

From: JF Armstrong
To: [Annie McCall](#)
Cc: [Paul Burke NTCA](#); [Stockwell Thomas](#); [Sullivan Rohan](#)
Subject: Re: Invitation to hearing on Pastoral Land Legislation Amendment Bill
Date: Wednesday, 31 January 2018 10:15:17 AM
Attachments: [Non Pastoral Use Permit fee...docx](#)

Good morning Annie,

Here with I attach my amended submission.

Would you mind forwarding it to the committee members and others required to see it?

I have forwarded a copy of same to the NTCA President Mr. Tom Stockwell and CEO Mr. Paul burke, as well as the Sturt Plateau Best Practice Group chairman, Mr. Rohan Sullivan.

i am a member of each organisation.

It carries an as yet not mentioned alternative solution from that of the options Paper.

It carries necessary explanations of my position and references the working paper options.

Unfortunately i was not prior part of any discussions on the pricing of a fee for an NPU permit, but only and regularly the concepts of it.

I look forward to answering questions on it at the hearing.

kind regards

John Armstrong.

From: [Annie McCall](#)
Sent: Wednesday, January 10, 2018 10:54 AM
To: [EPSC EPSC](#); [JF Armstrong](#)
Subject: RE: Invitation to hearing on Pastoral Land Legislation Amendment Bill



Legislative Assembly of the Northern Territory

Dear Mr and Mrs Armstrong

Please be advised that teleconferencing facilities are available. Please confirm your attendance at the Pastoral Land Legislation Amendment Bill Public Hearing on 2 February 2018 at 10.30am.

Regards

Annie McCall
Administration/Research Officer, Parliamentary Committees
GPO Box 3721 Darwin NT 0801 Level 3 Parliament House
Office: +61 8 8946 1485 Email: annie.mccall@nt.gov.au
Website: www.parliament.nt.gov.au

Use or transmittal of the information in this email other than for authorised Assembly business or NT Government business purposes may constitute misconduct under the NT Public Sector Code of Conduct and could potentially be an offence under the NT Criminal Code.

From: EPSC EPSC
Sent: Tuesday, 5 December 2017 3:40 PM
To: 'JF Armstrong' <jfarmstrong@bigpond.com>
Cc: EPSC EPSC <EPSC@nt.gov.au>
Subject: Invitation to hearing on Pastoral Land Legislation Amendment Bill



Legislative Assembly of the Northern Territory

Dear Mr and Mrs Armstrong

As part of its inquiry into the Pastoral Land Legislation Amendment Bill 2017, the Economic Policy Scrutiny Committee will be holding public hearings on 2 February 2018 in the Litchfield Room, Parliament House, Darwin.

The Committee invites representatives of Gilnockie Station to appear before it to discuss the important matters raised in your submission.

At this stage, the Committee has reserved 10.30 am for Gilnockie Station to appear before it. The Committee is also inviting the Sturt Plateau Best Practice Group to appear before the Committee at the same time.

Could you please confirm your attendance, and that of any witnesses who may be accompanying you, and advise of any equipment you may require at the hearing, by contacting Annie McCall on 08 8946 1485, or via email EPSC@nt.gov.au at your earliest convenience.

For your reference, please find attached information on appearing as a witness before a committee at: https://parliament.nt.gov.au/_data/assets/pdf_file/0008/443591/Guidelines_for_Appearing_as_a_Witness_at_Committee_Hearings.pdf and the procedures to be followed by Assembly Committees for the Protection of Witnesses at: https://parliament.nt.gov.au/_data/assets/pdf_file/0009/443592/Procedures_to_be_followed_by_Assembly_Committees_for_the_Protection_of_Witnesses.pdf.

Thank you for your contribution to the Committee's inquiry.

Regards

Russell Keith

First Clerk Assistant

Department of the Legislative Assembly

GPO Box 3721 Darwin NT 0801 Level 3 Parliament House

Office: +61 8 8946 1429 Mobile: 0459 844 246 Email: Russell.keith@nt.gov.au

Website: parliament.nt.gov.au

Use or transmittal of the information in this email other than for authorised Assembly business or NT Government business purposes may constitute misconduct under the NT Public Sector Code of Conduct and could potentially be an offence under the NT Criminal Code.



Virus-free. www.avast.com

Rental fee Options for Non Pastoral Use (NPU) of Pastoral Leases.

Clarification..

1. A minister may allow use of a Pastoral Lease for non pastoral purposes. Section 85A of the PLA refers;- " (1) The [Board](#) may, on [application](#) by a [pastoral lessee](#), grant the [lessee](#) a [permit](#) to use all or part of the land the subject of the [lessee's pastoral lease](#) for a purpose that is not a pastoral purpose (a [non-pastoral purpose](#)).

(2) The [Board](#) may issue guidelines for [pastoral lessees](#) in relation to the processes of [application](#) for a [permit](#) and the determination of the [application](#).

