

Lauren Mesiti  
Committee Clerk  
Standing Committee on Public Administration  
Legislative Council  
Parliament House  
Perth WA 6000

Dear Lauren

**PASTORAL LANDS BOARD SUBMISSION –  
INQUIRY INTO PASTORAL LEASES IN WESTERN AUSTRALIA**

Please find attached the Pastoral Lands Board's submission to the Standing Committee's *Inquiry into Pastoral Leases in Western Australia*.

Thank you again for granting us an extension of time to prepare our submission.

The Pastoral Lands Board (the Board) is a statutory authority established under Section 94 of the *Land Administration Act 1997* (LAA) and consists of a chairperson and seven other members.

The functions of the Board under Section 95 of the LAA are:

- to advise the Minister for Lands on policy relating to the pastoral industry and the administration of pastoral leases
- to administer pastoral leases in accordance with Part 7 of the LAA
- to ensure pastoral leases are managed on an ecologically sustainable basis
- to develop policies to prevent the degradation of the rangelands
- to develop policies to rehabilitate degraded or eroded rangelands and restore their pastoral potential
- to consider applications for the subdivision of pastoral land and make recommendations to the Minister in relation to them
- to establish and evaluate a system of pastoral land monitoring sites
- to monitor the numbers and effect of stock and feral animals on pastoral land
- to conduct or commission research into any matters that it considers are relevant to the pastoral industry
- to provide any other assistance or advice that the Minister may require in relation to the administration of Part 7 of the LAA
- to exercise or perform such other functions as may be given under the LAA or any other Act.

Having considered the terms of reference, the Board makes the following recommendations.

**Recommendation one**

That sufficient human and financial resources must be made available to the Pastoral Lands Board, either directly or via an agency of Government, to enable it to fulfill all of its obligations under the *Land Administration Act 1997*, and in particular to:

- monitor and evaluate rangeland condition and trend at the pastoral lease level using reliable, contemporary techniques and information
- develop policy
- monitor and evaluate pastoral lessee compliance with processes that support appropriate enforcement

**Recommendation two**

That pastoral land tenure must be improved to provide greater security with a broader range of activities permitted on the land to promote long term investment, diverse economic growth and ecologically sustainable land management.

**Recommendation three**

That the 2015 pastoral lease renewals must not be hindered by any administrative or other decisions or processes.

**Recommendation four**

That an amendment to the *Land Administration Act 1997* to improve pastoral lease tenure by ensuring that compliant pastoral lessees will automatically receive an offer to renew their leases post 2015 be progressed immediately.

**Recommendation five**

That the pastoral lease document to come into effect on 1 July 2015 must not diminish the rights and tenure security of lessees as granted under the *Land Administration Act 1997*.

**Recommendation six**

That Government and its agencies must give careful consideration to decisions that may impact negatively upon the financial viability of pastoral businesses, thereby reducing the capacity for pastoral lessees to comply with lease conditions and to attain to other aspirations of the State such as regional economic development and diversity, and sustainable land management.

**Recommendation seven**

That stock routes traversing pastoral leases be converted to pastoral lease tenure.

Further, the Board requests that it be invited to appear before the Committee if hearings are held at a later date. The Board does not request that this submission remain confidential.

Should further information be required, please do not hesitate to contact me.

Yours sincerely



Leanne Corker  
Chair, Pastoral Lands Board  
27 September, 2013

Cc: The Hon. Brendan Grylls, Minister for Lands.

# **Inquiry into Pastoral Leases in Western Australia**

## **SUBMISSION**

**TO**

**Standing Committee on Public Administration**

**Prepared by -**

**Organisation: Pastoral Lands Board**

**Chairperson: Leanne Corker**

**Date of Submission: 27 September 2013**

**Address: Gordon Stephenson House, 140 William Street, Perth WA 6000**

**Postal Address: PO Box 1143, West Perth WA 6872**

**Phone: (08) 6552 4543**

**Email: [plb@lands.wa.gov.au](mailto:plb@lands.wa.gov.au)**

**Contact: Caroline Horsfield**

**Title: Executive Officer, Pastoral Lands Board**

**Term of reference (a) - The management of the increase in the number of stock and environmental damage on pastoral land**

**MANAGEMENT OF THE INCREASE IN THE NUMBER OF STOCK ON PASTORAL LAND**

**Role of the Pastoral Lands Board**

The Pastoral Lands Board (Board) must monitor the numbers and the effect of stock and feral animals on pastoral land (s.95(h) *Land Administration Act 1997*) (LAA), and ensure that pastoral leases are managed on an ecologically sustainable basis (s.95(c) LAA).

