

Issue

Recent rate notices issued by the Livestock Health and Pest Authorities have raised concerns from Members about rate increases and the function of Authorities.

Background

- The Livestock Health and Pest Authorities had their origins in the 1863 Scab in Sheep Act and have been known as Pastures Protection Boards and Rural Lands Protection Boards ('RLPBs').
- Livestock Health and Pest Authorities undertake functions in the following areas:
 - Animal health - Authority veterinarians and rangers provide advisory and diagnostic services as well as disease surveillance and reporting.
 - Travelling stock reserves - Authorities manage over 500,000ha of TSRs in NSW
 - Pest animal and insect control – Authorities provide advice and assistance in eradicating declared pest species which include dogs and pigs and they also assist with locust control.
 - Stock movement – Authorities manage the movement of stock including on stock reserves and public roads.
 - Management of stock identification – Authorities allocate Property Identification Codes and keep a register of Property Identification Code allocations
 - Natural disasters – Authorities assist with relief arrangements during natural disasters.
- In late 2008 there were a number of changes made to the RLPBs that led to the establishment of the Livestock Health and Pest Authorities.

Structural Changes

- Following the IMC external review in 2008, changes were made to the structure of the RLPBs.
- The 47 previous RLPBs were amalgamated into 14 Livestock Health and Pest Authorities.
- Each Authority has 6 elected Directors and 2 Directors appointed following a merit selection process. Each Director serves a maximum of 4 years with alternate elections occurring every 2 years.
- Changes have been made to the State Conference which was replaced by the State Policy Council and the State Council which was replaced by the State Management Council.
- Further information is available from: <http://www.lhpa.org.au/RLPB-changes>.

Rating Changes

- Following the Bull review in 2007 to the rating system, changes were made as follows.
 - a) The rates will consist of a base charge and an amount payable for each stock unit based on the notional carrying capacity of rateable land in the district.

The Notional carrying capacity refers to the number of stock units that could be maintained on the land in an average season under management practices that are usual for the District. A stock unit is equivalent to a 40 kilogram wether sheep. A 400 kilogram steer represents 10 stock units.

 - b) Landholders on less than 10 hectares are no longer be required to pay rates (approximately 10 000 landholders) but they will be required to obtain a Property Identification Code.
 - c) From 2010, the notional carrying capacity charge will be replaced with a land area based charge.
- Transitional measures were also introduced allowing Authorities to make and levy different rates for different parts of its amalgamated district following the amalgamation of the Boards on 1 January 2009.
- Following the 2008/2009 Locust Control Program, the NSW Government has instructed the collection of the Pest Insect Special Purpose Rate (Pest Insect Levy) in order to recover the costs involved with this program. This follows a deferment of the 2007 and 2008 Pest Insect Special Purpose Rate due to the hardship primary producers have been suffering as a result of the drought.
- The Pest Insect Levy is collected to contribute to the Pest Insect Destruction Fund which is used to fund the control of outbreaks of Australian Plague Locusts, Migratory Locusts and Spur Throated Locusts. Funds are used for the purchase of chemicals, aerial surveillance and to fund operations undertaken in NSW by the Australian Plague Locust Commission.

Association Policy

The Association has a large amount of policy on RLPBs. The Association's policy on RLPB rates is as follows.

05 AC That the Association seek that rate increases be capped at the same rate as local government rates.

The latest comparative Information on NSW Local Government Councils published in 2008 shows that the average farmland rate increased by 9.5% between 2005/06 and 2006/07.

