

Legislative Council Hansard – 11 October 2017 – Proof

LOCAL LAND SERVICES AMENDMENT BILL 2017*Second Reading*

The Hon. NIALL BLAIR (Minister for Primary Industries, Minister for Regional Water, and Minister for Trade and Industry) (15:46): I move:

That this bill be now read a second time.

I ask the House to consider the Local Land Services Amendment Bill 2017. This bill has two key purposes: First, it will strengthen the governance of Local Land Services to ensure effective service delivery for regional and rural communities, both now and into the future; and, secondly, it will improve pest management outcomes by ensuring funds can be targeted to regional pest priorities. When Local Land Services was formed in 2014, it represented the most fundamental change to regional service delivery since the 1940s. For the first time we had one organisation that provided biosecurity, natural resources management, emergency response and agricultural advisory services across the State.

Local Land Services is a customer-focused organisation. It supports communities across rural and regional New South Wales to improve primary production within healthy landscapes. The organisation is made up of 11 regions covering each corner of the State. Each region is overseen by a local board to ensure that services are delivered regionally and tailored to suit the needs of each community, industry and landscape. The central board, currently called the Board of Chairs, is comprised of chairs of each of the local boards and its own chair. The Board of Chairs is responsible for the delivery of statewide priorities in accordance with the Local Land Services State Strategic Plan. The Local Land Services model means we have people on the ground in every region of this State, providing face-to-face assistance to help rural and regional communities be profitable and sustainable into the future. I have seen firsthand the on-ground successes that have been delivered already out of this model for customers, communities and ratepayers.

Local Land Services has been operational for only a relatively short time. Its establishment involved combining three legacy organisations with very different organisational cultures into a single entity, implementing an evolved operational model, and establishing recognition of the new agency in the community. As such, it is reasonable to expect that some aspects of its governance arrangements are still maturing. The Government has been testing and reviewing the operating model for Local Land Services to ensure it can meet the needs and expectations of the communities it supports effectively.

Over the past two years, Local Land Services has undergone audits and reviews across a broad range of areas. This includes an independent audit of governance arrangements, which was conducted by the Natural Resources Commission at the request of the Government. The audit identified areas in which Local Land Services is doing well, such as the use of systems to promote ethical behaviour and manage conflicts of interest. It also recognised that Local Land Services is an organisation where staff are respected and the diversity of their skills is valued. The audit also identified opportunities for Local Land Services to make improvements, for example, through clarifying roles and responsibilities across the organisation and improving strategic planning processes.

The Government carefully considered the recommendations of the governance audit, and published its response in December 2016. The organisation model of central and local boards of the Local Land Services was designed to facilitate regional decision-making. This structure is unique, which meant it needed time to evolve, and to identify the governance practices that would best suit its business model and customers. The bill amends the Local Land Services Act to enhance strategic direction setting across the central board and the local boards. These changes will improve accountability and allow the local boards to concentrate on regional priorities. The changes will also provide greater clarity for staff so that the organisation is in a better position to deliver State priorities and Government reforms.

In addition to this bill, late last year I announced a comprehensive list of priorities for Local Land Services over the next three years. These priorities will implement the recommendations from multiple audits and reviews, and set up Local Land Services for the future. These priorities include: strengthening governance through an improved strategic focus, tighter board processes and improved communications about roles, responsibilities and decisions; developing consistent approaches to branding, communications and stakeholder engagement across all regions; modernising customer service through a new delivery model; implementing a range of strategies to improve financial sustainability, including new sources of revenue, more efficient ways of operating and delivering services, and attracting funding; and partnering with the Department of Primary Industries to deliver new and improved programs and services across biodiversity, biosecurity and agricultural production.

These priorities have been well received by key stakeholders and local communities. I am confident that this bill, in conjunction with the actions I have just outlined, will strengthen the Local Land Services model and position the organisation to effectively meet the expectations of local stakeholders and the Government. In addition to strengthening the governance of Local Land Services, this bill will also deliver improvements to the funding framework for managing pest animals in our regions. Importantly, there will be no change to the pest management rate level resulting from the amendments in this bill. Under the Local Land Services Act 2013, a Special Purpose Pest Insect Rate is collected from all ratepayers across the State, and used exclusively for locust management activities.

Pest insect rates have been collected by the New South Wales Government since 1934. The rate was introduced originally at a time when broad acre cropping was expanding across Australia. Unfortunately, this meant locust activity was also expanding, as their habitat increased. The Pest Insect Rate is expected to raise \$6.2 million for the 2018 - 19 year. The Pest Insect Rate funds the purchase of insecticide for locust control, aerial surveillance and treatment, as well as operational expenses. It also funds the contribution of New South Wales contribution to the Australian Plague Locust Commission, which plays a critical role in the delivery of a coordinated response to locust plagues across State boundaries.