The Board may from time to time determine the minimum and maximum numbers and the distribution of stock to be carried on land under a pastoral lease (s.111 LAA).

**Role of the pastoral lessee**

Pastoral lessees are required to manage and work the land under the lease to its best advantage as a pastoral property to the satisfaction of the Board, use best methods of practice appropriate to the area where the land is situated for the management of stock and for the management, conservation and regeneration of pasture for grazing, and maintain the indigenous pasture and other vegetation on the land under the lease to the satisfaction of the Board (s.108(1)(2)(3)(4) LAA).

Pastoral lessees must submit an annual return to the Board which includes information as to stock numbers on the return date of the 30 June. The Board has proposed an amendment to the LAA to change the return date to the 31 December to correspond with the annual mustering season and counting of stock by lessees.

**Stock numbers on pastoral leases in Western Australia**

Term of reference (a) assumes an increase in stock numbers on pastoral land but it does not detail where or when this increase is deemed to have occurred.

Data pertaining to the reported number of stock on pastoral leases is available from 1911 to 2012 and is shown in Figure 1.

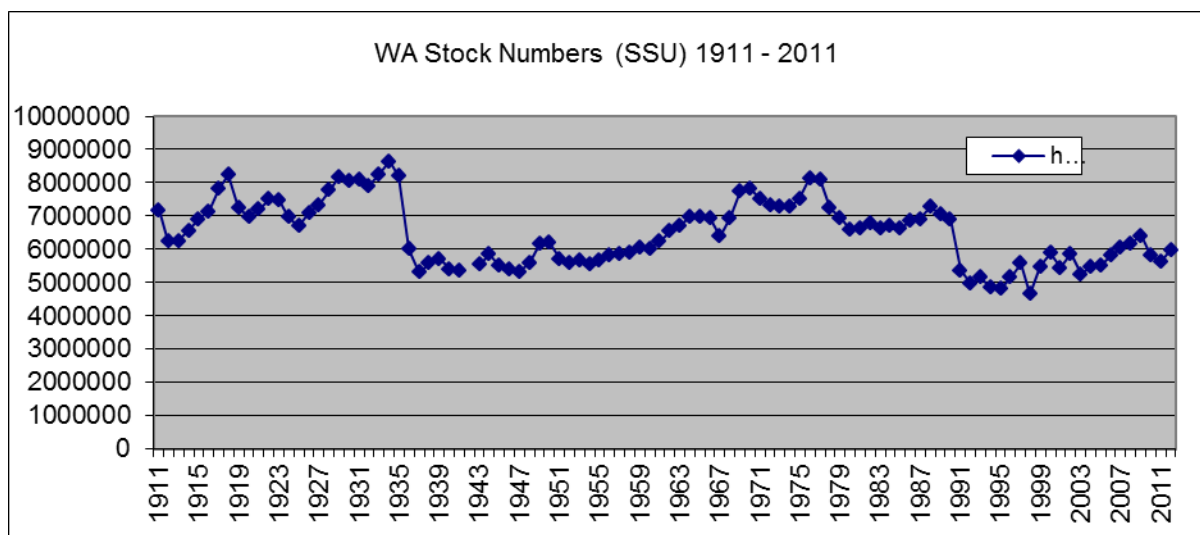


Figure 1: ssu trends 1911 – 2011

[Note: ssu – small stock units. 7 ssu = 1 cu (cattle unit)]

Table 1 shows the number of stock on pastoral leases in 1990 and 2012, and the change in stock numbers between 1990 and 2012. The period of 1990 – 2012 is arbitrary and different time periods will show quite different changes for different regions. This data has been aggregated by region and does not show what is happening on individual pastoral leases. Please note that Figure 1 and Table 2 are presented in different units, one cattle unit being equivalent to seven small stock units.