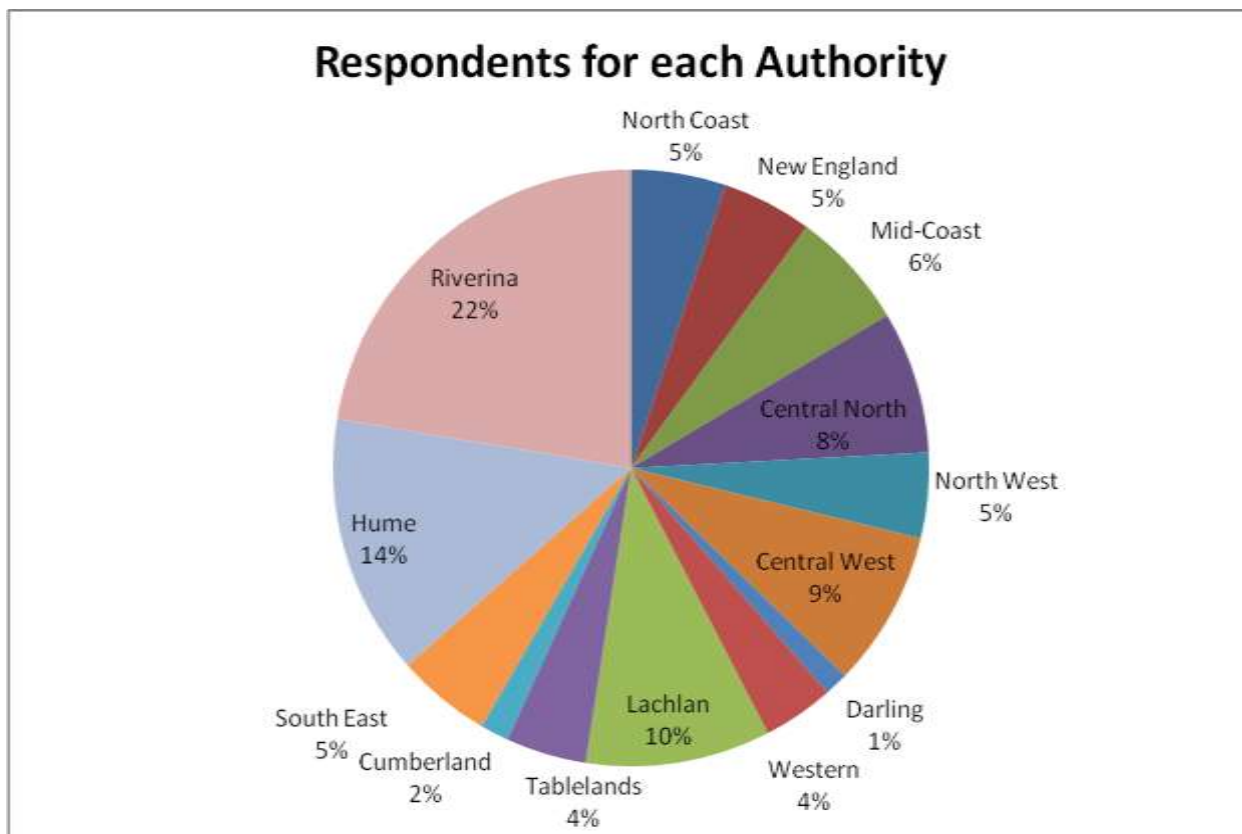
Other Association policies regarding Livestock Health and Pest Authorities (formerly Rural Lands Protection Boards) are contained in the Association's Policy Statement which is available under the 'Links' section on the frontpage of the Association's website <http://www.nswfarmers.org.au>

Association Survey

Following concern raised by Members regarding the 2009 Livestock Health and Pest Authority rates, the Association conducted a survey of Members to compare the rates payable on their property for 2009 to the rates which were paid on their property in 2008. A summary of the survey results is provided below.

