



# QUEENSLAND FARMERS' FEDERATION

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## Submission

25 May 2017

Committee Secretary  
Infrastructure, Planning and Natural Resources Committee  
Parliament House  
George Street  
BRISBANE QLD 4000

Via email: [ipnrc@parliament.qld.gov.au](mailto:ipnrc@parliament.qld.gov.au)

Dear Mr Jim Pearce MP (Chair)

### Re: Parliamentary Inquiry into Long-term Financial Sustainability of Local Government

The Queensland Farmers' Federation (QFF) is the united voice of intensive agriculture in Queensland. It is a federation that represents the interests of 15 of Queensland's peak rural industry organisations, which in turn collectively represent more than 13,000 primary producers across the state. QFF engages in a broad range of economic, social, environmental and regional issues of strategic importance to the productivity, sustainability and growth of the agricultural sector. QFF's mission is to secure a strong and sustainable future for Queensland primary producers by representing the common interests of our member organisations:

- CANEGROWERS
- Cotton Australia
- Growcom
- Nursery & Garden Industry Queensland
- Queensland Chicken Growers Association
- Queensland Dairyfarmers' Organisation
- Burdekin River Irrigation Area Irrigators
- Central Downs Irrigators Ltd
- Bundaberg Regional Irrigators Group
- Flower Association
- Pioneer Valley Water Cooperative Ltd
- Pork Queensland Inc.
- Queensland Chicken Meat Council
- Queensland United Egg Producers
- Australian Organic.

QFF welcomes the opportunity to comment on the Parliamentary Inquiry into long-term financial sustainability of local government. QFF provides this submission without prejudice to any additional submission provided by our members or individual farmers.

*The united voice of intensive agriculture*



## Background

QFF understands that following the tabling of the Queensland Audit Office report's 2 and 13 for 2016-17, the Infrastructure, Planning and Natural Resources Committee has resolved under section 94 of the *Parliament of Queensland Act 2001* to conduct an inquiry into the long-term financial sustainability of local government.

Under the terms of reference for this inquiry, the committee will consider the long-term financial sustainability of local government and the issues arising from the Queensland Audit Office's Report 2: 2016-17 *Forecasting long-term sustainability of local government* and Report 13: 2016-17 *Local government entities: 2015-16 results of financial audits*, including consideration of the following matters:

- a. financial planning and long-term forecasting
- b. asset condition data and asset management plans
- c. decision-making frameworks for major infrastructure asset investments
- d. community engagement on future service levels
- e. financial sustainability targets
- f. organisational governance
- g. strategic planning and organisational capacity
- h. budget transparency
- i. financial sustainability ratios
- j. procurement policy and value for money
- k. other matters the committee determines are relevant to the inquiry.

## Rates

QFF notes the main findings in Chapter 3<sup>1</sup>, including the increase in own-source revenue.

*Own-source revenue (revenue from rates, fees and services) has increased by two per cent since last year and now makes up 74 per cent of total revenue. SEQ, Coastal, and Rural/Regional councils have the highest proportions of own-source revenue..... Most councils are working to restrain expenditure and increase own-source revenue (revenue from rates, fees and services).*

*Rates and levies revenue increased by four per cent across the sector this year. This primarily came from an increase in rateable properties (due to development activity and population growth) as well as councils' approved fee increases. Rates and levies charges have a base charge and a usage element, linked to consumption. On average, councils increased general rate charges by three per cent across the sector.*

Local governments in Queensland must make and levy general rates on all rateable land<sup>2</sup> within their local government areas. Local governments must calculate<sup>3</sup> general rates on the rateable value of the land determined under the *Land Valuation Act 2010*.

Whilst QFF acknowledges that local government needs to have flexibility for raising sufficient own source revenue, they must also implement fair and equitable rating systems. QFF has become aware of two significant issues with regards to local government setting rates according to a perceived 'ability to pay' as opposed to regulatory requirements.

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<sup>1</sup> Local government entities: 2015-16 results of financial audits. Report 13: 2016-17. Queensland Audit Office.

<sup>2</sup> See section 94(1)(a) of the *Local Government Act 2009*

<sup>3</sup> See section 74(1), *Local Government Regulation 2012*

***Issue 1: Significant and immediate increases in rates for intensive and rural industries – Non-Compliance with the Principle of Predictability***

During 2016, Scenic Rim Regional Council reviewed rates for ‘intensive industrial and rural industries’ resulting in significant financial increases approaching 110 per cent without any prior consultation or notification.