The data in Table 1 shows that the number of stock in the Kimberley has increased by 49.7% in the twenty two year period 1990 – 2012. Stock numbers in the Pilbara have increased by 28.2% for the same period and stock numbers in all other regions have decreased for the same period. The change in total stock numbers across all regions is an increase of 14.7%.

There has been a dramatic reduction in the number of sheep across all regions except the Kimberley. In the Pilbara the increase in cattle numbers was higher than the decline in sheep numbers however in the Gascoyne, Murchison and Goldfield-Nullabor regions, the increase in cattle numbers is significantly less than the decline in sheep numbers.

Total stock numbers in 2012 are lower than the historic highs of the 1930s and 1970s, and higher than historic lows shown in Figure 1.

Region	Year	No. of cattle	cu	No. of sheep	cu	Total cu	Change	
<b>Kimberley</b>	1990	462,519	434,548	-	-	434,548	215,840	49.7%
	2012	692,252	650,389	-	-	650,389		
<b>Pilbara</b>	1990	136,068	127,839	348,977	49,854	177,693	50,098	28.2%
	2012	242,446	227,788	25	4	227,791		
<b>Gascoyne</b>	1990	29,368	27,592	675,943	96,563	124,155	-39,901	-32.1%
	2012	70,528	66,263	125,937	17,991	84,254		
<b>Murchison</b>	1990	43,718	41,074	808,028	115,433	156,507	-72,271	-46.2%
	2012	76,893	72,243	83,947	11,992	84,235		
<b>Goldfields-Nullarbor</b>	1990	7,820	7,347	470,763	67,252	74,599	-11,879	-15.9%
	2012	51,926	48,786	97,541	13,934	62,720		
<b>TOTAL</b>	<b>1990</b>	<b>679,493</b>	<b>638,401</b>	<b>2,303,711</b>	<b>329,102</b>	<b>967,503</b>	<b>141,886</b>	<b>14.7%</b>
	<b>2012</b>	<b>1,134,045</b>	<b>1,065,468</b>	<b>307,450</b>	<b>43,921</b>	<b>1,109,389</b>		

Table 1: Change in stock numbers on pastoral leases in Western Australian by region between 1990 and 2012

Source: Department of Lands 2013

### **Carrying capacity of pastoral land**

The Department of Agriculture and Food Western Australia (DAFWA) have calculated potential carrying capacities for most pastoral leases using land system mapping and pasture potential. The potential carrying capacity is indicative of the number of stock units that can be sustainably grazed on a lease year in year out assuming that the rangeland is in good condition and that the lease is fully developed with adequate infrastructure. The potential carrying capacity should be used as a guide only.

Prior to 2009, when Rangeland Condition Assessments were conducted a *present* carrying capacity was also calculated for leases based upon the present range condition and infrastructure. Present carrying capacity is no longer calculated.

### **Board issues and considerations**

- The Board has no policy to clarify its position or to assist in determining when its power under s.111 LAA will be used.
- The Board has not used its power to determine a minimum number of stock to be carried on a pastoral lease since the LAA came into force in 1997.
- The Board has a policy regarding the destocking of a pastoral lease. There was a past view of the Board or the Department of Lands, that in order to comply with s.108(1) LAA, a lessee must not destock their pastoral lease without first being granted permission by the Board. Lessees have not been required to gain Board permission to destock their leases since 2010 when the Board endorsed *Policy No. 7 – Stocking of a pastoral lease* which recognises that pastoral lease managers must have flexibility to effectively manage grazing pressure according to seasonal conditions, and that destocking is a necessary and best management practice that enables the lessee to manage the conservation and regeneration of indigenous pasture and other vegetation.
- In the past, the Board would determine a maximum number of stock to be grazed on the whole or a portion of the lease in an attempt to remedy issues of declining rangeland condition. This approach was constrained for the following reasons. Information pertaining to the numbers of stock on pastoral land relies on the veracity of data provided in the annual returns; there was a focus on stock numbers rather than the desired outcome to improve rangeland condition; it is difficult to determine a stocking level that will achieve the desired rangeland improvement; it is impractical to assess compliance that necessitates the counting of stock; and if compliance cannot be assessed it cannot be enforced.