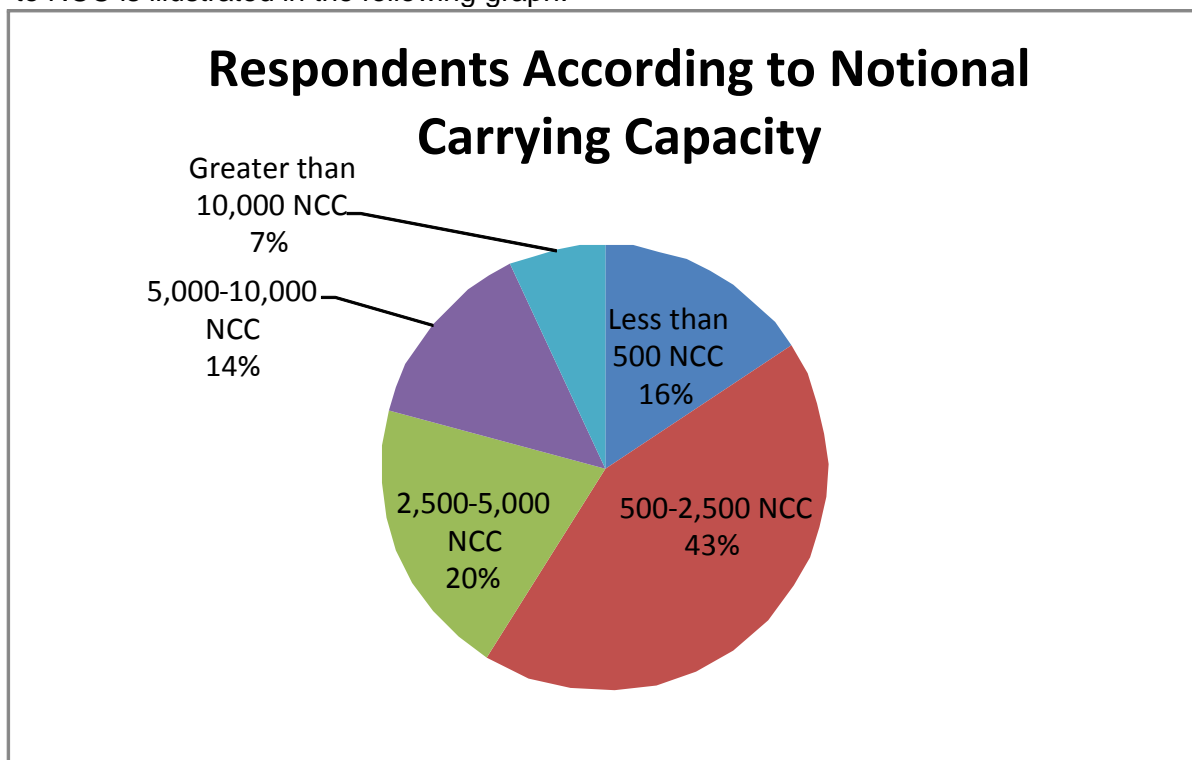
Survey results

- 393 completed surveys were received from Members.
- Responses were received from Members in all Authorities across the State (see following graph).



- To make an accurate comparison between 2009 and 2008 rates the Pest Insect Levy was subtracted from the total 2009 rates (as the Pest Insect Levy was reintroduced in 2009).
- From the responses received, the average rate for 2008 was \$732, the average rate for 2009 (excluding the Pest Insect Levy) was \$723.
- The highest 2008 rate reported was \$6,380, the highest 2009 rate reported was \$5,544.20.