There should be a reasonable level of predictability in the rates levied on parcels of land. Any significant increases in rates should be reasonable and attributed to transparent changes to either the services or facilities provided to land or to changed circumstances of the land.

Where changes to the circumstances of parcels of land have led to significant increases in the rates levied, QFF understands that local governments may use the averaging of valuations and a rates cap to transition potentially significant increases in the rates levied on parcels of land, taking to ensure that the causal effect of not increasing the general rate, does not result in similarly valued properties used for the same purpose paying significantly different amounts of rates, contrary to the *Principle of Equity* for like properties.

***Issue 2: Increases in rates where land ownership changes but land-use remains unchanged***

There is the principle of equity for parcels of similarly valued land which are used for the same or similar purposes, and receive similar services should be levied similar general rates.

QFF has anecdotal evidence which suggests that farm land upon transfer of ownership to a resources company (but where the land continues to be used exclusively for agricultural purposes) is experiencing significant rate increases. This sorting is undermining the relationship/co-existence between the resources companies and farmers leasing land in situations where landowners sell properties to resources companies to abate future land use impacts, while permitting the leasing farmer to continue to farm under a management agreement.

In response to stakeholder concerns relating to the calculation and application of rates, in 2016, the Department of Infrastructure, Local Government and Planning developed a best practice guideline for local governments to consider and adhere to when developing their rating systems<sup>4</sup>. However, QFF understands that this guideline has not been ratified and it is not available on-line. **QFF calls for the immediate adoption and communication of this guideline by the state government to all Queensland councils.**

Additionally, contained within the *Right to Information Act 2009* (see Schedule 3, 4B) information relating to local government budgets is exempt from being released under right to information laws. This creates a total lack of transparency about local government budget processes.

4B Budgetary information for local governments

(1) Information brought into existence in the course of a local government’s budgetary processes is exempt information for 10 years after the date it was brought into existence.

(2) Subsection (1) does not apply to information officially published by decision of the local government.

QFF suggests that rate payers should have timely access to local government budgets and that the above section 4B is removed.

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<sup>4</sup> Draft Guideline on Equity and Fairness in Ratings for Queensland Local Government. 2016.

## Strategic planning and organisational capacity

### *Issue 1: Biosecurity responsibilities*

Under section 48 of the *Biosecurity Act 2014* (the Act), local governments have a responsibility to control prohibited, restricted and invasive biosecurity matter<sup>5</sup>. Under section 53 of the Act, ‘a local government must have a biosecurity plan for invasive biosecurity matter for its local government area’<sup>6</sup>.

In Queensland, the economic cost of pests and weeds is substantial. Weeds costs are estimated at \$600 million a year and, although difficult to quantify, animal pests alone cost more than \$45 million a year.

It is reasonable to expect that local governments will appropriately manage biosecurity threats within their jurisdictions. While some local governments are effectively doing so, it is frequently reported that some are under-resourced and are not appropriately controlling the impacts.

Today, the movement of people and goods across the globe has never been greater. The recent white spot disease (WSD) outbreak, which has all but wiped out South East Queensland’s \$25 million prawn industry, is a reminder of the vulnerability of Australia’s disease-free farming systems to exotic pests and diseases.

The WSD outbreak is the latest in several biosecurity incidents in the past five years. Other failures in the system include fire ants, Panama disease tropical race 4, myrtle rust and Cucumber Green Mottle Mosaic Virus (CGMMV). Unsurprisingly, all these biosecurity incidents have been experienced in Queensland – frequently Australia’s frontline biosecurity state.

Biosecurity threats will continue to impact Queensland and likely be a major financial burden on the state. It is important that all levels of government are resourced and have the capacity continue and improve response to pest and weed management. QFF has previously raised concerns about the resourcing available to local governments to manage and combat biosecurity threats within their jurisdictions.

### **Concluding comments**

Based on recent revenue raising actions and under-performance in some key responsibility areas, the current funding model for some local governments appears to be unsustainable. The effects of this on agriculture have been seen through a lack of predictability, consistency and justifiable increases in rates charges, and biosecurity and pests and weeds responsibilities not being fulfilled. Queensland should consider whether structural changes made in other jurisdictions have been effective. For example, there may be some useful lessons learnt from the Local Land Services model in New South Wales that brought biosecurity, natural resource management and emergency management into a single organisation.

Yours sincerely

Travis Tobin  
Chief Executive Officer

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<sup>5</sup> Biosecurity Act 2014. Section 48, page 66.

<sup>6</sup> Biosecurity Act 2014. Section 53, page 69.