

Second Reading

The Hon. IAN MACDONALD (Minister for Primary Industries, Minister for Energy, Minister for Mineral Resources, and Minister for State Development) [11.23 a.m.]: I move:

That this bill be now read a second time

The Rural Lands Protection Amendment Bill 2009 will bring about necessary changes to the Livestock Health and Pest Authorities rating system. The bill will prevent excessive rate increases in the future and protect the gains brought about by recent reforms to the Livestock Health and Pest Authorities system. As my honourable colleagues in this place may recall, these reforms were the result of amendments made to the Rural Lands Protection Act 1998, which were passed by this Parliament in December last year. These reforms were directed at improving the long-term viability and ensuring the relevance of the system. These reforms were the result of two significant and independent reviews of the Act.

The first review was the New South Wales Rural Lands Protection Board System Review 2008. This fundamental review of the board system was commissioned by the State Council of the then rural lands protection boards. The review was presented to the New South Wales Government in June 2008. The second review was the Rural Lands Protection Boards Rating System, undertaken by the Hon. Richard Bull, which was completed in July 2007. Extensive consultation occurred with stakeholders during these two review processes. Ratepayers and members of the board system were consulted. Public meetings and workshops were held and submissions were received in response to the two reviews. Key stakeholders included the New South Wales Farmers Association, catchment management authorities, Animal Health Australia and the Department of Lands.

It was noted at the time, and I will remind the House again, that the then shadow Minister for Primary Industries was quick to support the recommendations from the review commissioned by the State Council—the review, I might add, on which much of last year's bill was based. The majority of the amendments resulting from the 2008 bill commenced on 1 January 2009, and have resulted in major structural and operational changes to the former rural lands protection board system established under the Act. As part of these reforms, the 47 boards were amalgamated into 14 Livestock Health and Pest Authorities. These reforms also included changes to the rating system to make the system more equitable and easier to understand for ratepayers. These changes implemented recommendations made in the report I have mentioned on the rating system by the Hon. Richard Bull.

Some of these changes came into effect this year. This included abolishing minimum rates and increasing the minimum rateable area to 10 hectares. Changes to the Act allowed authorities to set rates consisting of a base amount and an amount payable based on the total notional carrying capacity of the land. Lastly, the changes provided authorities with the capacity to rate differentially by choosing to set different rates for the former board districts that were amalgamated into the new authorities. The Livestock Health and Pest Authorities system is funded largely by ratepayers. This allows the system to provide a range of vital services to the rural community. These services include administering the control of declared pest animals and insects, providing animal health services, managing travelling stock reserves, administering stock identification systems and locally administering drought and other natural disaster relief.

It is because of this central role the ratepayers play in the system that I am at a complete loss as to the actions of a minority of the authorities in relation to the rates they set this year. A few of the authorities raised rates this year far beyond recent consumer price index levels. While eight of the 14 authorities across the State kept rate increases below the consumer price index, including one authority that actually decreased its rates, a minority have imposed excessive increases on their ratepayers. The overall increase in total rates collected from 2008 to 2009 was 5.45 per cent—from \$27.5 million to \$29 million. However, three authorities raised rates far beyond the consumer price index levels. Cumberland increased its rates by 25.59 per cent, the mid coast by 23.26 per cent and the North Coast by 9.02 per cent.

Regardless of the overall increases, individual ratepayers have experienced larger variations, both increases and decreases, resulting from how individual Livestock Health And Pest Authorities have responded to changes to the rating system and the overall reforms. The reintroduction of the special purpose pest insect levy in 2009 added to the perception of significant rate increases. This levy had nothing to do—and I repeat nothing to do—with changes brought about by amendments to the Act last year. The levy is vital in the fight against pest insects such as the Australian plague locust. Money collected is paid into the Pest Insect Destruction Fund, which contributes to the costs of plague locust control campaigns and the Australian Plague Locust Commission.

The 2008-09 plague locust control campaign is estimated to have cost approximately \$4.7 million. This is a solid investment when one considers that in the south and central west of the State, approximately \$815 million dollars in pastures and crops were saved during this last spring and summer. Due to the drought, the levy was deferred over three years from 2006 to 2008. The shortfall from deferring the levy was funded by way of loans

from the Government. These loans must be repaid and continued deferral of the levy is simply not sustainable. It is clear that a minority of the authorities have not given adequate consideration to the effect of the 2009 rates on ratepayers.

As the Act currently stands, the Government—or I as the Minister for Primary Industries—does not have the power to direct individual Livestock Health and Pest Authorities with respect to rates. The legal advice I have received on this matter is unequivocal. To understand the nature and the structure of the system, the Act must be read as a whole. As it stands, the Act establishes the State Policy Council of Livestock Health and Pest Authorities; the State Management Council of Livestock Health and Pest Authorities; and 14 individual Livestock Health and Pest Authorities. None of these entities are part of the Government. In fact, the Act states specifically that none represents the Crown for any purpose. Put simply, the Government does not have controlling powers on rate setting. Section 62 of the Act clearly states that:

An authority must make and levy a general rate each year on all rateable land in its district. An authority must make and levy an animal health rate for each year.

While section 10 does give the Minister for Primary Industries a supervisory role in relation to the State Management Council, that role is only in relation to the functions of the State Management Council. Rate setting rests with the individual authorities, over which neither the Government nor I, as Minister for Primary Industries, have any control. The actions by a minority of authorities and the absence of any checks and balances on their ability to set rates compromises the objective of delivering a rating system that is more equitable and easier to understand. The situation experienced by some ratepayers this year is simply not acceptable and cannot be allowed to be repeated. It is on this basis that these new amendments to the Act are now sought.

This bill will make amendments to the Rural Lands Protection Act 1998 and the Rural Lands Protection Amendment Act 2008. Firstly, the amendments will give the Minister for Primary Industries the power to approve all rates set by authorities and the State Management Council. Secondly, the amendments will defer replacing notional carrying capacity with an amount payable per hectare. The first amendment addresses the issue that there is currently no specific provision in the Act for the Government, or the Minister for Primary Industries, to approve rates set by authorities or the State Management Council. Providing this additional level of ministerial oversight will ensure rate increases are equitable and fair, and that excessive increases are avoided in the future.

The second amendment will provide ratepayers and the authorities with more time to adjust to the significant reforms to the system. It will also allow authorities time to plan their approach to setting rates and to provide a smooth transition to calculating rates on a per hectare basis in the future, which was the result of these inquiries. Over the past one hundred years successive Governments on both sides of the House have chosen to support and maintain this system. This support has remained constant throughout its manifestations over the years, from its beginnings dealing with sheep disease to pasture protection boards to rural lands protection boards and finally in its current form involving Livestock Health and Pest Authorities.

Throughout these changes, the system has retained at its core an independence from Government, and has provided an effective forum for local decision making to be done at the farm gate level. However, based on what has unfolded this year and the clear lack of judgement by a minority of authorities in setting rates, it is evident that this autonomy at the local level needs to be balanced with a degree of ministerial oversight of rates. This is a fine balance and it is important to get this right. It is vital that any changes retain the core element of the Livestock Health and Pest Authorities system, this being its independence from Government and autonomy at the local level. This bill delivers this balance. This legislation responds to the concerns of rural communities and ratepayers in New South Wales for ministerial oversight of rates. It is sensible and needed legislation and I commend the bill to the House.