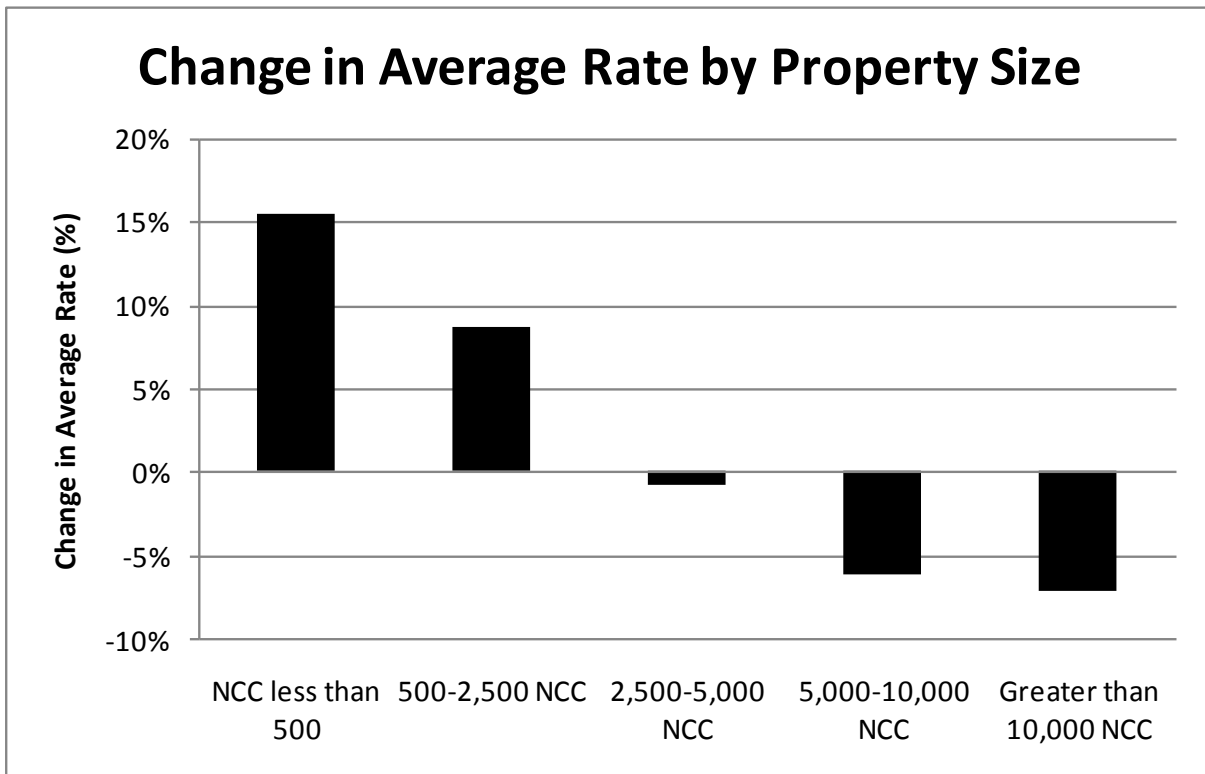
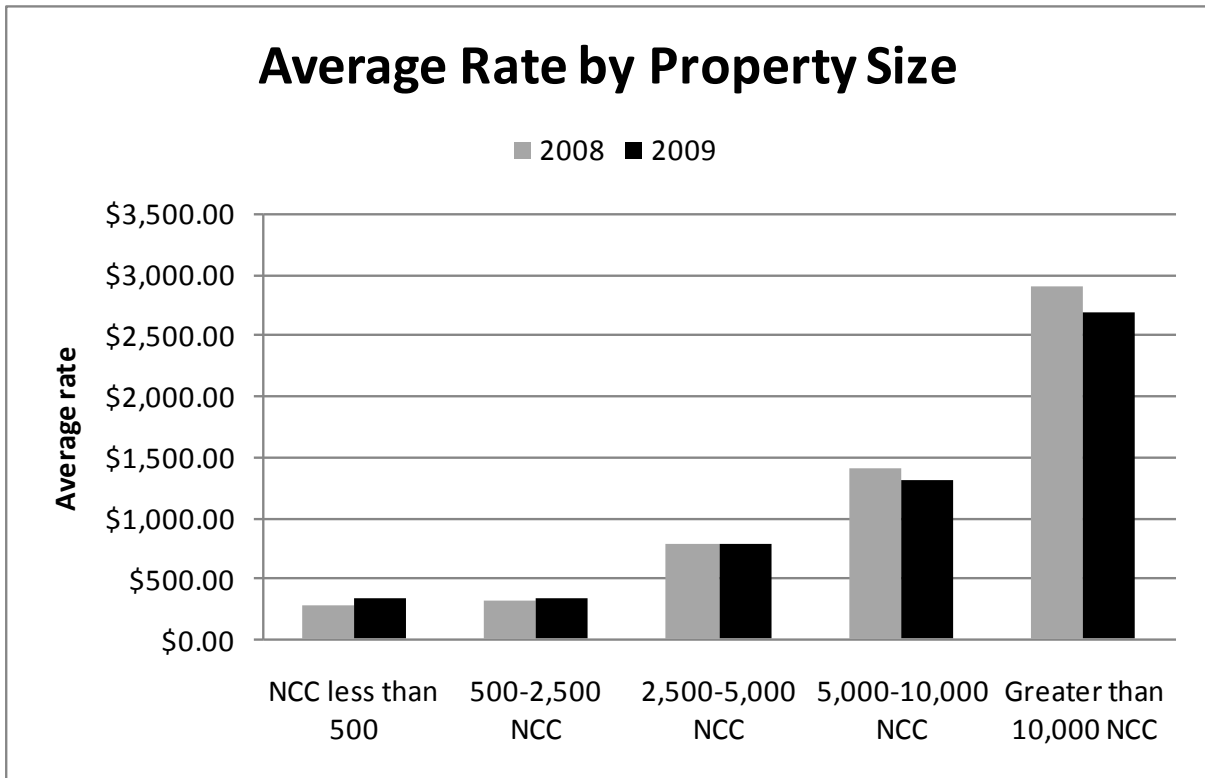
- From the responses received the lowest 2008 rate reported was \$30.60, the lowest 2009 rate reported was \$45.10
- From the responses received the average Pest Insect Levy was \$115.
- Respondents were asked to provide the Notional Carrying Capacity ('NCC') stated on their rate notice as a representation of their property size. The distribution of responses according to NCC is illustrated in the following graph.



- The average rate paid in 2008 and 2009 for each of the NCC categories and the average nominal and proportional changes are provided in the table and graphs below.

| Notional Carrying Capacity category | Average 2008 rate | Average 2009 rate | Nominal change | Percentage change |
|-------------------------------------|-------------------|-------------------|----------------|-------------------|
| Greater than 10,000 | \$2,899.10 | \$2,691.11 | -\$208.00 | -7% |
| 5,000 - 10,000 | \$1,397.48 | \$1,310.69 | -\$86.78 | -6% |
| 2,500 - 5,000 | \$785.01 | \$778.96 | -\$6.05 | -1% |
| 500 - 2,500 | \$310.06 | \$337.02 | \$26.97 | 9% |
| Less than 500 | \$281.56 | \$325.13 | \$43.57 | 15% |

- While larger properties experienced a greater nominal change in rates, smaller properties had a larger percentage change in rates. This can be explained by the changes to the rating structure in that the introduction of a larger base rate and a reduction in the ad valorem rates calculated on NCC have a greater impact on smaller properties where the base rate comprises a larger proportion of their total rate.



Average rate by Authority

- The graphs below illustrate the average rates in 2008 and 2009 for each Authority and the percentage change between the 2008 rates and 2009 rates for each Authority.