- The impact of feral and native grazing animals must be considered when managing total grazing pressure on pastoral land.

## **MANAGEMENT OF ENVIRONMENTAL DAMAGE ON PASTORAL LAND**

### **Role of the Board**

The Board is to ensure that pastoral leases are managed on an ecologically sustainable basis, to develop policies to prevent the degradation of rangelands, to develop policies to rehabilitate degraded or eroded rangelands and to restore their pastoral potential, and to establish and evaluate a system of pastoral land monitoring sites (s.95(c), (d), (e) & (g) LAA).

### **Role of the pastoral lessee**

Pastoral lessees are required under the terms of their lease to maintain or improve the range condition of their leases, and under the LAA to use methods of best management practice for the management, conservation and regeneration of pasture for grazing (s.108 (2)) and maintain the indigenous pasture and other vegetation on the land under the lease to the satisfaction of the Board (s.108 (4)).

### **Monitoring the condition of pastoral land**

To ensure that land which is environmentally damaged is adequately managed to facilitate recovery, the Board must firstly identify the problem by monitoring the rangeland condition.

### ***Rangeland Condition Assessments***

Prior to 2009 the Board monitored rangeland condition on pastoral land using a Rangeland Condition Assessment process which was conducted by officers of the Department of Agriculture and Food Western Australia (DAFWA). Leases considered to be in good rangeland condition were assessed on a six yearly cycle. Leases on which rangeland issues had been identified were assessed more frequently depending upon the nature of the problem.

DAFWA conducted a physical lease inspection and then provided a Rangeland Condition Assessment report to the Board that included any recommended actions. After consideration of the report, the Board could then exercise its power and issue directives to the lessee in order to manage and resolve problems that may have been identified during the inspection.

Rangeland Condition Assessments were a subjective process that depended upon the experience and observations of the assessing officer.

### ***Rangeland Condition Monitoring***

In 2009 the Board endorsed a new monitoring concept proposed by DAFWA which is now called Rangeland Condition Monitoring, and DAFWA ceased to conduct

Rangeland Condition Assessments. Rangeland Condition Monitoring was planned to enable more frequent collection of objective, consistent and co-ordinated rangeland condition data on all pastoral leases, to be stored on an electronic data base that would analyse the data and identify possible issues.

Rangeland Condition Monitoring requires pastoral lessees to install and monitor a set number of fixed sites on their lease and to submit the monitoring data of one third of the sites annually on a rotating basis. The data can be submitted online.

Rangeland Condition Monitoring was originally intended to commence in 2010 however implementation was significantly delayed for two reasons. Firstly, there were issues with the management and resourcing of the project which were outside the control of the Board. Secondly, the Board had endorsed the project upon advice that a mandatory requirement to conduct Rangeland Condition Monitoring could be imposed upon pastoral lessees under the current provisions of the LAA, however contradictory advice was later received stating that Rangeland Condition Monitoring would not be enforceable under current legislative provisions and that an amendment would be necessary to do so.

It is currently intended that Rangeland Condition Monitoring will become mandatory in 2015, though this is dependent upon a proposed legislative amendment. Pastoral lessees may commence Rangeland Condition Monitoring on a voluntary basis prior to 2015 and as of July 2013, can upload Rangeland Condition Monitoring data to an online database called ARCADIA.

### ***Western Australian Rangeland Monitoring System***

The Western Australian Rangeland Monitoring System (WARMS) assesses regional scale trend of perennial vegetation and soil surface condition.

The Board receives an annual report from the Commissioner of Soil and Land Conservation on the current condition of land under pastoral lease as required under section 137(2) of the *Land Administration Act 1997*. This report provides information on seasonal quality, stock numbers and changes in the frequency of perennial grasses and shrubs on pastoral land at Land Conservation District scale using data from the Bureau of Meteorology, the *Annual Return of Livestock and Improvements* and WARMS.

