 really changed in the last sort of 10-20 years from being
44 in a ute, eight hours a day, five days a week, going out
45 and giving advice on a pasture or fertiliser or whatever.
46 The DPI has sort of wound that back a bit, if you like, and
47 now they have not a lot of role in advisory extension

1 services.
2
3 I'm wondering are you contemplating a fee for service,
4 or anything like that - and I look at industries such as,
5 say, maybe cotton, which has very low reliance on advisory
6 and extension. We have glasshouse tomatoes -
7 50 hectares up where I am - very little use of Department
8 of Ag. But then you might have someone on 200 hectares,
9 who are getting the local DPI officer out three times a
10 month, and there's not a price signal there.
11
12 So is that being looked at in this, if you want
13 someone to kick off on the advisory and extension query -
14 question.
15
16 MR REID: Yes, thanks very much for the question. Yes, we
17 are certainly looking at that. We have noted an example
18 given to us by the department, where they've worked through
19 some of the advisory services, and in that particular
20 example their claim is that the cost of collecting a fee in
21 some cases would be too difficult, but obviously that's
22 something that we'll be looking at.
23
24 The general proposition that we have put forward in
25 the Issues Paper is that if someone can capture a private
26 benefit as an individual, and it's efficient and effective
27 for them to be charged, then that would be the proposal
28 that may well go forward.
29
30 Obviously the Tribunal hasn't made such decisions at
31 this point in time, and still obviously are reviewing the
32 submissions, but as a general philosophy that would be the
33 position, having in mind the broader issues of
34 effectiveness and administrative cost of implementing it.
35
36 Now, as we understand it, however, in some cases the
37 DPI proposed to move back a little bit from where they have
38 been in the past, and provide more industry-based advice,
39 and less on-farm advice. And if that's the case, if it's
40 broad industry advice, it raises then questions whether
41 there's a broader benefit, if you like, and it may not be
42 appropriate to charge individuals in that situation.
43
44 So they're some of the issues that we are coming to
45 grips with - no firm position at this point in time, but
46 that's certainly been raised as a possibility.
47

1 THE CHAIRMAN: Yes, thank you. Yes.
2
3 MR HAYES: Terry Hayes is my name. I'm with the Serrated
4 Tussock Working Party for the New South Wales and the ACT.
5
6 I make the point that biosecurity is probably a
7 whole-of-community issue. Biosecurity, whether it be in
8 animal health, or whether it be in weeds or whatever, will
9 affect the future food production capacity of our land;
10 and, therefore, it will affect our ability to have food
11 locally. So I believe actually it is a whole-of-community
12 responsibility.
13
14 And to that degree I would submit that the rating base
15 should be levelled over the entire rating base, however
16 that is determined - that is, everybody in the community
17 pays. It is the compliance component of biosecurity that
18 is the responsibility of the individual landholder, and I
19 believe that that is where the incentive part of the
20 process might be able to be encapsulated, in that there be
21 a direct fee for service where there's noncompliance, and
22 in that way you give an incentive to those who comply,
23 against those who don't comply.
24
25 With regard to the rating, I would submit that the
26 most efficient form of rating might well be that we look at
27 combining the rate service capacity of local government and
28 the Local Land Services. I'm not suggesting that the local
29 government raise the rate for the Local Land Services, but
30 whichever organisation does the rating, that it's conducted
31 on the one base, and the rate notice is sent to the
32 landholder by the one individual, but that each part - that
33 is, local government and the Local Land Service - should
34 have the discretion to determine what level of rating it
35 requires.
36
37 I think I'll leave it at that point.
38
39 THE CHAIRMAN: Thank you. Can I just ask you - when you
40 say that biosecurity is a whole of community issue, do you mean
41 that each member of the community should be paying the
42 same amount towards biosecurity, or how will it apply?
43
44 MR HAYES: I would suggest that probably based on land
45 value is probably the most important basis, or the most
46 appropriate basis; but, yes, I do believe that setting up
47 the framework and the structures is a whole-of-community

1 issue. I believe it's the compliance, it's the
2 responsibility of the individual landholder.
3
4 THE CHAIRMAN: Thank you. Yes, please. Yes.
5
6 MR GIDLEY-BAIRD: Angus Gidley-Baird,
7 New South Wales Farmers Association.
8
9 Probably a statement with a couple of questions in
10 there, possibly for the range of authorities and agencies
11 that conduct those services at the moment, but also a
12 question for IPART probably.
13
14 I'm intrigued in the timing of the whole process, in that
15 traditionally, I suppose, a number of the funding
16 frameworks - cost recovery mechanisms - that IPART
17 develops with electricity prices, local government services -
18 those sorts of things - are traditionally looked at in a cost
19 recovery basis, where you assess the cost of operation and
20 then transpose that across the actual revenue collection.
21
22 So a question to me is looking at Local Land Services
23 into the future, and what services they may provide, is a
24 question as to whether or not the existing ones are
25 accurately going to reflect that, and how this will work in
26 the transition that we are about to embark on with the
27 interim boards coming in, setting the framework, setting
28 the structure, and setting the operational things,
29 developing a strategic plan - those sorts of things, as to
30 what they see are going to be the operations and functions
31 of their local area, and then how this might fit in over
32 the top of that.
33
34 I suppose, going back to the very beginning of the
35 Livestock Health and Pest Authorities with the PP boards
36 initially being a collection of local landholders being
37 able to pool their resources, identify a program and work
38 together to try and resolve those issues. So that's a
39 local landholder-driven objective to try and overcome a
40 local problem.
41
42 I suppose over time Livestock Health and Pest
43 Authorities, Rural Lands Protection Boards have picked up
44 an increasingly larger amount of statutory requirements.
45 Biosecurity emergency management, those sorts of things
46 that are now probably more requirements of the service as
47 opposed to possibly local landholder-driven issues.

1
2 Similarly, I suppose, bringing in the whole NRM
3 perspective into LLS is again going to impose upon-LLS a
4 number of broader public community values of environment.
5 And then how that's going to be rolled out on the ground.
6
7 So I suppose the question is there seems to be a
8 number of different forces driving Local Land Services. To
9 us some of those key ones are actually driven by Federal and
10 State governments reflecting community concerns for the
11 environment. Secondly, their statutory environments for
12 biosecurity controls - and some of those are dictated by
13 international requirements and trade arrangements as well.
14 And, then, the little local component related to
15 local programs.
16
17 How is the IPART process of developing a funding
18 framework - and interested in the use of the term funding
19 framework and then cost recovery framework - how does that
20 fit into what the future of the LLS might be, given that
21 those sources and how those funding streams for those
22 sources at the moment may not necessarily be reflective of
23 what happens in the future.
24
25 THE CHAIRMAN: Thanks, Angus, very much. I might have
26 a go at that first, and ask Colin to follow me.
27
28 So far as IPART is concerned, what we are doing, I
29 think, is looking at what are the efficient costs of doing
30 the services, and then, you know, who shall pay. That
31 doesn't mean that landholders should pay for all of it.
32 What we would do is to say, "Well, let's think through who
33 should pay what for each service", if you like, and then
34 set up a framework based on that structure - and Peter
35 Leventis will talk about that later on.
36
37 So obviously it will differ, I think, depending on the
38 nature of the service. There are some things that probably
39 do relate very strongly to particular local groups and
40 landholders. There are probably other things that are a
41 much more broader community concern. In principle, I
42 think, the question - the answer about who pays should
43 differ between those things.
44
45 So, I mean, I think that's it as far as the IPART
46 framework is concerned.
47

1 MR REID: Yes, I think - I mean, what we've been asked to
2 do is come up with a more generic approach that could be
3 applied across a broad range of services, recognising that
4 some of them will have both a community or public good
5 aspect, and some will have - as well a private
6 aspect - whereas others may be purely private. And so
7 we've essentially, not knowing what the full range of
8 services, as you suggested, may be, but we come up with a
9 framework that could be applied across the board.

10
11 So that's the task that we've been given, and which
12 obviously we're attempting to come up with a solution
13 to that.

14
15 As far as the issue between cost recovery or funding
16 framework is concerned, I suppose we took a bit of liberty
17 when we put the Issues Paper out. The terms of reference
18 refer to cost recovery, but we thought given that
19 the government is indicating that about one-third of
20 the cost of Local Land Services are intended to be
21 as is currently the case recovered from local
22 ratepayers, and two-thirds more broadly across the
23 community.

24
25 We took, as I say, that liberty to think it would be
26 better to use the term funding framework rather than a cost
27 recovery framework because the words "cost recovery" gave
28 the impression that the whole lot of the costs of Local
29 Land Services work was going to be put back onto the local
30 ratepayers. So that was a change that we made to
31 communicate better what we understood to be the task that
32 was before us.

33
34 MR GIDLEY-BAIRD: Maybe just as a further to that then, I
35 suppose, looking at the IPART process - have you done any
36 work, or is IPART involved in any sort of funding
37 frameworks looking at the environmental benefit or the
38 general public benefit of processes? And not for one
39 moment necessarily questioning the amount of funding, but
40 effectively the natural resource management component of
41 that 450-odd million, or whatever was up there before, is
42 effectively predetermined by the Commonwealth
43 Government, as to how much they have available and whether
44 or not the delivery on ground at New South Wales level is
45 going to meet their requirements.

46
47

1 So how does that fit into a framework where we're
2 trying to work through and identify, okay, that's a public
3 benefit, that's a private benefit, that's an industry
4 benefit - and therefore allocating the benefits across
5 those classes, and then comparing that to the risk
6 generators in those different classes, because obviously
7 the local landholder has to manage their local land as
8 well.

9
10 So possibly a tongue-in-cheek question, but are you
11 necessarily going to go back and say, "Well, actually, dear
12 Commonwealth Government, the public benefit involved in
13 this natural resource manage component is actually a lot
14 larger than what currently is being provided for or
15 allocated for." Similarly from a state point of view, I
16 suppose.

17
18 Are we looking that far into a possible funding
19 framework in terms of those allocations?

20
21 MR REID: Yes. So we recognise that, as you say, there
22 may be some things that are predetermined. What we would
23 hope to do is to try and influence that debate, and to put
24 up what we see is a robust method of ascertaining what is
25 the public benefit and what is the private benefit. And
26 our hope would be that Government would have regards to
27 that, but we recognise that we do operate in a world where
28 there are budget constraints - both at a Commonwealth level
29 and at a State level.

30
31 So our intention is to try and, as far as that aspect
32 is concerned, is to try and influence the debate without
33 being, obviously, a determining body.