Locust plagues can have a devastating impact on primary producers and rural communities. Controlling large locust plagues is expensive, but the evidence shows that this investment is money well spent. In 2004 the Government spent \$23 million controlling a locust plague. The locusts consumed 1.4 million tonnes of vegetation but without the Government's intervention, more than 23 million tonnes would have been consumed. Furthermore, a cost-benefit analysis of control campaigns has shown that for every \$1 spent on controlling locusts \$20 in production is saved. Improvements in early detection and responses to locust outbreaks, coupled with the careful management of locust management funds, means that the Government currently has adequate resources to respond to future plague events. From this strong position, the Government is now able to put forward improvements to the pest management framework, to ensure that resources can continue to be used efficiently.

The pest management rate was introduced originally in direct response to the concerns of farmers about the impact that locusts were having on their crops. Fast forward 83 years, and the Government is again demonstrating that it is listening to the needs of our farmers. For the first time, funds will be available for the management of other priority pest animals, in addition to locusts. This means that all ratepayers will see a greater return on their rates, as their rates are invested into managing the pest priorities in their region. This is particularly important for ratepayers living in areas where locusts are not the primary threat to industries. This change was a key recommendation of the State-wide Review of Pest Animal Management of the Natural Resources Commission. This was also identified as a key issue in the review of the Funding Framework for Local Land Services of the Independent Pricing and Regulatory Tribunal [IPART].

Regions will now have the funds to help them manage other local pest animals, such as cattle tick and wild dogs. In some Local Land Services regions, wild dogs have a significant financial and emotional impact on sheep and cattle producers. In some cases, even best practice management by landholders, including coordinated baiting and other local wild dog management plans, is not enough to manage problem wild dogs that have learned to avoid the baits. For situations like these, this additional funding could be used to engage the services of professional trappers to provide much-needed assistance to landholders. To ensure that our ability to respond to plague locust events is not compromised, I have asked the Plague Locust Management Group to oversee the expenditure of pest management funds.

The Plague Locust Management Group comprises Local Land Services, the Department of Primary Industries, and the NSW Farmers' Association. Each year, this group will determine how much funding is required for locust management. Based on this determination, residual funds will be available to fund regional pest priorities. This approach reflects the Government's position that locust management should remain the highest priority. I have also asked the Plague Locust Management Group to develop a framework for allocating pest management funds to Local Land Services regions. I look forward to receiving their recommendation. The State Pest Animal Committee will also play an important role in this framework. The committee includes representatives from Local Land Services, local government, the Department of Primary Industries and National Parks and Wildlife Service. It also includes key non-government stakeholders from NSW Farmers, Landcare, the RSPCA and the Nature Conservation Council.

The committee was established to provide coordination and leadership as part of an overall statewide biosecurity framework. This includes providing advice to the Minister on pest control actions to be taken under the Biosecurity Act. The committee structure and membership has been designed to ensure that this advice is developed through a consultative process. It also means that the on-ground expertise of officers from Local Land Services feeds up into this advice. One of the roles of the committee will be to oversee the development of regional pest animal management plans, which will identify the pest priorities for each of the Local Land Services regions. These plans will in turn be used to direct pest management funds to where they are most needed.

The Government also recognises that animal welfare is an important consideration in the management of pests. New South Wales is leading the nation in this space. Animal welfare is a key consideration in the assessment of all pest control measures used in New South Wales. Researchers from the Department of Primary Industries have led the way for the rest of the country, with the development of a humaneness matrix that is used to assess different pest control techniques. This approach delivers best practice pest animal management by enabling humaneness to be considered alongside other factors, such as efficacy, cost-effectiveness, practicality, target specificity and operator safety. The amendments in this bill will mean funds are available to address each region's specific pest priorities. These priorities will be identified in Regional Pest Animal Plans, which will be developed over the next eight months. The development of the plans, which will be released for public consultation, will be overseen by the State Pest Animal Committee.

I now turn to the detail of the bill. The Local Land Services Amendment Bill 2017 will deliver a more effective governance structure by changing the Act in a number of key ways. First, the bill separates the strategic functions of the central board and local boards from the operational responsibilities of Local Land Services.

Under the current framework for the Local Land Services Act, the chair of the central board is responsible for both setting strategic direction and managing the day-to-day operations of Local Land Services. These dual roles impose competing demands and impede the chair's ability to deliver these responsibilities effectively. The bill will address this by introducing changes that will provide adequate separation between the strategic role of the central board and local boards, and the operational role of the Local Land Services executive and staff.

The amendments make it clear that operational management is not the role of the central board or local board. Instead, this will now be the responsibility of the newly created chief executive officer role. The chief executive officer will be appointed by the Secretary of the Department of Industry. The chief executive officer will be responsible for the day-to-day management of Local Land Services in accordance with the central board's policies and directives. Assigning these responsibilities to a chief executive officer will allow the chair and the central board to have a greater focus on critical statewide issues. This arrangement reflects a more orthodox corporate structure.