The annual reports from the Commissioner of Soil and Land Conservation to the Board are publicly available on the Department of Land's website.

### **Board issues and considerations**

- The Board must consider the concept of ecological sustainability in the context of the activity upon the land, being the grazing of managed livestock, which is an allowed land use under the LAA. The Board recognises that the grazing of livestock will change the ecology of the landscape.

- It is the primary role of the pastoral lessee to manage the land under their lease and the stock on their lease to comply with lease conditions. The Board's primary role is not to manage land and stock, but to administer pastoral land and to ensure that lessees comply with the conditions of their leases. The Board has moved away from its past approach of issuing prescriptive management directives to lessees and now focuses on directives that pertain directly to improving rangeland condition, allowing the lessee to decide upon and implement appropriate management actions.
- To ensure that pastoral leases are managed on an ecologically sustainable basis (s.95(c) LAA) and that environmental damage on pastoral land is managed appropriately to improve rangeland condition, the Board may issue directives that oblige a lessee to comply with certain conditions and the Board may investigate the lessee's compliance with those directives.
- The Board has responsibilities with regard to pastoral lessee compliance and may issue a default notice if a pastoral lessee fails to comply with any provision of the LAA, any provision of the lease; any condition set or determination made by the Board under the LAA; a condition of a Permit issued in respect of the lease; or a soil conservation notice.
- If a lessee fails to comply with a default notice, pursuing compliance through a legal process of enforcement is not the role of the Board but that of the Department of Lands.
- There is a perception that the Board is a 'toothless tiger' which results from the misunderstanding that the Board is responsible for legal enforcement, which it is not.
- The Board is concerned that in some instances, legal enforcement of ongoing non-compliance is not pursued by the Department of Lands because Board procedure is considered insufficient to successfully support legal enforcement. The Board is currently seeking advice from the Department of Lands as to how Board processes can be improved to support legal enforcement.
- The Board is not adequately resourced to assess and manage noncompliance or to fulfill its other functions and obligations under the *Land Administration Act 1997*. The Board has no direct role in the management of the financial or human resources that it requires and makes no financial or budgetary decisions. It is entirely reliant upon the administrative and financial support that is allocated by the Department of Lands.

- Monitoring of pastoral land using Rangeland Condition Assessments ceased in 2009 and monitoring using Rangeland Condition Monitoring will not commence until 2015, with rangeland condition trend data will not be available until 2018. There is an interval of nine years during which the Board has no access to systematic rangeland condition trend data at a lease level. To mitigate the risk that rangeland condition decline may go undetected during this period, a risk analysis has been conducted to identify those leases that are at risk and these will be physically inspected.
- The Board has ongoing access to WARMS data which indicates rangeland condition decline in some Land Conservation Districts, but does not indicate on which leases that is occurring. Lease level information is required to identify specific problems before the Board can issue a directive to a lessee.
- The assessment of rangeland condition and trend at the pastoral lease level requires ground-based techniques. Assessment by remotely-sensed platforms is not applicable to all circumstances. Given the spatial extent of pastoral land, the resource requirement for ground-based assessment is substantial.
- The success of the new Rangeland Condition Monitoring system will rely upon information being provided by pastoral lessees. Originally, the cost of installing and monitoring the Rangeland Condition Monitoring system was expected to be paid by pastoral lessees. The Board has recently decided that a more equitable arrangement would be for the State to pay the cost of installation, with the pastoral lessee to bear the ongoing costs of monitoring and reporting. This depends on the sourcing of adequate funding.
- A lack of resources constrains the Board in fulfilling its obligation to develop policies to prevent the degradation of rangelands (s.95(d) LAA) and develop policies to rehabilitate degraded or eroded rangeland and restore their pastoral potential (s.95(e) LAA), and such policies are yet to be developed.
- In March 2013, the Board commenced a strategic planning process by which it will develop a vision, a strategic plan and an action plan to provide a structured approach to carrying out its diverse administrative, policy and advisory roles. It is also expected that this document will provide information to inform the Department of Lands of the level of resourcing needed for the Board to fulfill its statutory obligations adequately. This strategic approach is an attempt by the current Board to tackle issues that have been present, documented, investigated and reviewed over a long period but without much action or change following. There is still much work to be done before

significant progress and change occurs to address historic and current issues in the pastoral rangelands.