(3) The guidelines must be [approved](#) by the Minister."

2. The minister may or may not determine a fee for that use section 85D refers;- " The Minister may determine fees payable, on an annual or other basis, for a [permit](#) to use [pastoral land](#) for a [non-pastoral purpose](#)."

That is in contradiction of the working paper, which states that a fee infers the right to utilise land for a non pastoral purpose. A fee does not infer the right to use the land for NPU, a permit granted by the minister does. (see Paragraph 4 &5.)

3. (Working Paper Option 2)

Perusal of the NT Valuation of Lands Act notes that the Act remains silent to provide for a double valuation of a piece of Land. That is the Act provides for one Valuation only for land under any one type of tenure.

a) A separate UCV for any parcel of land to be utilised for a different NPU would require that parcel of land to be first subdivided from the parent form of title.

A UCV for rental purposes could then be established provided the land tenure ship of the subdivided land was some form of lease hold.;

Or b) Should it be converted to Freehold no rental fees would apply.

Neither option a) or b) gives allowance to discussion in this issue which is only, for an NPU on Pastoral Leasehold Tenure.

The whole portion of a Pastoral lease will attract its rental based on Pastoral Purposes, including any portion there-of which might be utilised for NPU. This would apply even when there is a fixed structure for the NPU, which might or might not be retained within a specified fixed reference area of use as once that structure is removed the land is still governed and rented under the pastoral Land Act. Other NPU might be non fixed as reference areas even if tillage occurs for that use, which would render it impossible define an area for say a separate title and thus a separate UCV.. (For example an agricultural project may be continually changing its area of use as the project reverts to simple improved pasture and grazing)

There cannot be a fee pertaining to UCV until the land is separated to a separate form of tenure from the pastoral lease.

Rental fee Options for Non Pastoral Use (NPU) of Pastoral Leases.

This then allows us consider application of Section 85D. There will be high financial reward for government created by NPU with spin off from extra GDP of the venture, extra local employment and taxes and particularly the GST on all input goods and services. Would a Minister regard that as reward enough or would he consider incurring an extra fee for the use of the land other than the already charged for Pastoral Land Rent? That is, is the Minister inclined to contemplate a double dipping of rental for the land use?

It may be that the NPU is not designed to recoup much in the way of profit but rather to recoup a capital return on a later sale of the property, in which case Government will also later gain significantly on Capital Gains Tax.

4.

It is a fact that recently the cost of surveying and consulting to prepare for clearing permits has escalated greatly. In our case we have spent in excess of forty thousand dollars in professional consultancy to support a clearing application. It would be the case that all technical problems with regard to the use of that cleared country for any specific crop / product would be resolved at the clearing Permit stage of development. There should be no more technical examinations required when the application for a NPU using the cleared country for the envisaged production product is processed.

A high Permit fee in addition to that cost could be crippling to the actual development. A nominal permit fee embracing the REAL cost of writing and then registering the permit at the titles office on the lease would be the easiest to justify and sell to the Industry. That delivery would provide identical service to that of say a drivers license. One pays for the service up front for delivery of the permit or license, say a few hundred dollars at most, one does NOT pay a continuing levy or tax upon that permit or license as qualifications for the ensuing life and authority of the permit. The permit is the single instrument authorising the NPU. The only cost difference with the amended section of the Act is that now there is an extras cost to register the permit with the titles office.

It is simply a legal ratification of previous evaluations.

Three yearly inspections of a Lease as required by the Pastoral Land Act with or without extra development on any part of it would cost no more as the inspection is already supposed to ensure that **all** parts of the lease are not suffering degradation. I believe that Act is written to provide for Pastoral purposes of the land resource and to ensure there is constant monitoring against degradation of that resource.

5. (Working Paper Option 1)

An imaginary flat rate fee on a yearly basis for the purpose of using the permit. This would be most difficult as there can be no way of specifying either a reference area for its use or a method of relativity to base such a fee against. Even when land is tilled for the NPU it may involve tilling a different area every year.

Such a fee may well be viewed with a jaundiced eye by Industry as contestable, non accountable and non transparent in its basis, **despite a claim that such fees must be accountable and transparent as per the working paper. That statement seems no more than a poorly camouflaged window**

Rental fee Options for Non Pastoral Use (NPU) of Pastoral Leases.

... dressing if not a direct falsehood. I have heard anecdotally that even at say \$1,000 / pa that the Lands department government claims that such a fee would NOT cover its costs. I ask this review committee to challenge that claim with some transparent accounting practices as it works out to a sum of \$30,000.00 for the life of the permit. I contend that the real cost of writing, then registering it on the lease at the titles office would be a fraction of \$30,000.00 as per Option 1. It is worth noting that an Industry representatives responsibility is to challenge and check any ambit claim as I would imagine it would also be the responsibility of this review committee.

