



## NORTHERN TERRITORY CATTLEMEN'S ASSOCIATION INC.

Advancing and protecting the interests of cattle producers in the Northern Territory

Member - National Farmers' Federation & Cattle Council of Australia

### **NTCA Submission to The Economic Policy Scrutiny Committee Inquiry into the Pastoral Land Legislation Amendment Bill**

The Northern Territory Cattlemen's Association (NTCA) is the peak primary industry advocacy body in the Northern Territory, representing over 90% of the Territory's pastoral industry, which includes small family owned and operated pastoral holdings, Indigenous enterprises and large corporate entities.

NTCA members are custodians of over 700,000km<sup>2</sup> of the NT landmass, and manage a total herd of over 2.1 million head of cattle. The NTCA comprises four branches, from each of the main regions of the Northern Territory, and works collaboratively with numerous community and industry groups and operates at a Territory, national and international level.

The NTCA thanks the Northern Territory Government for the opportunity to make a submission to the Economic Policy Scrutiny Committee's inquiry into the Pastoral Land Legislation Amendment Bill, having long-advocated for specific amendments to the *Pastoral Land Act*, especially to the pastoral rent calculation methodology and the addition of a sub-lease mechanism for Pastoral Leases under the Non-Pastoral Use (NPU) Permits.

The NTCA does not, however, support an overall review of the *Pastoral Land Act*, and considers the current Act, pending the Amendments proposed in this Bill, to be effective legislation that has supported the industry and served the Territory well in the past and will continue to do so into the future.

Upon review of the Amendment Bill in full detail, the NTCA has identified some proposed amendments that are not consistent with the negotiations between the NT Department of Environment and Natural Resources and industry during the consultation process. In all correspondence and communication with the Department throughout the development of the changes proposed in this Amendment Bill, the NTCA has advocated for the methodology for calculating annual pastoral rent to be simplified from an Unimproved Capital Value (UCV) based model to an Unimproved Carrying Capacity (UCC) model. The specific terminology of "Unimproved Carrying Capacity", or UCC, is fundamental to the changes being adopted, and support for such terminology was stated publicly when the changes were introduced supporting changes "*to simplify the calculation process and provide greater consistency and objectivity across the pastoral estate*".

The basis of the public support for the Bill was primarily around the changing of the pastoral rent methodology to be based on "unimproved carrying capacity" (UCC) and not "estimated carrying capacity" (ECC) as stated in the Amendment Bill. The NTCA cannot support a model based on estimated carrying capacity. The NTCA has strongly supported this Amendment Bill and will continue to do so with the replacement of reference to ECC to UCC, and consideration of other recommendations summarised below.

Please see below a summary of amendments proposed by the NTCA to the Amendment Bill:

1. Entire Amendment Bill - All references to "*Estimated Carrying Capacity*" be changed to "*Unimproved Carrying Capacity*", and all references to "ECC" be changed to "UCC".

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- There is no specific methodology for calculating “estimated carrying capacity”, creating uncertainty for industry. The “unimproved carrying capacity” (UCC) of the pastoral estate has been determined (during the 2015 valuation), and this figure will not change over time. The UCC is a more objective method for calculating the productive capacity of pastoral land and remains constant, leaving the pastoral lease rent factor as the sole variable in the calculation of pastoral rents. The purpose of changing the methodology is to provide certainty for both Government and pastoralists about the calculation of pastoral rents.
2. Section 54: Change heading to “Determination of unimproved carrying capacity” as per Amendment 1.
  3. Section 54 (1): Change “The Agency” to “The Pastoral Land Board”.
    - The Pastoral Land Board is the most appropriate and qualified authority available to determine the unimproved carrying capacity.
  4. Section 54 (1): The carrying capacities referred to in this section must refer to the unimproved carrying capacities agreed to by industry in the 2015 review conducted by Herron Todd White on behalf of the NT Valuer-General. This sub-section should state, to the effect of, “*The Pastoral Land Board must use the 2015 Unimproved Carrying Capacities to calculate the pastoral rent*”.
    - The unimproved carrying capacities, which were determined in 2015 by an independent party, and done so using a scientific methodology, were endorsed by both the pastoral industry and the Northern Territory Government as an accurate representation of the productive capacity of the landscape without improvements. Therefore, these carrying capacity figures will not change over time, and provide a consistent and reliable factor for calculating pastoral rents. Using this figure will remove any requirement or need to review the unimproved carrying capacities as currently stated in the Amendment Bill.
  5. Section 54 (2): Remove subsection.
    - Unimproved carrying capacities do not change over time, and using UCC and the pastoral land rent factor to determine pastoral rents will remove the need to conduct unnecessary, expensive and potentially contentious periodic recalculations. Using UCC also provides the stability and certainty that industry has asked to be delivered through these changes to the PLA.
  6. Section 54 (3): Remove subsection.
    - As per amendment 4.
  7. Section 54 (4): Change “The Agency” to “The Pastoral Land Board”.
    - The Pastoral Land Board is the most qualified, and therefore the most appropriate agency to assess the carrying capacity of unimproved pastoral land. This should be reflected in the legislation.



8. Section 55 (1): Change as per Amendment 1 (replace "ECC" with "UCC").
9. Section 55 (2): The Act must state that the pastoral lease rent factor is to be the same for all pastoral leases across the NT, but the Minister may choose to waive the pastoral rent for certain districts in the event of exceptional circumstances, such as drought.
10. Section 30B (d): remove, or change to "significant variation of a sublease".
  - The requirement for a lessee to apply for ministerial consent to vary a sub-lease arrangement can be considered excessive and unnecessary, especially should the variation be of an administrative nature only.
11. Section 30B (2): A number of issues arise with this subsection, namely the changes to control. The following issues are identified:
  - The consequence of non-compliance with this section is a \$100,100 penalty and possible forfeiture of title. This could be considered excessive.
  - Is 15% as a threshold for change in control an appropriate threshold? This could be considered too low, especially when considering the effect of application to publicly listed entities and the effect on family restructures dealing through shares.
12. Section 68A (1): Query the requirement to register a sublease within 12 months when there are no such obligations under the *Land Title Act* or *Crown Lands Act*.
13. Section 68(5): Under the Regulations include carbon abatement and conservation under non-pastoral use provisions.

The NTCA reserves its right to endorse, or otherwise, the Pastoral Land Act Amendment Bill until a full copy of the NTCA Board has been given the opportunity to adequately review a full copy of the draft Pastoral Land Act Regulations.

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