

**LOCAL LAND SERVICES AMENDMENT BILL 2017***First Reading***Bill introduced on motion by Mr Paul Toole, read a first time and printed.***Second Reading***Mr PAUL TOOLE ( Bathurst—Minister for Lands and Forestry, and Minister for Racing)  
(16:56):** I move:

That this bill be now read a second time.

This bill has two key purposes: firstly, 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 provides a range of services and advice to farmers, landholders and 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 named the Board of Chairs, comprises the 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 already have been delivered out of this model for customers, communities and ratepayers.

My electorate sits in the Central Tablelands region of Local Land Services. This region makes up about 4.2 per cent of New South Wales's annual value of agricultural production and almost 10 per cent of our agricultural businesses are based there. Needless to say, Central Tableland's Local Land Services plays a critical role in supporting those agricultural businesses. Local Land Services has only been operational for a relatively short time frame. Its establishment involved combining three legacy organisations with very different organisational cultures into a single entity, implementing an evolved organisation 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 effectively meet the needs and expectations of the communities it supports.

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 to manage conflicts of interest. It is 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 has carefully considered the audit recommendations about how Local

Land Services' governance processes can be strengthened. The Government published its response to the audit in December 2016.

The bill before the House is a direct response to the governance recommendations in the Natural Resources Commission's audit. The bill amends the Local Land Services Act 2013 to implement best practice governance and to enhance strategic direction setting across the central board and local boards. These changes will increase the focus of the central board on key issues relating to strategy, corporate governance, risk and financial management, and community engagement. These changes will improve accountability and will allow the local boards to concentrate on regional priorities. Importantly, the changes will also provide greater clarity for staff so the organisation is in a better position to deliver State priorities and Government reforms. In addition to this bill, late last year Minister Blair announced a comprehensive list of priorities for Local Land Services over the next three years. These priorities will implement the recommendations from the audits and reviews and will set Local Land Services up to meet the expectations and needs of local communities that it services.

These priorities include strengthening Local Land Services' governance through: an improved strategic focus; tighter board processes; improved communications about roles, responsibilities, and decisions; developing consistent approaches to branding, communications, and stakeholder engagement across Local Land Services; 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 design and 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 and I am confident that this bill, in conjunction with the actions that I have just outlined, will strengthen the Local Land Services model and will position the organisation to effectively meet the expectations of local stakeholders and 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, these improvements will be made while maintaining the current rate levels. Ratepayers will see a greater return on their rates as more money is invested into managing regional pest priorities. Under the Local Land Services Act 2013 a special purpose pest insect rate is collected from all ratepayers across the State and is used exclusively for locust management activities. The pest interest rate funds the purchase of insecticide for locust control, aerial surveillance, and treatment, as well as operational expenses. It also funds New South Wales's 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. This bill will maintain the existing rate level, but for the first time will make funds available for the management of other priority pest animals, in addition to locusts.

This change was a key recommendation of the Natural Resources Commission's State-wide Review of Pest Animal Management. This was also identified as a key issue in the Review of Funding Framework for Local Land Services, conducted by the Independent Pricing and Regulatory Tribunal [IPART]. The work done by Local Land Services to manage pests is vitally important. It provides the products and services that enable the community to prevent, respond, and recover from pest incursions. Last year in the Central Tablelands, Local Land Services managed almost one million hectares of land for pest control. Officers ran 23 training workshops, bringing together 580 landholders to control wild dogs, foxes, pigs, plague locusts and other pests. The range of pest challenges faced in my region underscores the importance of the changes proposed by this bill. Regions will now have access to more funds to help them manage other local pest animals.

In some Local Land Services regions, including my own, 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 under local wild dog management plans, is not enough to manage problem wild dogs that 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. Importantly, to ensure that our ability to respond to plague locust events is not compromised, Minister Blair has asked the Plague Locust Management Group to oversee the expenditure of pest management funds. Pest management rates are expected to raise \$6.2 million for the 2018-19 year. The Plague Locust Management Group, which comprises representatives from Local Land Services, the Department of Primary Industries and the New South Wales Farmers' Association, will determine each year 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. Minister Blair has also asked the Plague Locust Management Group to develop a framework for allocating pest management funds to Local Land Services regions, and looks forward to receiving their recommendations. 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 the National Parks and Wildlife Service. Importantly, it also includes key non-government stakeholders from New South Wales Farmers, Landcare, the RSPCA, and the Nature Conservation Council.

One of the committee's roles 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.

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 of the Local Land Services Act, the chair of the central board is responsible for both setting strategic direction and managing day-to-day operations of Local Land Services. These dual roles impose competing demands and impede the chair's ability to effectively deliver these responsibilities. It is also not considered to be best practice governance. 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 the operational management is not the role of the central or local boards. 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 [CEO] will be responsible for the day-to-day management of Local Land Services, in accordance with the central board's policies and directives.

This arrangement reflects a more orthodox corporate structure. Assigning these responsibilities to a CEO will allow the chair and the central board to have a greater focus on critical statewide issues.

The key responsibilities of the chair of the central board 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. The bill provides for the Minister to appoint someone with the necessary skills and experience to this role. The bill also extends the maximum term of the chair and of 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. The 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. While the Act currently sets out a prescriptive list of functions vested in Local Land Services, it does not clearly articulate the role of the central board, which is currently made up of the chairs of all 11 local boards and its own chair. The bill ensures that the strategic roles and responsibilities of the Local Land Services Board are clearly defined in the Act.

Specifically, the bill sets out that the functions of the central board of Local Land Services 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, services delivery provisions and community engagement. These amendments provide clarity and improve accountability around the central board's role. They also address the recommendation of the Natural Resources Commission's governance audit that the central Local Land Services Board has 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 of amendments relate to the pest management funding framework and amend 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, and 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.

Importantly, 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 dedicated to locust management will be maintained at a level that is sufficient to respond to a large locust plague event. The Government has undertaken targeted consultation with a number of key stakeholders on the amendments proposed in this bill, including the Natural Resources Commission, the Public Service Commission and NSW Farmers. Discussions have been held with these parties and other members of the original 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 the local chairs need now that the new boards are in place after the recent board member election process. This 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.

This bill 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 will 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.

**Debate adjourned.**