Further, the working paper's OPTION 1 mentions a flat rate fee pa, which in effect means that fee is a separate and additional rental to the usual Pastoral Lease rental. I do not believe that a lease could have two rentals attached to it simultaneously from the same instrumentality and it would thus be challenged.

6. (Working paper option 3.)

A fee based on either the forecast or actual income, either profit margin or gross income, or as per the working paper based on "total developed value of the project."

A profit based fee would carry large accounting costs each year for acquittal purposes and would only yield a return on the years which an income is achieved. It is always the case that in the set up years every venture realises little income, especially if a venture is loaded with high input or infrastructure costs. (This long term cost of setting up is one of the express reasons for the issuance of a thirty year permit.)

A fee or tax based on income, it should be noted may invoke creative accounting on the part of the venturer to legally ameliorate such a tax. Therefore it could easily be contested as unreliable on the basis of relativity.

There is the prospect that a minister wishing to claim a fee based on income will be expressly invited to first contribute directly to the set up cost of the venture, which in many cases in the pastoral and other industries, Governments already do. This has not been mentioned in the issues paper.

A fee based on the 'development value' (Option 3) is preposterous. I feel the mention of it is insulting and a nonsense of extreme magnitude. I ask the review committee to consider the mentioned rate or 5% as revenue units, which is in effect a cost of 5.75% pa which after 30 years equates to AN EXTRA 172.5% of the "developed value." - EVERY 30 years... Contemplation of such extortion would completely and immediately render all NPU's non viable. Printing such a nonsense as part of a working paper creates a serious depletory effect upon the integrity of this discussion.

One should not be surprised that supposition that such wealth is available for plundering could obviously lead to other self interest groups such as Native Title claimants to be alerted that perhaps they should have a part of it, despite the fact that there is no legal connection to entitle them to such thoughts. This discussion is about a fee for service delivery only, not a rewrite of the Federal Native Title or NT Pastoral Land acts.

May I explain some detail. NPU's are not a get rich scheme, they are a survival tool especially in the face of the recent Live-ex shutdown, but more generally when one considers the usual TOP END Pastoral product of low value grinding beef only or live-ex product for our labours. It is 'grinding

Rental fee Options for Non Pastoral Use (NPU) of Pastoral Leases.

beef only' because of the massive protein drought we experience over our long dry periods every year, every day of which destroys further the tenderness of our beef product. We cannot survive at all on a meatworks grinding beef only product **at half the returns of the Live-ex market.**

We need diversification afforded by improved pasture to enhance the nutritional diet of our herds to help with both products. The extension to 30 year permits and legal attachment to the lease FINALLY allows security at bank to source long term funding for that development. The improved pasture if used carefully might also enable a product of tenderness which can then be sold on to either the southern feeder market for the sale onto either the national domestic or export meat markets, or to a direct tender meat market locally. Our own Darwin Meatworks cannot provide our industry a viably priced meat market with an annual extensive low plane of nutrition for their product.

That is how I will be using the NPU and by having a larger improvement budget means I will need to service those loans with direct income by way of hay production for sale by way of an NPU permit. Other lessees might use it to subsidise their very low normal profit margins, with other higher value ventures if any, just to survive.

This is particularly so on the Sturt Plateau with its prolific pasture growth but because of that high growth pattern and the low nutrient base level of the underlying soils, the grass is extraordinarily low in protein yielding only small percentages of preferred nutritionally useful species. Therefore we have to provide a supplement feed annually to our herds just to provide for a higher carrying capacity necessary to service the cost of improvements necessary to develop the country. In my case on the Sturt Plateau I spend \$180,000.00/PA on my 8,000 head ANNUALLY. I.E. \$25 / head .

I must note that the Valuer general does not recognise this cost of improvement in his calculations of Unimproved Capital Value which lead to a very high cost of rental disproportionately so compared with other land systems which do not require supplementation to just survive, let alone produce a viable cost effective high quality product. That is we are already paying a much higher rental on our Pastoral land than we should be.

The use of the NPU hay production will carry a very high input cost of fertiliser to enable a viable production of it, albeit with very low margins. That means it will be a high risk venture.

However, I believe that extensive improved pasture production is essential to our long term NT cattle production viability and the use of the long term NPU to provide a small amount of cash to enable that improvement **is most welcome** and I have to say again, is not a ticket to any buckets of gold at the end of the rainbow of the future.

7. Preferred Option

The preferred Option of this paper is Paragraph 4.

It would in the fairest manner provide for and promote Industry initiative to expand the use of the Pastoral Sector Lands whilst providing consequential financial benefits to all of society and Government and demonstrate to the public arena that this Industry is entering into real cost recovery for service delivery at a responsible transparent costing. This, being mindful of the aforementioned (para 4) high costs of professional consultants by applicants to develop clearing and project applications now required to process such - well before NPU permit application..