34
35 THE CHAIRMAN: Angus, I suppose the concern is what
36 happens if the Commonwealth Government doesn't come up
37 with the money.

38
39 MR GIDLEY-BAIRD: That's the question.

40
41 THE CHAIRMAN: That's the other line. I guess what our
42 work would hopefully do is show there are some activities
43 of which there are a substantial public benefit - that's a
44 benefit other than to the individual landowner. I think we
45 could probably do that.

46
47

1 Then were Commonwealth funding suddenly not to be
2 available, then I think the question for perhaps the State
3 Government is what other ways have they under their control
4 that might allow the New South Wales community as a whole,
5 of which the community is the beneficiary, to make this
6 contribution. We can't answer that question. I mean, I
7 think that's a question imposed by others.

8
9 MR SELDON: Bob Seldon. I'm the Chair of
10 Hawkesbury-Nepean CMA and Sydney metro.

11
12 Look, I agree with many of the comments that have been
13 made, and I just think overall, every so often, we've got
14 to go back up into the helicopter and look down, because
15 many of the issues that are being raised apply to specific
16 areas and the other shoe doesn't fit all.

17
18 If I take - well, for instance, I agree with the comments
19 about NRM issues, and community issues and so on,
20 and then when we get to the rating, if I can just make a
21 couple of points. And I did pass these on previously, too.
22 For the broader audience, I mean, in what will be the
23 Sydney LLS et cetera, the region, which is primarily the
24 mountains and river systems and everything else, but all
25 that flows down into the very important part of this city
26 is, you know, Sydney Harbour and that sort of thing.

27
28 And I just mention that the last figures I was able to
29 get is approximately 1.3 million properties in this area
30 are under 2 hectares in size. But by the same token, the
31 impact on people in the Metro area, and Hawkesbury-Nepean,
32 and Windsor, Richmond, all those areas - there's a big
33 overlap.

34
35 So I think when we are looking at this issue of
36 rating, I think there's going to have to be probably three
37 levels, and that the NRM and biosecurity issues will fall
38 into one category.

39
40 The extension services, much of which has now been
41 brought into what was the old CMA system, need to be looked
42 at, and because emergencies - well, I see that with a
43 different hat going in a different direction. The
44 traditional activities of LHPA - and I'll just change my
45 hat - I paid LHPA fees for my farm in the Central West,
46 and I also pay LHPA fees for my property at Windsor, on the
47 river there.

1
2 Any assessment in terms of how many head of
3 sheep I can carry, whatever, is totally irrelevant to those
4 areas. So I am very much, in terms of view that that has
5 to go to the issue of size, value - and I whacked it down
6 to that level right at the moment.

7
8 But what I think is important is that we do take a
9 more general view when it comes to probably the coastal
10 areas as against over the mountains and out west is a
11 totally different comparison situations. I think, as I
12 say, I can judge that personally - I have got 3,500 acres
13 in the central west; I've got, you know, 150 acres at
14 Windsor area there - but that's doing thoroughbred horses,
15 which is a totally different thing - and then I have a
16 property in the metro area, which is very important to what's
17 happening on the river system, along with all my other
18 colleagues that live in those regions.

19
20 I think at the end of the day we've got to really
21 segregate this out. As much as we're putting it all
22 together into Local Land Services, the reality is there's
23 still going to be core activities that relate to the old
24 CMA style of things, and relate to the LHPA systems, and the
25 people to whom they are going to apply, are different. I
26 mean, if I'm simply standing as the farmer, unfortunately a
27 lot of people think that finishes at the farm gate, that's
28 the end of my responsibility. There's some practical
29 people who go further, but that's not right across the
30 board.

31
32 The same applies in local council areas et cetera.
33 And I can understand councils being a bit hesitant about
34 it, but I think it is something that we've got to isolate.
35 I just mention one other situation. In the case of HNCMA
36 and metro, we've got the Parramatta Trust, which was handed
37 over to us, which was the flood trust et cetera.
38 That's been through a lot of situations and levies. I have
39 talked a lot with the chair of Hunter. They have a trust
40 funding arrangement going with the councils for a similar
41 sort of activity. So I think at the end of the day we
42 can't take this macro approach to it. We are in the end
43 going to have to sit down and work out - I am using my
44 horses for courses situation - the areas involved are very
45 different. I agree with the general concept there will
46 probably be three levels of fees required and they will
47 vary dramatically. I did say it was the last point.

1
2 One final thing I will say is I am also heavily
3 involved with the fishing industry. I have been former
4 deputy chair of the Fisheries Management Authority and all
5 the rest of it, on a Commonwealth basis. The estuary
6 fisheries in New South Wales are heavily affected by a lack
7 of control by NRM-type activities down the river system.
8 That is a very vibrant area of activity that we need to
9 watch and not just from the commercial fishers. One of the
10 biggest organisations as such, in terms of people, is the
11 ordinary average guy and girl who are out there doing some
12 fishing and there is roughly, in terms of that community
13 around Australia, around about 5 million that actually
14 register in terms of that sort of involvement. I think we
15 have really got to be careful there as well to keep them in
16 the loop of what we are doing.
17
18 I have not asked a question, I just made a statement.
19
20 THE CHAIRMAN: Thank you, Bob, very much.
21
22 MR MacDONALD: Just to comment on emergency, and it
23 comes back to what Colin was saying there about the seasonality
24 of some of the risks and emergency outbreaks or whatever.
25 I had a bit to do the Riverina citrus down in Griffith.
26 One of the problems they are always dealing with was if you
27 have a run of hot dry years, you have very low risk and
28 very low pest prevalence, so there wasn't a lot of
29 expenditure or need or control or whatever. Then they ran
30 into years that we have just had two or three years of
31 humid, low averages and Queensland fruit fly and that sort
32 of thing and there wasn't enough money and they would have
33 to go cap in hand to the Primary Industries Minister, who
34 would then go cap in hand to the treasurer. So I am not
35 sure if it is this part of your program or if it is later
36 on the fee calculation, or whatever, but I would certainly
37 like consideration to some sort of banking or reserving of
38 funds for emergencies. I know things like Hendra virus,
39 whatever, might be a bit different but there are
40 biosecurity risks out there that need that sort of
41 flexibility of funding. I would be interested to see if
42 you are considering the capacity for the LLSs to build up
43 reserves for those years, for those times when the fruit
44 fly, or whatever the risk might be at the time. I know
45 that might have governance risks and I'm not sure how we
46 park money, I don't know how people would feel about it,
47 but when the money's not there, it builds a lot of conflict

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1 and state governments in particular are not good at
2 responding to that timeliness of that risk. Of course,
3 when you have got Federal and Commonwealth emergency
4 arrangements when you do have a big outbreak of some sort
5 or the other but I guess I am talking about more of the
6 run-of-the-mill biosecurity risks that ebb and flow. Thank
7 you.
8
9 MR REID: One of the specific levies there is at the moment
10 is the pest insect levy, the locust levy, whilst
11 that doesn't affect people in this area so much. I notice
12 that when there has been a big locust plague that whilst
13 there has been money put aside in some cases it has been
14 insufficient and it has had to be topped up and so there is
15 this managing the unders and overs of such things but it is
16 certainly an issue that we will have to comment on and come
17 to grips with as part of this.
18
19 MS GREEN: Good morning. My name is Pam Green. I am
20 chair of Southern Rivers Catchment Management Authority.
21 I just want to comment on that point raised by the previous
22 speaker. If you looked at the base level - and this is a
23 position that CMAs have taken, that everybody should pay
24 towards biosecurity - and did some actuarial calculations
25 related to the likelihood and contingency of funding those
26 emergencies like pest outbreaks, disease outbreaks, you
27 could actually create the fund. That would then lend some
28 weight to this being a levy across the whole of the
29 community and so I just put that on the table.
30
31 THE CHAIRMAN: Who would like to go next?
32
33 MR GIDLEY-BAIRD: Angus Gidley-Baird again. I don't want
34 to dominate the discussion but just to comment on the pest
35 insect levy, to me that is an interesting case and I suppose
36 the background for it - there is now a working party from
37 the Livestock Health and Pest Authorities, DPI and ourselves
38 that sit together and meet regularly to identify an
39 ongoing budget, given forecasts of locusts. That field
40 work is carried out by LHPAs and others as well.
41
42 Interestingly, I suppose - 2004/5 I think it was -
43 there was a major outbreak but that outbreak in 2004/5
44 wasn't necessarily any different to another large outbreak,
45 it was actually the expenditure of the funds that caused it
46 to blow out of the water. There was a large amount of
47 aerial support and suddenly it went from what is now

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1 generally, I think, about a \$6 million program each year to
2 a massive - I don't know how much it was but there was a
3 large loan from the State Government to control that.
4
5 Since 2004/5 part of that pest insect levy that people
6 have been paying has actually had to go to paying that loan
7 back. I understand this year we are finally at a neutral
8 point again, where the fund itself is at a point where it
9 can collect enough to manage the ongoing seasons.
10 I suppose it is a question for the administrators of the
11 fund as to how much levy should be collected and therefore
12 provide for those large locust seasons and then your low
13 locust seasons but to a certain extent I think the three
14 groups coming together to actually sit down and identify
15 what the forecast is for the season, then draw up a budget
16 and what the expenditure is going to be over that 12-month
17 season has allowed them to bring that back into control.
18 To a large extent, I suppose, a lot of this, looking at the
19 cost side of things, is forgetting the actual operational
20 side of things as well and how we can ensure the
21 administrative efficiency of delivering the programs, which
22 I think comes to your third or fourth point in terms of the
23 auditing and financially reporting and how do we make the
24 system accountable and effective in that sense. That is
25 one of the few I can see that is working now.
26
27 We, in our membership, have a dilemma in the sense
28 that the coastal fringe guys pay the pest insect levy, yet
29 they never may see a pest locust in their life and we have
30 guys on the north coast that say, "Well, we want our pest
31 levy to pay for cattle ticks" because they get cattle
32 ticks. There is always going to be that issue in terms of
33 what that rating base is but at the same time, having the
34 coastal guys pay some of it means that the rest of the
35 state doesn't have to pay as much for it. So there is that
36 dilemma but it is one of those things where I can actually
37 see there is a levy that has been identified based on a
38 cost recovery process where there is a budget worked out as
39 to how much it is. The question for the three groups going
40 forward is going to be: now that we don't have to repay
41 that government loan anymore are we actually going to
42 reduce that levy down to a lower rate and does that allow
43 us to bank some for the bad times as well.
44
45 THE CHAIRMAN: I wonder if I can draw out Keith a bit
46 more if I could, please. You said that you thought that
47 carrying capacity worked well above 40 hectares. I was