## **PASTORAL LANDS BOARD RECOMMENDATION**

- 1. That sufficient human and financial resources must be made available to the Pastoral Lands Board, either directly or via an agency of Government, to enable it to fulfill its obligations under the *Land Administration Act 1997*, and in particular to:**
  - **Monitor and evaluate rangeland condition and trend at the pastoral lease level using reliable, contemporary techniques and information**
  - **Develop policy**
  - **Monitor and evaluate lessee compliance with processes that support appropriate enforcement**

### ***Term of reference (b) - The adequacy of security of land tenure***

## **THE ADEQUACY OF SECURITY OF LAND TENURE**

### **Role of the Board**

The Board is to advise the Minister on policy relating to the pastoral industry and the administration of pastoral leases (s.95(a) LAA), and the Board may issue permits for specific activities to be carried out on the land under a pastoral lease.

### **Current pastoral land tenure**

A pastoral lease is a fixed term lease of no more than fifty years and is subject to specific conditions. The land under the lease can be used for 'pastoral purposes' (s.93(a), (b) & (c) LAA) and the Board may permit other activities upon application.

Due to past administrative processes, the terms of some pastoral leases have been significantly reduced disadvantaging those with a lease of a lesser term. The current terms for pastoral leases range from eighteen to fifty years. Increasing the term of a pastoral lease is considered a future act and would necessitate compliance with the *Native Title Act 1993*.

A pastoral lease *may* be renewed for the same term *at the Minister's discretion to offer a renewal* upon application by the lessee. The Minister's offer of renewal may be conditional.

## **Security of pastoral land tenure**

Security of land tenure is defined by the nature of the title by which the land is held, the term or duration of the title, and the activities that are allowed to be carried out upon the land under that title.

Whether pastoral lease tenure is adequately secure is largely subjective depending upon circumstance and perspective.

## **Board issues and considerations**

- The Board recognises the concerns of the pastoral industry that the security of pastoral lease tenure is not adequate because the term of pastoral leases is relatively short which inhibits the investment of capital and some pastoral leases have terms that are significantly shorter than fifty years, being the maximum term allowed under the LAA; pastoral lease renewal is only offered at the discretion of the Minister and if the Minister does not make an offer of renewal the lessee is not entitled to compensation for the loss of the land under the lease; activities allowed on the land under the lease are constrained by the LAA, other legislation and bureaucracy. These insecurities hinder multiple land use activities, financial investment, economic growth and sustainable ecology.
- The Board believes that pastoral lease land tenure should be improved.
- The Board supports the State initiative to investigate alternative tenure options as part of the Rangeland Reform Program.
- The land tenure proposals of the Rangeland Reform Program should not be confused with the 2015 pastoral lease renewal process. They are distinct projects running in parallel. Tenure reform does not affect or change the 2015 pastoral lease renewal process.
- Tenure change or reform in the rangelands must be optional for pastoral lessees, and must not reduce, limit or erode the current tenure rights of pastoral lessees.
- In order to improve pastoral lease tenure security, the Board endorses the proposed amendment to Part 7 of the LAA currently being drafted to change the future lease renewal process whereby the Minister must offer a lease renewal to compliant lessees. This will give lessees far greater security and, in fact, if they remain compliant, a form of perpetual tenure. This assurance of renewal will provide an incentive to lessees to comply with lease conditions.

- The State must deal with the native title implications that impede or inhibit adequate and improved land tenure security and greater economic activity within the pastoral estate. The cessation of the Native Title Respondent Scheme has significantly reduced the capacity of pastoral lessees to engage in the native title process.
- Narrow and conservative interpretation has restricted the use of the provisions within Part 7 LAA. The Board believes there is significant scope to provide enhanced tenure security through flexible administration of land use activities on pastoral leases by using the current provisions of the LAA to their full extent, intent and purpose, particularly those regarding the definition of 'pastoral purposes' and permitted activities. The Board has sole power and discretion in administering these parts and has commenced work on a policy to support its decision making regarding these matters.
- State government support through improved security of land tenure and reduction of red tape would provide the pastoral industry with the opportunity and capacity to diversify and expand economic initiative and development.