The key responsibilities of the chair are unique to this role and involve building and maintaining effective relationships with the 11 regional chairs and their board members. The chair is responsible for ensuring that Local Land Services is authentically grounded in local decision-making in its priorities and services. At the same time the chair must ensure that Local Land Services is efficient and effective in meeting statewide standards and targets for service delivery across the 11 regions, which has a total budget of \$225 million. This is in contrast to the local chairs, whose regions have an average budget of around \$14 million. The responsibilities of the Chair of Local Land Services Board are far greater than that of a local chair. In assessing appropriate pay scales, both positions have been through a rigorous independent evaluation process that describes the key functions and areas of responsibility, including budget responsibilities and decision-making powers.

While the Chair of the Local Land Services Board will be appointed by the Minister, the remuneration of the chair will be determined under the Government Sector Employment Act, which is an important reform passed by this Parliament in 2013 and implemented by the Public Service Commission. This framework provides a rigorous process for determining the pay band for senior executives, based on an evaluation of the nature and complexity of each job. This evaluation has been done for the role of the Chair of the Local Land Services Board and the band and remuneration level determined accordingly. This is a transparent and well-established process, and also applies to many other statutory office holders across New South Wales. The chair will be remunerated at a pay scale equivalent to a lower level band 1 senior executive and is expected to work in the role on a part-time basis. The bill also extends the maximum term of the chair and all local board members from three years to four years, which will provide continuity and help Local Land Services to retain important corporate knowledge.

The second main area of amendments in this bill relates to specifying the responsibilities of the central board, which is to be renamed the Local Land Services Board. While the Local Land Services Act 2013 currently sets out a prescriptive list of functions vested in Local Land Services, it does not clearly articulate the role of the central board. This bill specifically enshrines the strategic responsibilities of the Local Land Services Board in the Act to enhance clarity around its role and increase its accountability. Specifically, the bill sets out that the functions of the central board are to determine the general policies and strategic direction of Local Land Services and to determine the policies, procedures and directions that will apply to local board functions.

Examples of the policies for which the central board will be responsible include organisational governance and strategy, risk management, service delivery priorities and community engagement. These amendments address the recommendation of the Natural Resources Commission's governance audit that the central Local Land Services Board have a strategic focus on critical statewide issues. Importantly, the changes allow local boards to concentrate on regional priorities. This strong regional focus was a key factor in the design of Local Land Services, and the Government remains committed to this decentralised model.

The third key area relates to the pest management funding framework and amends an existing provision of the Local Land Services Act 2013. The key change is that funds will now be available for managing all priority pest animals, not just restricted to locusts. This will mean that resources are more efficiently allocated across the State to address regional pest priorities. Despite these changes, the management and eradication of locusts will remain the first priority. This means that the level of funding available for managing other pests will be less in years where there is a locust plague event. The changes to the funding framework will not apply retrospectively. This means that the current balance of funds collected under the Special Purpose Pest Insect Rate—approximately \$24 million—will remain dedicated to locust management activities. The amount of funds available for locust management will be maintained at a level sufficient to respond to a large locust plague event.

The bill provides for the repeal of part 10 of the Local Land Services Act. This part will be repealed in the coming months when the biosecurity regulations are finalised and ready to come into force. I reassure the House that this will not erode pest control powers. Rather, the new framework will provide for equivalent arrangements in a more effective and enforceable way—for example, under the existing framework a declaration of pests is done by a pest control order. This is not necessary under the Biosecurity Act because pests can be effectively managed using a combination of other tools such as mandatory measures and the General Biosecurity Duty. That duty will require landowners to control pests on their land to minimise biosecurity risks to their own land and livestock, as well as their neighbours' land and livestock. Where a landowner is not meeting their general biosecurity duty in relation to a pest animal, an authorised officer, which includes Local Land Service officers authorised under the Act, will be able to issue a biosecurity direction requiring the landowner to take specific actions to manage that biosecurity risk.

The Government has undertaken targeted consultation with a number of key stakeholders on the amendments proposed in this bill, including the Natural Resources Commission, Public Service Commission and NSW Farmers' Association. Discussions have been held with these parties and other members of the original Local Land Services establishment reference panel, including Landcare NSW and Local Government NSW, to ensure that the changes proposed support the original intent of Local Land Services when it was set-up more than 3½ years ago. In addition, the Local Land Services Board has also been consulted and is supportive of the changes to the Local Land Services Act 2013. These changes will provide the clarity and direction that local chairs need now that the new boards are in place, after the recent board member election process.

The bill amends the Local Land Services Act 2013 to establish an effective functional structure for New South Wales Local Land Services and to deliver a more effective pest management funding framework. These amendments will strengthen the critical role that Local Land Services plays in delivering its core functions of agricultural advice, biosecurity and natural resource management, and emergency assessment and response. It demonstrates the Government's strong and ongoing commitment to Local Land Services, and to supporting our primary industries sector and regional communities. It will enable Local Land Services to build on the successes of the past 3½ years and to continue to deliver critical services that are valued by customers, ratepayers and communities. These changes will ensure that Local Land Services is able to better function as one cohesive organisation, delivering regional priorities under the umbrella of one statewide Local Land Services Board. I commend the bill to the House.