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1 wondering what your views are and what would work well
2 below 40 hectares.
3
4 MR HART: Below 40 hectares?
5
6 THE CHAIRMAN: How you think that might operate.
7
8 MR HART: Yes, I am very happy to make that view. Let's
9 talk below 10 hectares because at the moment Livestock Pest
10 and Health Authorities rate down to 10 hectares and they
11 have a database to work from. Below that point it would be
12 virtually impossible for the current structure to actually
13 find those people - very, very difficult, cost prohibitive
14 in my I view, if you actually rate it down to 2 hectares.
15
16 There has got to be a reason why the government
17 actually realigned the LLS boundaries with local
18 governments. Maybe somebody else has heard it, I haven't,
19 and I have been following the rate fairly closely. It
20 makes a lot of sense to me - and I was a member of local
21 government for a term - if you actually rate down to
22 2 hectares, that you actually get local government to
23 collect those rates for the people below 10 hectares for
24 whom they are not ratepayers to the current LHPA system.
25 Local government already rates them all and the model from
26 the Hunter Valley is, in my view, a very useful model which
27 could easily be extrapolated across the state. That is my
28 view, if that is what you were after.
29
30 THE CHAIRMAN: Yes.
31
32 MR HART: I also have a comment on the pest insect levy.
33 Very few people would pay an insurance cost on the
34 knowledge that they were never going to have a claim. That
35 is the situation with a lot of coastal ratepayers in
36 relation to the pest insect levy. It creates a major,
37 major concern for our staff.
38
39 The idea was put up by what was then the Moss Vale
40 Rural Lands Protection Board to do exactly what Angus has
41 said, to convert that pest insect levy to a levy to assist
42 with controlling cattle ticks because cattle ticks
43 ultimately, from a climatic point of view, could quite
44 happily become established the length and breadth of
45 coastal New South Wales if they weren't kept where they
46 are. That idea was actually canned by the general annual
47 conference of LHPAs, which they had in those days - or

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1 RLPBs, I'm sorry - out of vested interests. If you look at
2 the Sydney basin LLS area, there is no historical record of
3 any incursion of pest insects into that area and for that
4 reason, from an equity point of view, it would be totality
5 unreasonable for any of those ratepayers to be paying the
6 pest insect levy.
7
8 THE CHAIRMAN: It does encapsulate the issue we are
9 facing, I think.
10
11 MR HUDSON: Geoff Hudson from Local Government NSW.
12 I will talk about it in more detail in the session
13 specifically on collection mechanisms later today. Just in
14 response to the comments made about local government
15 collection, obviously there is the Hunter model that is out
16 there at the moment and there have been some councils that
17 have been open to the idea of collection for a fee for
18 service but I just put on the record now that the vast
19 majority of councils across the state certainly indicated
20 to us that they are opposed to the idea of councils
21 collecting rates on behalf of LLS. We have obviously put
22 in a submission already but I am happy to go through some
23 of those issues later today, if required.
24
25 Just a couple of other quick questions. You touched
26 on before about the difference - and a few other speakers
27 have as well - between the coastal and urban areas and the
28 western three-quarters of the state. I would be interested
29 in IPART's thoughts on if you are looking at different
30 approaches for the coastal and urban areas compared to west
31 of the divide because they are such different issues that
32 the communities are facing.
33
34 Also, just picking up on a question I think that Angus
35 raised as well, the whole issue of cross-subsidisation from
36 regions and especially it comes into the issue if you start
37 collecting rates from - if you broaden the rate base and
38 you include Sydney, for example, that is a significant
39 number of ratepayers. I am just wondering about the whole
40 issue of cross-subsidisation of that money going to other
41 areas of the state and how IPART would deal with that.
42
43 THE CHAIRMAN: Thank you. I think those are two quite
44 difficult issues. The extent to which things should be
45 allowed to vary between various regions of the state is
46 something I think we will need to consider. Obviously the
47 service is the problem, the risks do differ, depending

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1 where you are in the state, and there ought to be something
2 in the framework, I would have thought, that reflects that.
3
4 On cross-subsidisation, probably the leading idea in
5 all of this is that those that create the risk or receive
6 the benefit should pay. So that tends to run against
7 cross-subsidisation, I would have thought. So that if
8 someone is responsible for an activity required to be
9 undertaken, they should pay. On the other hand, if there
10 is a broader community benefit, as there often is, then the
11 general community should pay. But that requires, it seems
12 to me, an assessment of impactor or a beneficiary rather than
13 a general cross-subsidy and I think the general direction
14 of which this area is going and I think the policy
15 generally is to move away from cross-subsidies. I suspect
16 that is not where we are going but we do need to recognise
17 a lot of these services do provide general benefit for the
18 New South Wales community and the community in some
19 sense should be paying those for.
20
21 I will be interested from you at some stage to hear
22 the thinking of councils as to why they oppose acting as,
23 if you like, an agent of local land services if they are
24 being paid to do so. You don't have to answer that now but
25 it would be an interesting discussion to have at some
26 stage.
27
28 Any further comments? I think we might move onto the
29 next session which is on the interesting issue of who
30 should pay. Peter Leventis is going to introduce that.
31
32
33 SESSION 2: WHO SHOULD PAY?
34
35 MR LEVENTIS: Thank you, Jim. Session 2 is about deciding
36 who pays or, really, the contribution between different
37 parties.
38
39 The terms of reference asked IPART to develop a cost
40 recovery framework. In our Issues Paper we provided some
41 preliminary thoughts on issues to consider when developing
42 a funding framework. Our aim was to be informed by
43 stakeholders on an efficient and transparent framework and
44 if impediments might exist in applying a cost recovery
45 framework.
46
47 The views we receive in our workshops and from our

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1 reports will assist us to develop an efficient and transparent
2 funding framework. "Efficient" and "transparent" are two of
3 the key words within the first terms of reference and it is
4 important to understand that you must be able to understand
5 the frameworks, it has to be transparent but efficiency is
6 a key - it has to be incorporated within the framework.
7
8 So cost recovery for government-provided services has
9 been with us for some time. More recently work has been
10 undertaken by the productivity commission and subsequently
11 guidelines developed for Commonwealth Government
12 agencies. The objectives of cost recovery are to improve
13 efficiency by providing information that identifies the
14 resources used to provide government-provided services and
15 to support equity by asking those who use the service or
16 create the need for the service to bear the cost. Cost recovery
17 frameworks in general seek to link the provision of a
18 service to the appropriate funding option.
19
20 Key questions are used in various examples of cost
21 recovery frameworks we have seen to elicit information
22 required to assess funding government-provided services.
23 These include the reason for government intervention; which
24 particular driver of the service is important, either to
25 reduce risk or to provide a service; and whether particular
26 individuals or groups exist that should be charged.
27
28 The principles IPART produce in the Issues Paper were
29 developed based on the Commonwealth Department of
30 Finance's cost recovery guidelines and guidelines developed by
31 the OECD. These principles are intended to help us to assess
32 and then develop a cost recovery framework. The principles
33 we have identified may conflict. For example, what is
34 economically efficient may not be efficient to administer
35 and a charging approach that is efficient would need to be
36 within the powers of the state to legislate but there is a
37 broader context for the institutional issues, in that you
38 would want to make sure that what is happening in the LLS
39 context is consistent with state, national and
40 international objectives as well because they work
41 together.
42
43 The cost recovery framework needs to be transparent to
44 ensure that relevant parties have a say in how a service is
45 delivered, should it be provided. We developed a
46 four-stage process to link service provision to an
47 appropriate funding option. This session is aimed at

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1 stages 1 and 2, which use the key questions approach to
2 identify whether cost recovery is appropriate and,
3 therefore, who should pay.
4
5 The next session will discuss issues surrounding the
6 following stages; that is, how to charge for services.
7
8 In general, government involvement through provision
9 of services is tied to the presence of market failure. The
10 presence of market failure provides a reason for
11 involvement but does not necessarily mean it should
12 intervene. The presence of these market failures and the
13 nature of the problem being addressed should assist to
14 understand what the service is trying to address and who in
15 particular the service is aimed at. When it
16 intervenes, the government should ensure its resources are
17 used in the most efficient manner to achieve desirable
18 outcomes for society. Cost recovery is a way to ensure
19 that those who create the need or demand a service or
20 product from the government understand the costs of the
21 resources required to provide it.
22
23 Economic efficiency requires that all possible costs
24 be internalised by those parties involved in an activity.
25 Where these costs cannot be internalised, the market finds
26 it difficult to adequately provide the service at a level
27 that benefits society. This means that parties that create
28 the need for the service or benefit from its provision on
29 efficiency grounds and equity are charged for its provision
30 where possible. In our research we have found that certain
31 cost recovery strategies based on risk creators or
32 beneficiaries have been adopted. The taxpayer, represented
33 here by the government, is included, because it may be
34 efficient for the government to provide the service where
35 neither risk creators or beneficiaries can be identified or
36 efficiently charged or where charging would interfere with
37 policy objectives.
38
39 So the purpose of the cost recovery framework is to allow for
40 consistent and transparent decision making when seeking to
41 charge for government-provided services. The PC in its 2001
42 review found that this task was inconsistently undertaken by
43 Commonwealth Government agencies, hence the need for a
44 framework, which was produced by the Department of Finance
45 in 2005. For our purposes and consistent with these previous
46 undertakings - which state governments in the meantime have
47 also been doing - the cost recovery

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1 framework seeks in general to identify these questions.
2 These questions represent high-level questions in the
3 framework but the final version of the framework will
4 consider our research into frameworks from other
5 jurisdictions before the final model is presented, which
6 will include supporting information.
7
8 Key questions are being used in the various frameworks
9 we have seen to elicit information that will help to
10 determine the reason for the service and hence who and to
11 what extent should the identified party contribute towards
12 its provision. These questions assist the user of the
13 framework to understand the nature of the problem and
14 why the service is being provided, that is, which failure
15 of the market may warrant government intervention;
16 understand which cost recovery strategy is appropriate,
17 considering the market failure the service is trying to
18 understand. Some models in Australian jurisdiction we have
19 seen identify a risk creator, beneficiary, taxpayer
20 hierarchy to efficiently allocate costs. This hierarchy
21 raises some interesting issues, for example, the
22 sufficiently principle which influences how costs are
23 allocated. That is, where it is possible that an
24 identifiable party or group should be charged and the
25 benefits to private individuals or industry outweigh the
26 cost of the service, then any additional benefits derived
27 by third parties are irrelevant.
28
29 Once the reason for the service has been established
30 and the appropriate cost recovery strategy identified, then
31 the question remains as to which parties can be classified
32 as risk creators or beneficiaries. It should be noted that
33 it may be possible to be both a risk creator and a
34 beneficiary.
35
36 To ensure all potential parties in an LLS area are
37 considered appropriately, we have split parties to charge
38 into three broad categories: landholders, which include
39 individuals on contiguous landholdings for any purpose;
40 industry, to account for a group of similar commercial
41 users of landholdings, that is, a group or collection of
42 farmers, for example, producing the same commodity; the
43 community, which could be either the community within the
44 LLS area or more broadly refers to all people in New South
45 Wales. Each of these categories can be disaggregated
46 further to specifically identify, if possible, who creates
47 the need for the service or is deriving a benefit from its

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1 provision.
2
3 Where it is considered appropriate that one party
4 should not bear the entire cost of the service, it would be
5 useful to have an approach that transparently allows for
6 shares to be allocated. We presented a set of approaches
7 for discussion including a sliding scale approach, based on
8 the emergency plant and animal deeds, but which includes
9 landholders. There may be other ways to apportion costs.
10 For example, based on effort required, which may require
11 a cost accounting approach. What is important here is if it
12 is considered appropriate that more than one party should
13 contribute to the cost of the service, then some
14 arrangement is necessary to transparently share costs.
15
16 So some of the key issues for session 2, but by all
17 means please raise any others, is that this session sets
18 out to discuss issues on what is an appropriate funding
19 framework to decide who should pay for services but before
20 a framework can be developed it is important that we apply
21 the correct principles to assess alternatives. Further, it
22 is important to understand which cost recovery strategies
23 are appropriate, given the services that will be provided.
24 The framework is a tool that is intended to allow for
25 consistent application across the various services provided
26 by Local Land Services. However, it is important to
27 understand that the outcomes may vary, given the
28 circumstances or the issues in each area. So your thoughts
29 on these issues or any other related matter will assist us
30 in our task as per our requirements within the terms of
31 efficient, that is, the efficient and transparent cost
32 recovery framework. Thank you.
33
34 THE CHAIRMAN: Thank you, Peter, very much. We will
35 now take questions, comments, statements from people in the
36 audience. Who would like to go first?
37
38 MS SHANKS: Dianna Shanks, Hawkesbury-Nepean Catchment
39 Management Authority. I was wondering whether you could
40 go to the slide before and just explain the last dot point,
41 what you mean by that. The slide before that one.
42
43 MR LEVENTIS: The CMAs use an auction approach?
44
45 MS SHANKS: Yes.
46
47 MR LEVENTIS: Some of the information we have been

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1 provided by the CMAs has shown us that a technique they use
2 to elicit private funding from individuals is this reverse
3 auction, where they have an objective they wish to achieve
4 and they then go out to tender to say, "Well, to achieve
5 this objective we'd like to leverage on the private funds"
6 and then they would adopt the process. I guess you could
7 see that as an example of a sharing arrangement, where
8 there is a --

9
10 MS SHANKS: I understand.

11
12 MR LEVENTIS: Yes.

13
14 THE CHAIRMAN: Further questions or comments?

15
16 MR SELDON: Bob Seldon again. Not covering all those
17 issues but one in particular coming back to again -
18 contribution on NRM, et cetera - I just wondered whether
19 IPART has had any look at what was done in South Australia
20 in terms of an across-the-state decision to collect from
21 the community generally onto that sort of thing. It is an
22 issue that impacts some of the discussion here.

23
24 MR LEVENTIS: No, I haven't actually seen that from South
25 Australia. I have seen, recently, a review they did into
26 animal health for cost sharing. I have seen what the
27 purpose of the Primary Industries and Resource South
28 Australia have put out in terms of price recovery
29 framework, but no, I haven't actually seen --

30
31 MR SELDON: No, this has actually been - this has been
32 implemented as a levy across the State, collected through
33 the council system specifically for NRM, because they took
34 the view of what we talked about earlier. I just think it
35 would be worthwhile IPART having a look at that, because
36 it's something that's - I'm not saying it's the best way to
37 do it, but it's there, it's happening and it's certainly
38 having impact.

39
40 MR LEVENTIS: No, we appreciate information that we can
41 get from any stakeholder on cost recovery strategies, cost
42 recovery strategy that has been implemented, because it
43 allows us, as part of our terms and reference, which is the
44 strength and weaknesses of other approaches to understand
45 what's going on. As you can guess, there is a lot of
46 information out there and we are trying to sift through it.
47

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1 MR SELDON: Well, this was a big deal, as you can imagine,
2 but it's there.

3
4 THE CHAIRMAN: We'll certainly follow it up.

5
6 MR SELDON: Okay.

7
8 THE CHAIRMAN: I think over at the back, first, and then
9 we'll come on to you.

10
11 MS GREEN: Pam Green from Southern Rivers CMA again.

12
13 One of the things that we would need if you're going
14 to go through the cost recovery sort of matrix is some sort
15 of understanding of a duty of care. Now, it's very
16 problematic to strike that. In Victoria - I think I've
17 already forwarded you the papers on that, but unless we
18 have an agreed standard to start from, a benchmark, it's
19 going to be very difficult to have the right sort of
20 structure to make this work.

21
22 I was having this discussion with a few people before
23 the meeting. Some of them might like to comment.

24
25 THE CHAIRMAN: Thank you. Keith.

26
27 MR HART: Yes, just a comment on the South Australian
28 situation. I wasn't aware they were collecting a levy for
29 NRM, but a couple of my colleagues over there were
30 explaining the levy that they raised for animal health
31 purposes, and I was of the view that constitutionally they
32 were dodgy, but I think from a State Government's
33 perspective - certainly not this State Government's
34 perspective because I've been involved in a committee with
35 senior legal officers and bureaucrats of New South Wales,
36 and they won't go anywhere near that sort of stuff, because
37 they've been on the losing side of constitutional
38 challenges.

39
40 But I think some of the other States - and South
41 Australia is probably one of them - are saying, "Well,
42 let's wait until somebody challenges it, and then we'll
43 have to change our basis for billing." I suspect that's the
44 mind-set.

45
46 THE CHAIRMAN: Much depends on what the base of the
47 levy is, I think. Are we talking about a levy on, say, rates

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1 or are we talking about --
2
3 MR HART: Yes.
4
5 THE CHAIRMAN: -- industry production? The second is
6 much more dangerous than the first one, constitutionally.
7
8 MR HART: Sure. But this was a levy that was, I think,
9 based on live stock or some such thing. In New South Wales
10 we had something similar, and, of course, it lost a
11 constitutional challenge.
12
13 THE CHAIRMAN: Thanks.
14
15 MR MacDONALD: Can I quickly --
16
17 THE CHAIRMAN: Yes.
18
19 MR MacDONALD: I hear you. I hear the caution, if you
20 like, on levies, but you have the Agricultural Industry
21 Services Act now, and the wine grape people pay \$3 or \$3.50
22 a tonne. The citrus people were paying \$4.50 a tonne. So
23 I hear the caution, but as far as from my world view, it's
24 getting it through parliament. You put up the Act of
25 parliament and, you know, if it gets through
26 on a good day, it gets through.
27
28
29 THE CHAIRMAN: Right.
30
31 MR HART: The caution came from people like the Chief
32 Legal Officer of New South Wales DPI, and I'm absolutely
33 certain that he would have checked those levies, and they
34 would pass a constitutional challenge, otherwise they
35 wouldn't be in State legislation.
36
37 THE CHAIRMAN: Okay. Yes.
38
39 MR HAYES: Terry Hayes, STWP. I think one of the things
40 that we would like as an outcome on the ground is a
41 situation where those people who do take the right
42 management decisions from any biosecurity NRM point of
43 view are not penalised by those who don't.
44
45 It has got to be some sort of insurance system. It's
46 also got to be an incentive to those people to carry out
47 the management that needs to be carried out in order to

1 protect the land and environment in the long term. It's
2 not just a business thing. This is about protecting our
3 agriculture and production in the longer term, because if
4 you're not real careful, you'll create a situation where
5 the problems will become just too large to handle, and
6 disadvantage the whole community.
7
8 So whatever you put to government, I believe, has to
9 protect those people who manage their resource responsibly.
10
11 MR REID: Can I just bring together your points, Terry,
12 with those that Pam raised on the issues of duty of care?
13 Is it possible to mesh those two things together, so that I
14 think --
15
16 MR CLAPHAM: Absolutely. Absolutely, because you have
17 got a biodiversity and environmental case in there as well.
18 And, of course, the community good and a whole of
19 community outcome.
20
21 MR HART: From a biosecurity perspective, I've had
22 26 years as the District Veterinarian for the Cumberland
23 Livestock Health and Pest Authority, formerly Moss Vale
24 Rural Lands Protection Board. My responsibility was for
25 the Sydney Basin and for the Illawarra region adjoining it,
26 and I know a fair bit about biosecurity risks. I was the
27 person who was sent out by the Chief Veterinary Officer on
28 24 August 2007, to look at some horses with runny noses at
29 Centennial Park. The rest is history.
30
31 But I have got a perspective of many years dealing
32 with small acreage farmers that to some extent - Angus will
33 like me saying this - to some extent the larger the
34 property size, the lower the risk. The rating base for
35 LHPAs, as most of us in this room will now know, is 10
36 hectares. That means that a significant amount of land
37 that creates a real biosecurity risk is not rated at
38 present.
39
40 And that was picked up by the Ryan review, which is
41 mentioned in your report. They recommended the rating be
42 down to 2 hectares. Particularly if we have a particular
43 concern in relation to pigs and piggeries, because it only
44 takes one person to swill feed one pig - you could have a
45 pig in a backyard for that matter - and you have the
46 potential to actually create a foot and mouth disease
47 outbreak.

1
2 The FMD outbreak in the UK in 2001 was caused by swill
3 feeding of pigs. We have had cases of swill feeding in the
4 Sydney Basin, and they are almost inevitably on piggeries
5 that are smaller than 10 hectares. The cost to the
6 economy, we are told by a report put out by a guy called
7 Matthews in 2011, for the Federal Government, for a 12
8 month outbreak of foot and mouth disease - it could cost
9 the Australian economy \$16.7 billion. That's a lot of
10 bikkies.
11
12 So certainly the people who create the risk at the
13 moment are not paying their way. They're not paying at
14 all. And something has to change. So I support the
15 principle that Ryan talked about in his review that from a
16 biosecurity perspective it's not equitable at all.
17
18 MR REID: Can I just explore then, one of the things that
19 was raised at the Tamworth hearing was a regulatory
20 function that's currently performed by LHPAs. So at what
21 point is there a crossover between regulation, if you like,
22 and a more broadly-based rate? And this issue was raised
23 earlier, where you have this non-compliance question. And
24 I'm just wondering, in developing a funding framework, how
25 do we bring in the regulatory part of it, and the
26 effectiveness from your experience of that regulatory
27 activity, compared to a rate that applies across the board?
28
29 MR HART: I'm not sure what you're getting at with your
30 question, but I'll - let me see if this helps. The Animal
31 Health Australia - I think you mentioned it in your
32 report - has a process for funding exotic disease outbreaks
33 in - I'm talking animals, of course - Animal Health
34 Australia. And they have a sliding scale, depending on the
35 amount of responsibility that they see as being with the
36 rural community versus the community across the board.
37
38 For FMD it's 20% and 80% now. You know, there's an
39 argument that even that's unreasonable, but that's their
40 view, based on a lot of work - that 80% of the biosecurity
41 risk in relation to FMD should be funded by the community -
42 taxpayers in general.
43
44 Now, I don't know whether that helps your question.
45 I'm thinking that I'll probably have a good look at the
46 draft when it comes out and perhaps give you some more of
47 the benefits of my experience then, but perhaps if you can

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1 clarify the question a little bit more. I'm not quite sure
2 what you're asking.
3
4 MR REID: Yes, sure. So there are general biosecurity
5 functions that are going to be performed by the LLS, and
6 obviously, as we've talked about, they are going to
7 fluctuate from one year to the next - so there is that
8 ongoing biosecurity issue.
9
10 In some cases there is also a situation, as explained
11 to us in Tamworth, where if there is a problem on a
12 particular property, there may be sort of advice given, and
13 there's a period where people are expected to correct the
14 problem, and if they don't correct the problem, then the
15 LHPAs have stepped in with some sort of regulatory powers.
16
17 And the issue was raised there - was the funding of
18 the LHPAs to perform those regulatory functions, and the
19 effectiveness of those regulatory functions on that sort of
20 reaction basis as opposed to a more general, more broadly
21 based biosecurity role.
22
23 So the question I'm asking is: there's an ongoing
24 function performed by Local Land Services, but there's
25 also, when a particular threat arises, where they have to
26 step in, and with particular regulation. And I'm just
27 wondering what your experience would be as to the
28 effectiveness of that regulation, and the associated
29 funding of it.
30
31 MR HART: Okay. Well, then, you are running into the
32 problem - it is a problem, it's an issue. The mind-set in
33 Tamworth is going to be completely different to the
34 mind-set in the city basin. That's the difference.
35
36 For the boundaries of the Sydney region LLS, the
37 biosecurity - the animal biosecurity function will almost
38 be totally regulatory. Out at Tamworth, it's a totally
39 different ball game. And it would be relatively rare where
40 you would have to bring in the regulatory big guns.
41
42 For situations like sale yards, where you've got to
43 maintain traceability, then you will always have a
44 regulatory component. But in the Sydney Basin, which is -
45 you know, it's totally different to all the others. You
46 need to understand that. In the Sydney Basin, most of your
47 biosecurity work would be regulatory. There wouldn't be -

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1 you know, in terms of regulatory, you have an advisory
2 component. "You've breached the Act" - you don't go in
3 with the big guns straightaway. "This is the problem,
4 here's a warning letter, here's how you fix things." Most
5 people respond to that.

6
7 We're doing an audit at the sheep sale at the moment.
8 I have got one no names, no pack drill, but I have got one
9 guy who has been bringing sheep in non-compliant for five
10 weeks. He has got a collection of five letters from me.
11 The audit period had no regulatory component. We've just
12 started our regulatory component. He's got his six letter,
13 he'll get the infringement notice next week almost
14 certainly. That's how we operate. If you call that
15 advisory within a regulatory component, then that's fair
16 enough.

17
18 At Tamworth the operation is totally different, and
19 the vast majority of the results you are looking for you'll
20 get from just an advisory approach. That doesn't happen in
21 the Sydney Basin - different kind of people.

22
23 THE CHAIRMAN: Yes, please. Yes.

24
25 MR GIDLEY-BAIRD: Angus
26 Gidley-Baird, New South Wales Farmers.

27
28 I think, Colin, the question you're asking is the
29 question we've got ourselves, and I'm sorry I don't have an
30 answer for it, but going back to my earlier statement in
31 terms of the regulatory functions that are going to be
32 provided by the LLS, and who is actually going to pay for
33 those. Are the costs that you're trying to recover the
34 actual total costs or the average cost of the LLS service,
35 or is it actually the marginal cost for which that
36 individual receives that benefit?

37
38 I think that's a question. And going to the point
39 about some sort of duty of care framework, which I
40 interpret as being some sort of identification as the roles
41 of each of those groups and, therefore, the
42 responsibilities they have in it. To a certain extent the
43 ADRA framework sets out.

44
45 It says, you know, foot and mouth disease 80/20. We
46 don't necessarily have - we don't really have that under
47 LHPA or LLS or NRM at the moment. There's nothing that

1 says if you have a biosecurity - I probably shouldn't use
2 biosecurity, because it will fall into the ADRA. If you
3 have an NRM function on your property or something like
4 that, we clearly know that half of that belongs in that
5 basket as a public cost, and half of it belongs as a
6 private.

7
8 I think generally in our response to your Issues
9 Paper, the framework looks good, but to us there's still a
10 whole lot of subjectivity in the sense that someone is
11 going to have to make that decision - right, the program is
12 this, how much falls in that basket, how many falls in that
13 basket. And one of the things we're grappling with is
14 trying to isolate or identify the various interests in each
15 of those services that are provided by the different
16 functions.

17
18 THE CHAIRMAN: Yes.

19
20 MR LEVENTIS: Regarding the frameworks - so the Issues
21 Paper was necessarily - the framework was necessarily
22 smaller than it needed to be because we hadn't settled on
23 what a cost recovery framework should look like; we had
24 different examples, and we've found more along the way. So
25 different States approach it in different ways.

26
27 Having said that, the structure is identified
28 market failure, identify cost recovering strategy, impact or
29 beneficiary pays, and you follow that kind of a process.
30 The framework will need to provide guidance to the LLS on
31 how to run through assessing a service. Similar to what
32 Department of Finance has with a cost benefit analysis
33 framework, similar to what New South Wales Treasury has.

34
35 So that kind of a framework which helps to understand
36 what the different market failures are; helps to understand
37 what a public good issue is, separately from private/public
38 benefits, and I think that issue, a lot of times, gets
39 confused. That kind of explanation will assist the user of
40 a framework to understand whether if there is a duty of
41 care, and it's a legal duty of care, then you are starting
42 to see, well, then, the risk creator is the person who's
43 breaching that duty of care.

44
45 So you might think well, if that's the first point of
46 call and they're identifiable, and this is the legislation
47 that supports it, then you start working through who they

1 are, and what they're doing about it. Where that is not
2 possible, this hierarchy I was talking about is then you
3 look at the beneficiaries.

4

5 So that's a framework that's been put to us, and we
6 are looking at that. So we don't have all the details in
7 the Issues Paper, I agree. I did read your submission and
8 some of the issues that you raised regarding public goods,
9 in other submission, where the framework would be used and
10 common understanding of some of these definitions will be
11 in the draft report, and necessarily so. But we couldn't
12 write a user guide at the Issues Paper stage, but those
13 issues are definitely in.

14

15 THE CHAIRMAN: I guess, Peter, one indication of what we
16 are saying is that the particular cost sharing ratios is
17 quite different between that and our services.

18

19 MR LEVENTIS: Yes, they could. Given the circumstances in
20 the area. There may be situations where there could be two
21 or three LLS areas that need to cooperate. That is
22 something we need to look at as well. It was raised in the
23 Tamworth workshop. So I'm not sure how you would apply
24 the framework differently, but the framework may need to be
25 applied at a different level of the process. So we are
26 working through those issues.

27

28 MR REID: I think the practical example - it may have been
29 Angus who raised it in the submissions - was if you had,
30 for example, a wild dog problem. You may not want one
31 Local Land Service board charging a broad-base levy and
32 another one charging individual property holders.

33

34 So there would need to be a common approach across
35 Local Land Service boards. And that's coming up with a
36 framework that can be more broadly applied, I think is the
37 key issue.

38

39 MR GIDLEY-BAIRD: The question right back to the beginning
40 is how this fits into the time frame of everything. The
41 framework might be okay, but it's not until the LLS board
42 gets established and individual boards get established and
43 they start applying the process, that we can actually get a
44 better understanding as to how it fit. At the moment we
45 are all second-guessing.

46

47

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1 Generally the framework sort of looks okay, but it's
2 how that situation is going to play out with, and people
3 are not quite sure of that, yes.

4

5 THE CHAIRMAN: Yes, please.

6

7 MR HAYES: Terry Hayes again. At the risk of sounding
8 like an old farmer who has bits falling off everywhere, I
9 hope you will forgive me if I sound impatient. The problem
10 that I begin to see is we're talking about frameworks and
11 organisations, and still I end up with the problem I've got
12 today, and I've had for years.

13

14 I'm here because I have a serrated tussock problem and
15 an encroaching dominating weed problem. And I'm told that,
16 well, we can't do any more because it will cost too much.
17 Yet all the while the problem is getting worse, and all the
18 while I am trying to keep my property clean. And if you
19 went past my property in a car, you'd say I don't have a
20 problem because I keep it down.

21

22 In 2006, on a fairly small property, I estimated my
23 cost of going around, spraying individual serrated
24 tussocks, no other weed, and I worked out allowing for the
25 write-off of my quad bike, my spraying, my fuel and my time
26 and stationhand's rates, at \$23,000.

27

28 Now, it's all very well to say that the community
29 doesn't have a responsibility. Well, I believe that I'm
30 honouring my responsibility, and all the while I am paying
31 for those who don't come along and do their responsibility.
32 And who is going to pay for that? And it's all very well
33 to say - and I hope I'm not lecturing you now - too much -
34 but it's all very well to say, "Well, is it just my
35 responsibility?" Well I think I'm honouring my
36 responsibility.

37

38 You know, last week I had a neighbour who owns a piece
39 of ground, and he lives in Sydney. You know, the biggest
40 biosecurity risk is the metropolitan area in my area,
41 because they come out and they buy blocks of land. And he
42 thought he'd do the right thing and let somebody who was
43 burnt out in another area put some sheep on his block. And
44 when they got there they were lousy, and he didn't know
45 what lice were. Now, who protects me from that?

46

47

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1 Now, I don't mean to be selfish, but at the end of the
2 day the framework you've got to come up with is a framework
3 who protects the person who does the right thing, but
4 informs the people who don't know. We've got people buying
5 land, and they don't know what they're buying, and nobody
6 is protecting them, and nobody is protecting me from them.
7

8 So at the end of the day, yes, I understand you've got
9 this hopeless task of a framework, but at the end of the
10 day what I want is just a system that works, and we haven't
11 had it for 200 years.

12
13 THE CHAIRMAN: Thank you for that. Could someone
14 perhaps explain how our inquiry will address the issues of
15 serrated tussocks.

16
17 MR HAYES: It's not just serrated tussocks. It's all the
18 issues.

19
20 MR CLAPHAM: Broader term is biosecurity.

21
22 MR LEVENTIS: The framework in general will address an
23 issue like that by asking - so if we're going to do
24 something about it, what is the nature of the problem, how
25 does a service that we're going to be providing address
26 that problem, and what's the market failure issue. The way
27 you're putting the issue right now is that an absentee or
28 an uninformed person is posing a risk to you.

29
30 So in the economic terms, that would be a negative
31 externality, where the actions of this individual are
32 flowing on to - are costing another individual. And that
33 is well recognised in the economic literature and in a lot
34 of these frameworks, and that's where this risk creator
35 idea comes in - that I am either hosting a problem or
36 imposing a problem on someone else. And the idea is to
37 address that issue.

38
39 And normally - this is in general rather than the LLS
40 context - for the impact or a polluter pays, this is how it
41 normally comes up - you tax the person doing the polluting.
42 So that's the issue. You are looking at a process of
43 addressing this person's inaction that's imposing
44 additional costs on you that otherwise will not be there.

45
46 So the framework does address these issues, because it
47 identifies the different market failures that exist. The

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1 one that you've put to us is related to the additional
2 costs imposed by others. And it's well-recognised how you
3 would do that. And that comes through the regulatory - can
4 come through a regulatory framework. It normally does.
5

6 I understand that not always does the duty of care
7 exist in the regulatory process, so I'm not sure how that
8 will be dealt with otherwise. That's something we are
9 looking into. But that's the general idea of the framework
10 - to understand what is the issue, and how will we address
11 it, and who is either being impacted or doing the
12 impacting, and whether it's right to go after the impactor
13 or the person that potentially benefits.

14
15 But if there is an issue like that, where somebody's
16 impacted someone else, we would usually look after the risk
17 creator in that first instance, because we're trying to get
18 them to internalise the cost of their activity, which
19 they're not doing if they're not doing the right thing. So
20 that's the idea in general.

21
22 THE CHAIRMAN: I mean, we're not deciding, I take it, how
23 much will be spent on addressing the problem of serrated
24 tussocks.

25
26 MR LEVENTIS: No.

27
28 THE CHAIRMAN: I mean, that's not our responsibility.

29
30 MR CLAPHAM: No. We are using that as an example.

31
32 THE CHAIRMAN: Yes. But what we're saying is that if the
33 Local Land Services boards does decide to do it, who should
34 pay? I mean, that's our question.

35
36 MR LEVENTIS: Yes.

37
38 MR HAYES: The next part of that issue, of course, is the
39 unwillingness of a regulator to do an adequate job. And I
40 don't want to get into the business of bashing local
41 government, but at the present time local government has
42 responsibility for the regulation.

43
44 Now, they come under a lot of criticism in our area
45 because they are not achieving a result. Their argument,
46 quite rightly, is that they don't have any more resources
47 to put to the issue, and they're gagged by things like rate

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1 pegging. But at the end of the day, they aren't achieving
2 an outcome, and they don't measure the outcome. The only
3 thing they measure is their level of busyness - that is,
4 the number of weeds inspections they do, rather than the
5 outcome they achieve - that is, the amount of weed that
6 they've either had increased or reduced in their area.
7
8 So the next part of that problem that I need to see addressed,
9 and I don't know whether any part of your recommendations
10 on the framework can address the outcomes
11 issue of the LLS as a regulator. And while I am on that
12 point, can I just say that we feel very strongly that all
13 biosecurity issues - that's weeds as well - should be put
14 under the one roof. That is the LOS. And not have this
15 part of it in local government.
16
17 Thank you.
18
19 THE CHAIRMAN: No, thank you.
20
21 MR MacDONALD: Can I just --
22
23 THE CHAIRMAN: You first, then Scot.
24
25 MR CLAPHAM: Mitchell Clapham. I'm Serrated Tussock
26 Working Party too. I just want to carry on from what Terry
27 said.
28
29 In biosecurity, in the framework, as you've indicated
30 on a previous slide, there needs to be a recognition and
31 appreciation of those that are doing the right job in
32 compliance, by way of either a rebate system or something
33 that does not disadvantage those that are undertaking the
34 appropriate level of regulatory control or whatever, that
35 are doing the right thing and not costing the rest of the
36 community money by not doing anything.
37
38 That's where the charge and the economic impost should
39 be on carrying out the job of regulation on those that are
40 not complying or doing their bit. We see that as a big
41 issue.
42
43 I'd just like to reinforce the previous speaker with
44 regards to the cost of biosecurity. We believe that as was
45 previously stated, if you live in the community you are a
46 possibly risk creator, but you're also a benefactor. So,
47 therefore, it should be the whole of community that should

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1 be - you know, a base cost on the whole of the community,
2 like the local government rate base. That's, to me, the
3 appropriate base from which to set a broad community rate
4 for the biosecurity, and also environmental management
5 because there is a whole-of-community outcome and benefit
6 for good environmental management.
7
8 So, you know, it's a whole-of-community thing, not
9 just, you know, between 10 and 2 hectares or whatever.
10 It's a whole of community. I believe that there should be,
11 you know, some sort of a base rate right across on the
12 whole of community.
13
14 On the point of local government not wanting to be the
15 collector of rates, that's fine. It doesn't matter whether
16 it's local government, LLS or an independent one but
17 I would have thought from the government's perspective it
18 is pretty cost-effective if you have one collector, one
19 ticket taker for rates. Those in the community that are
20 rated get one rate notice, have one bill to pay. That's
21 where there has got to be an efficiency in doing that.
22 Thank you.
23
24 THE CHAIRMAN: Just going to one of those - I think the
25 idea behind the frameworks we are developing is that those
26 that create the risk or the needed activity should pay for
27 it and from the way you have described it, certainly to
28 some extent that is individual land owners that are not
29 doing the right thing. So certainly those people should be
30 contributing.
31
32 MR MacDONALD: One of my fears is if you end up with a
33 very good framework - it's fair, equitable, risk benefit
34 and all the rest of it, and I'm sure you'll get there, I do
35 fear you are still going to have a structure LLS without
36 the capacity to do a lot of the necessary compliance work.
37 If I can just go back quickly to the citrus example: you
38 had powers, you have regulations for things like abandoned
39 orchards, for people not doing the right think, for the
40 free rider and all that sort of thing. I do see some of
41 that is a public sector problem within the DPI and I talked
42 about that with you before the meeting. So I don't know
43 how to answer that but even if you get the best resources
44 in the world, will the LLS have the powers, have the will,
45 have the framework, have whatever they need to actually
46 exercise those functions, which they might have the best
47 resources in the world they have, to tackle serrated

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1 tussock, to tackle Queensland fruit fly, or whatever the
2 risk might be at the time. If they still have - and I have
3 seen it there in Griffith in the Riverina where you have
4 the compliance officers - whether it be fisheries, whatever
5 - who are slow out of the blocks identifying a problem,
6 reacting because someone is on sick leave and someone only
7 works seven days a week and, you know, the office is 300km
8 away and then they have to go to the next manager in Dubbo,
9 whatever. With the money you need the power and the
10 regulation to back you.

11
12 THE CHAIRMAN: I think you just made that point.

13
14 MR HART: Just in support of the comments made by Terry
15 Hayes and his colleague, I can tell you that in the
16 Southern Highlands, which is an area that I am responsible
17 for currently, there are blocks owned by city farmers that
18 are covered by serrated tussock, where the cost of control
19 now exceeds the value of the property. That is the
20 worse-case scenario, I just wanted to make sure IPART
21 understood, and that is why they are so concerned about it
22 because this thing ultimately can completely wipe out the
23 value of property.

24
25 THE CHAIRMAN: Thank you. Further comments?

26
27 MR GIDLEY-BAIRD: Angus Gidley-Baird again. It wasn't
28 listed there as one of the groups - and I don't know
29 whether it is separate or not - for raising revenue but you
30 had the landholder, the community - I can't remember off
31 the top of my head now, there were three of them. On this
32 discussion about compliance and regulatory responsibility,
33 it has been raised about enforcement and things like that.
34 We don't have a position on it, so I am not going to make a
35 statement as to whether or not it is a right or wrong thing
36 but if we are looking at a system - and I presume we are
37 going to come up to it, possibly in the third part, about
38 auditing and the efficiency of a system and allowing for
39 exemptions and things like that and how they do or don't
40 work - but compliance and the cost of compliance, whether
41 or not there is another revenue stream in there in terms of
42 fines and those sorts of things. Now, I don't know that
43 the powers that exist at the moment for regulatory officers
44 and those sorts of things but is that another form of
45 revenue for these compliance activities that are required
46 under statute?
47

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1 MR REID: I think that is, yes.

2

3 MR GIDLEY-BAIRD: Is that something that would be covered
4 by what you are looking at for a funding framework?

5

6 MR REID: I think it is something we are going to have to
7 address, yes.

8

9 MR HUDSON: Geoff Hudson here again. Just a quick one.
10 What about, I suppose, external political decisions and how
11 they impact on the framework you want to develop? One of
12 the examples used in the Issues Paper was the Native
13 Vegetation Act and PBP's and I think you put in the example
14 that because landholders create the need for the service,
15 they should pay for that. That's an example. Now, we all
16 know that PBP's are free and that is a political decision
17 and that is pretty unlikely to change. I am just wondering
18 - that is just one example of what could potentially be
19 many political decisions that may be contrary to the pure
20 economic theory process and framework that you are coming
21 up with. I am just wondering how you may deal with those
22 types of situations.

23

24 MR LEVENTIS: With regard to the example in the Issues
25 Paper, I will say this - it wasn't a complete example, we
26 needed to run the process through something that existed.
27 We didn't have the backgrounding on what PVP's were and all
28 the interactions. So I would say use that as a way of
29 understanding how the process can be worked, the type of
30 answers you require, but you need the background
31 information so you answer them correctly. In that first
32 instance I'll say the PVP example and the other examples
33 are to illustrate the framework. More information would be
34 required to undertake it appropriately and that is where
35 the LLS's come in because they would be running the
36 framework, so they would have the background information.

37

38 Having said that, where charging goes against the
39 policy objective, where charging may make someone act
40 against their best interests or against reporting something
41 you would otherwise want them to, it may not be appropriate
42 to go ahead and charge but that is something that you would
43 consider as a part of the framework. Is it not only
44 efficient to go after them and can you identify it but do
45 charges lead to a perverse outcome and against the
46 objective of the regulation. So you need to consider that
47 as a part of the framework, it's not just running it by the

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1 numbers and seeing, "Well, this is what it is". In some
2 way it is because it will give you the economic theory but
3 that is also supplemented by information such as "Why are
4 you trying to do this and does charging lead to an outcome
5 against what you're trying to do". That wouldn't make
6 sense. So it allows for government objectives to be
7 included.
8
9 The framework, if you look at it - even in its current
10 draft state - you are looking at landholders, industry and
11 community. Where there is an express will of the
12 government to do something or whether there is significant
13 overwhelming benefits to the community, then if you were to
14 run the framework appropriately and ask the questions a
15 likely outcome is that the taxpayer would pay. Now,
16 whether that happens in actuality I don't know because, as
17 I said, the presence of the market failure provides reason
18 for the government to act. It doesn't necessarily mean
19 that the government will act because it has its own
20 priorities. It will always look to invest taxpayer funds
21 where it seeks to get the highest reward. As an economist
22 that is what I am saying. So if it does not, then there is
23 a discrete policy decision not to act in that space but the
24 framework will give you a guide to what the reasonable
25 position is - should you charge, should you not charge; who
26 are you looking at; who is the risk creators or the
27 beneficiaries. I think you do need to do that. Just for
28 the record, we are looking at putting examples in the next
29 version that will be more informed, with the service as
30 well.
31
32 MR GIDLEY-BAIRD: Angus Gidley-Baird again. Just going
33 back to that slide there and some of the comments before
34 about industry and some of the constitutional issues that
35 were raised, there may be other alternative ways of getting
36 industry funding and that is through different agreements
37 and arrangements with the current research development
38 corporations, groups such as that. I know, for example,
39 the dairy industry, Dairy Australia, had a large
40 contribution to the DPI for their extension roles that they
41 were undertaking for Dairy. So while it may not
42 necessarily be a direct industry cost to an identified
43 party, it may be an indirect collection through those RDCs
44 and an agreement between that RDC and that industry within
45 New South Wales that might allow for some industry funding
46 that could leverage against others, so just throwing that
47 in.

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1
2 THE CHAIRMAN: Anyone else? In that case we can do one
3 of two things. We can either have an elongated lunch break or
4 perhaps, preferably, we can do the third session
5 straightaway and then have lunch after we finish. Is the
6 agreement of the group that we go ahead and do the third
7 session? Okay, that's the course.
8
9 SESSION 3: WHAT SHOULD THE RATING BASE?
10
11 MR CLAY: Thank you, Jim. The purpose of this session is
12 to outline the rating issues IPART has been asked to advise
13 on. This will include an overview of the terms of
14 reference, the desirable attributes for service fees, an
15 overview of fees that are currently charged and issues
16 IPART has identified so far.
17
18 The terms of reference asked IPART to advise on an
19 efficient rating base for compulsory fee collection and fee
20 collection mechanism, giving specific consideration to how
21 well each rating base aligns with specific risk creators
22 and service beneficiaries and the appropriateness of
23 specific purpose levies and how they are determined.
24
25 IPART has identified the following desirable
26 attributes for LLS service fees. They should reflect the
27 efficient cost of providing a service - including the cost
28 of countering risk-creating activities; be simple and
29 cost-effective to administer - including an efficient
30 collection mechanism; comply with statutory and legal
31 constraints; and be clear and easily understood by
32 ratepayers.
33
34 Currently LHPAs are funded through fee-for-service
35 items sold to commercial operations and through rates. The
36 current minimum rateable land area for most LHPAs is
37 10 hectares. All rates are comprised of a base charge and
38 a variable charge. The variable charge is multiplied by
39 the notional stock carrying capacity, then added to the
40 base charge to calculate the total charge for each rate.
41 Total rates payable are calculated by adding the general
42 rate, animal health rate and any special purpose rates
43 together.
44
45 Currently CMAs are almost exclusively funded by grants
46 from the New South Wales and Commonwealth governments.
47 CMAs leverage participation from the community in form of

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1 co-payments, labour and materials. Under the legislation
2 CMAs do have the ability to levy rates, however, this is
3 only allowed to fund shortfalls in available funding for
4 catchment activities or if specifically authorised by the
5 regulations. Only the Hunter CMA has done this to date
6 through its flood mitigation levy. The Hunter levy is
7 collected by the local governments within the Hunter CMA
8 for a small percentage of the total money collected.
9
10 The issues that IPART has identified include matching
11 service fees with beneficiaries and risk creators;
12 different rates/levy options; problems with the efficiency
13 of special purpose rates; and efficient fee collection
14 options.
15
16 Firstly, we considered how different service fees
17 might align with different risk creators and beneficiaries.
18 We came up with this table to summarise our preliminary
19 thinking. Fee for service should only be used where the
20 benefit for the service or product can be restricted to
21 those who pay for it. Government funding should only be
22 used where the wider community is identified as beneficiary
23 or risk creator or where it is administratively inefficient
24 to collect from risk creators or beneficiaries. Rates or
25 levies can be as broad or targeted as each LLS board
26 desires, depending on the services provided, where it may
27 be possible to use different rate bases to target different
28 individuals or industries.
29
30 With regard to an efficient rate base, we identified
31 the following options based on our preliminary analysis.
32 These include notional carrying capacity, which is the
33 current LHPA rating base; land area, a per-hectare basis;
34 or unimproved capital value of land, which is currently
35 used by local governments.
36
37 With regard to minimum rateable land area, the LLS
38 could either leave the minimum rateable land area the same,
39 at 10 hectares for most LHPAs, with the exception of the
40 darling, western and LHPAs, or it could reduce minimal
41 rateable land area below 10 hectares to try and capture
42 risk creators of beneficiaries on smaller properties.
43
44 IPART has been asked to assess the appropriateness and
45 efficiency of special purpose rates. The issue with
46 determining the efficiency of special purpose rates, as
47 this table illustrates, is that it depends largely on how

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1 specifically they target beneficiaries or risk creators.
2 The broader and more uniform rates are, the more efficient
3 they will be to administer. However, this will mean that
4 the rate will less likely target actual beneficiaries and
5 risk creators. Conversely, the more specific or targeted
6 rates are, the less efficient they will be to administer.
7
8 IPART has also been asked to advise on an efficient
9 fee collection mechanism. Based on our preliminary
10 analysis, we have identified two options - the LLS could
11 either: enlist the help of local government to collect
12 rates on behalf of the LLS, however, unless the LLS use the
13 same rating base as local government - unimproved capital
14 land value - efficiency gains may be limited. Or they
15 could create a statewide LLS collection mechanism. We
16 believe that an individual collection mechanism for each
17 board would be inefficient.
18
19 Therefore, the key issues IPART would like comment on
20 with regard to service charges are as follows: are current
21 service fees - reflective of the efficient cost of providing
22 services; targeted at actual beneficiaries or impactors;
23 simple to administer and cost-effective; compliant with
24 statutory and legal constraints; and clear and easily
25 understood, and, given the range of services the LLS will
26 provide: (a) what service fee should be used (b) what
27 ratings bases should be used, (c) how should
28 special-purpose rates be determined, and (d) should
29 exemptions be allowed. Thank you.
30
31 THE CHAIRMAN: Thank you, Thomas, very much. We now
32 have opportunity for questions, comments, statements from
33 stakeholders in the audience. Who would like to go first?
34 Have we said it all?
35
36 MR HART: Just to start the ball rolling, since it seems
37 to be my job here today, just how should exemptions be
38 allowed? I would like you to consider the possibility of
39 landholders who actually have voluntary conservation
40 agreements. That has been considered when the Rural Lands
41 Protection Act has been looked at but it has never actually
42 made it through the system. You find yourself going to a
43 property which might be fully forested and yet they still
44 have to pay rates. I think if a person is prepared to
45 actually lock up their land in a voluntary conservation
46 agreement, which in my view is something that you are doing
47 for the sake of the community rather than yourself - and

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1 future generations - then I don't think you should have to
2 pay rates on them. That's my view.

3
4 THE CHAIRMAN: Do you want to comment on the reasons
5 why you think it has not been adopted in the past?

6
7 MR HART: I have no idea. It's a government decision, I'm
8 not privy to the reasons why but I don't think it's too
9 hard. If you have a situation where - if you get rid of
10 carrying capacity assessments, then perhaps it might become
11 difficult but at the moment if somebody has a carrying
12 capacity that they challenge, we actually send somebody out
13 to assess the property and it would be just as easy to go
14 out and assess the place as to whether or not it had a
15 voluntary conservation agreement that was viable.

16
17 MR HUDSON: Can I just point out that voluntary
18 conservation groups are exempt from local government rates.
19 There is actually an agreement between the state government
20 and the landholder which council play no part in, yet the
21 cost impact is on council rates not on state government
22 revenue and we find it quite ironic that they don't want to
23 stop what will be a state government authority from
24 collecting rates but they are quite happy to stop local
25 government collecting rates on that same block of land for
26 the same rates.

27
28 THE CHAIRMAN: Thank you for the comment.

29
30 MR MacDONALD: Just a comment. I was a bit surprised
31 how down you seemed to be on the special purpose levies, if
32 you like. I will come back again to that citrus levy. When
33 you have that free rider effect, when you have free riders
34 there, if you don't have a special purpose levy are you not
35 making the whole task harder? Are you not putting a price or
36 value on the industry? Are you not sending a signal to
37 those in the industry what the costs and benefits are and
38 all that sort of thing? So more just a comment.

39
40 MR CLAY: What I was getting at was trying to link up with
41 what Peter was talking about, which was identifying
42 beneficiaries and risk creators specifically. The more
43 you try to narrow down on how much they actually benefit
44 from the service or how much risk they actually create, the
45 more work is required, which might be more costly
46 to implement. But in the case of a broad-based rate, I'm
47 just making a point about the efficiency of a broad-based

1 rate, which is a lot easier to implement. So it's not that
2 they shouldn't be used, it is just what is the balance you
3 want to strike between how targeted they are or how broad
4 they are, basically how efficient they are.
5 I am not saying they shouldn't be used, I am just saying
6 there is a trade-off that needs to be acknowledged.

7
8 THE CHAIRMAN: I think one of the slides show there are a
9 number of levies in existence anyway.

10
11 MR CLAY: Yes.

12
13 THE CHAIRMAN: That actually exists.

14
15 MR HAYES: Terry Hayes again. I worry a little bit about
16 the whole issue of exemptions, in that if you exempt a
17 landholder, for instance, from rates - take the example of
18 the national parks in some areas of the state. There are
19 huge areas there that don't pay rates to the local council
20 and yet for a whole lot of reasons the council has got to
21 supply services to the area and so therefore it can't
22 collect anything towards those services. So that imposes
23 everything on the other ratepayers in the area. I think
24 you want to be careful of the same thing with regard to
25 local land services, in that they have got to provide a
26 service and quite often these services that are provided to
27 small landholders are very difficult, simply because they
28 are hard to find and there is a lot of them. So it becomes
29 very costly to the Local Land Service to provide a service
30 to a small landholder compared to the same service to a
31 larger landholder. I am not suggesting larger landholders
32 don't pay, I am saying there is a problem there.

33
34 I think we should be very careful about providing
35 exemptions simply because it is a small area or it's urban
36 or it's whatever. For instance, a lot of the weed problems
37 come out of local gardens in the first place. They are
38 actually the cause of the problem. Let's not let it divide
39 the community but nevertheless let us recognise the
40 reality.

41
42 I think that what you have got to do is get as
43 efficient a system of funding as you can and not get too
44 pedantic about what 's fair and unfair. I see a situation
45 in my area where people are suggesting that properties that
46 host wind farms should be rated more highly, simply because
47 they are getting this income from the wind farm. Maybe the

1 only way to do it is a special rate on the wind farm but,
2 alternatively, if their income was taken into account in
3 the unimproved capital value of the land, then that would
4 affect what the LLS would get, if you put LLS rates on
5 unimproved capital value. I don't know how you overcome
6 that to the nth degree but I think you should avoid
7 becoming too pedantic about every little issue.
8
9 THE CHAIRMAN: Thank you.
10
11 MR GIDLEY-BAIRD: Angus Gidley-Baird. Probably just
12 covering off the points that had been provided in our
13 submission anyway just generally around service fees and
14 rating. Our current policy position is that we support
15 extending the ratepayer base down to 2 hectares, with those
16 between 2 and 10 paying a base rate. We also support
17 public landholders being ratepayers as well. As Terry was
18 alluding to, basically, they do contribute and harbour a
19 number of weeds and pests but yet at the moment they escape
20 paying for that and those in the community have to, or
21 those landholders have to.
22
23 We support the use of a base rate which possibly could
24 be used for funding some of those, I suppose, broader
25 community operations and then the use of more specific
26 rates, such as the animal health rate, possibly an
27 intensive industries rate, the pest insect levy, those
28 sorts of things that could be more targeted but again, if
29 you add too many layers to it you add further complexities
30 and it becomes more and more difficult.
31
32 One of the things that does come up from time to time
33 amongst our members is those cropping industries and
34 horticultural industries and, I suppose, their role or what
35 their role will be in the LLS. Obviously there are pest
36 and weed issues and environmental issues that they are
37 exposed to but the animal health side of thing, if they
38 don't run livestock, then they won't be beneficiaries of
39 the biosecurity-type arrangement. Generally that's our
40 preference. The other one was that we support the current
41 notional carrying capacity as the way of establishing it.
42 Geoff is here and Mitch is over there. Numerous
43 conversations I have had with them about land value as
44 opposed to unimproved capital value because there are some
45 capital improvements that are currently included in the
46 valuer-general's assessment of land value and how that
47 reflects the actual income-earning capacity of that

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1 property and/or the risk that they are exposed to.
2
3 I would be interested - there was someone behind me
4 who actually said that he owns property here in Sydney and
5 some in the outer west and how those two land values
6 compare and if it was changed to a land value process,
7 whether or not he would end up paying more for a smaller
8 block in Sydney and the larger block out west. We believe
9 notional carrying capacity reflects the biosecurity risk
10 that these operations are exposed to and therefore should
11 be the base for which their rates are calculated.
12
13 THE CHAIRMAN: Thank you very much. Who's next? Any
14 final comments people want to make? Things they would like
15 to tell us that we haven't given you the chance to say up
16 to now?
17
18 MR MOEGE: Sascha Moege from Local Government NSW.
19 Just a few comments on the collection mechanism and the idea
20 that local government could do that. I think while it appears
21 to be some appealing suggestion on the surface, it would
22 have a few concerns and the first one is really about
23 accountability and transparency because what you do in a
24 way is you create public perception that local government
25 would have some sort of influence over the decisions that
26 are being made to be the person that might have to pay;
27 complaints might go to local government; that collection is
28 an issue as well. So in terms of accountability, it might
29 be a better option to look at - in terms of the entity that
30 actually provides the service and makes the decision, to
31 also collect the charges or the fees, or whatever you have,
32 so that there is a direct link between that entity and the
33 person who has to pay. That obviously has a benefit for
34 that entity local land service as well because they are
35 then directly exposed to any issues around charging, where
36 issues always come up - complaints and so on - and they
37 would have to deal with that.
38
39 The other issue with that is I think a look needs to
40 be taken at the State-wide collection, which you have given
41 some thought to already. The unimproved capital values of
42 properties is available through the Valuer General. So
43 local government uses those at the moment, and anybody else
44 could use them as well. The Office of State Revenue, for
45 instance, could use them. That might actually be more
46 efficient for a State-wide entity to do that and use the
47 values that are available for everybody, so you don't

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1 actually need to use local government for that.
2
3 And that might have some benefits also in terms of
4 complaints handling, where you have a uniform system for
5 that, that collection and so on. If you don't want to give
6 it to the Local Land Services individually.
7
8 So there are some ideas maybe, that thought could be
9 given to when looking into that. If you really want to end
10 up with local government, be some sort of collector of
11 charges/fees, then obviously - and we had the similar
12 position, as you know, for the fire service levy, and would
13 need to be clearly identified that that is not something
14 that local government charges for, but Local Land Service,
15 on any invoice or anything, so that people know that
16 complaints would probably need to be directed to that
17 entity - you know, to local government.
18
19 And that was indicated already - there should be a fee
20 that would allow local government to recover any cost
21 associated with that activity. So these are just a few
22 points on what this kind of collection mechanism for local
23 government thinks.
24
25 THE CHAIRMAN: Thank you.
26
27 MR HART: I'm glad to hear our friends from local
28 government consider it might actually be a possibility that
29 they'll get to collect the levy, and certainly it should be
30 - I totally agree - it should be identified as to what it's
31 for, and any complaints directed to the LLS, rather than to
32 local government. But our experience LHPAs, RLPBs - we've
33 been collecting levies on behalf of the State for decades.
34 And, you know, I'm not saying it's a great thing, but, you
35 know, the State makes us do it.
36
37 We collect a meat industry levy at the moment, which
38 goes directly to the state for part funding of
39 New South Wales Food Authority. It's a levy that creates
40 complaints, but we obviously tell people that that's a levy
41 that we are forced to collect on behalf of the State, and
42 it goes to fund an organisation that, it could be argued,
43 should be funded from consolidated revenue - but perhaps
44 that's a political comment.
45
46 THE CHAIRMAN: Any more final comments? Your last
47 chance.

1 MR GIDLEY-BAIRD: Not one associated with the rate or the
2 base itself, but more about the accounting and financial
3 reporting that's going to be needed. We are combining
4 three entities here, each with their own funding streams
5 and each with their own reporting requirements that they
6 need to meet, and I suppose questioned by landholders in
7 the past as to, you know, where their rates go, how much is
8 delivered back to them in the service.
9
10 And I'll be frank - the biggest discussion we have
11 amongst our members - and it's close to 50/50 in terms of
12 supporting LHPAs, but the biggest bugbear for them is
13 knowing that they have to pay rates, and writing the cheque
14 every year, but then not seeing the direct service come
15 back to them, and I think one of the challenges with the
16 establishment of the new LLS is I'm glad to see that
17 they've got, you know, strategic planning and auditing and
18 financial reporting in the legislation, but it will be how
19 well that's done, and how well the costs and benefits are
20 actually identified in that so people can clearly
21 understand, and we have that transparency there to know,
22 "Well, okay. I know what that levy is being paid for and
23 where it's going, and how much is raised and where it's
24 coming back to me."
25
26 I think that's one of the real challenges and, you
27 know, it is no secret because it was in the budget papers,
28 because the Federal Government hadn't actually allocated
29 the NRM component because they were still looking at the
30 application. So to meet all those requirements, the
31 financial reporting is going to have to be pretty good.
32
33 THE CHAIRMAN: Okay. Well, I think we might close the
34 session now. I'd like to do so by thanking everyone for
35 attending today's forum, and for your contribution to the
36 discussion, helping us better understand what's required to
37 develop a funding framework for Local Land Services.
38
39 Realising some of you have come some distance today to
40 be here with us, so we are grateful for the effort you made
41 to be with us today. And for the, I think, constructive
42 contribution and the spirit in which these discussions have
43 been held, which I think has been very good. It's good, I
44 think, to have a bit of a conversation between us and you
45 about the issues and we'll benefit from that.
46
47

1 A transcript has been taken. The transcript from
2 today's forum will be available on our website within the
3 next week.

4

5 Perhaps a bit hard to summarise the discussion, but I
6 think a clear message has been the importance of smaller
7 landowners as risk creators. I think that has come through
8 very clearly out of today's discussions.

9

10 As advised, we plan to release a draft report at the
11 end of August, and then there'll be a further opportunity
12 for stakeholders to comment on our findings. And there'll
13 be a public roundtable in mid-September. So that's the
14 next stage of this inquiry. You'll be able to see what our
15 thoughts are at that stage.

16

17 So, once again, thank you everyone for attending and
18 we'll close the forum. I believe we have some lunch
19 available. You are most welcome to join us for lunch.
20 Once again, thank you very much.

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22 AT 12.31PM THE TRIBUNAL WAS ADJOURNED

23 ACCORDINGLY

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