## **PASTORAL LANDS BOARD RECOMMENDATION**

- 1. That pastoral land tenure must be improved to provide greater security and a broader range of activities permitted on the land, to promote long term investment, diverse economic growth and ecologically sustainable land management.**

### ***Term of Reference (c) - procedures for granting or renewing pastoral leases***

It is the Minister's role under the LAA to grant and renew pastoral leases. The Board only has an advisory role.

### **GRANTING OF A PASTORAL LEASE**

No pastoral leases have been issued over unallocated Crown land under the LAA. All existing pastoral leases were issued under the previous *Land Act 1933*.

### **2015 PASTORAL LEASE RENEWAL PROCESS**

The process for renewing pastoral leases in 2015 is described in Section 98 (11) of the previous Land Act 1933.

All of the state's 507 pastoral leases expire on 30 June 2015. 492 of these are eligible for renewal because they have accepted a conditional offer for a new lease.

The current offer of pastoral lease renewal is subject to five conditions. Two of these conditions relate to the Board's functions being, compliance with lease conditions,

including stocking requirements and maintenance of infrastructure, at the time of expiry on 30 June, 2015; and there being no unfulfilled requirements of the Soil and Land Conservation Commissioner and/or Pastoral Lands Board in relation to observance of lease condition under the Soil and Land Conservation Act and the Land Administration Act.

### **Board issues and considerations**

- To assist pastoral lessees to comply with the conditions required for the renewal of leases on 1 July 2015, a review of the level of compliance of each lease has been undertaken. The review was a significant task owing to the inadequacy of the data systems that have been used to store lease information, a problem which has impeded the Board's ability to continually monitor lease compliance over time.
- The Board has issued over 500 directives to pastoral lessees since the year 2000. Approximately 100 directives and compliance issues remain outstanding. A process to assist lessees to resolve these outstanding compliance issues leading up to the 2015 pastoral lease renewal has been commenced.
- Nothing should be done to hinder or frustrate the 2015 lease renewal process.

### **Post 2015 pastoral lease renewal process**

The process for pastoral lease renewals after 2015 is described in section 140 of the LAA.

Post 2015, pastoral leases will not all expire on the same date, but on the date according to the length of the term of the lease, which vary.

During the period of twelve months before the date ten years before the expiry of a pastoral lease, the lessee may apply in writing to the Minister requesting an offer of renewal (s.140(1) LAA).

### **Role of the Board**

On receiving an application for lease renewal, the Minister is to request the written advice of the Board on whether the lessee should be offered a renewal of the lease or a grant of a lease over part of the land under the existing lease (s.140 (2) LAA).

### **Board issues and considerations**

- As previously discussed, the Board endorses an amendment to the LAA to ensure that compliant lessees will automatically receive an offer to renew their leases post 2015.



- The Board must provide clarity through policy about how it will assess compliance in relation to lease renewals.

## **PASTORAL LANDS BOARD RECOMMENDATIONS**

- 1. That the 2015 pastoral lease renewals must not be hindered by any administrative decisions or processes.**
- 2. That an amendment to the *Land Administration Act 1997* to improve pastoral lease tenure by ensuring that compliant pastoral lessees will automatically receive an offer to renew their leases post 2015 be progressed immediately.**

### ***Term of Reference (d) the proposed pastoral lease 2015***

#### **Draft 2015 pastoral lease document**

We have made the assumption that this term of reference refers to the draft pastoral lease document for the pastoral leases that will come into effect on 1 July 2015.

#### **Role of the Board**

The Minister may, in consultation with the Board, include in a pastoral lease any terms, reservations, conditions, covenants or penalties not inconsistent with the LAA (s.103 LAA).

The draft 2015 pastoral lease document has been presented to Board meetings on two occasions at which time Board asked questions about its content, intent and meaning, and provided some verbal feedback.

The draft 2015 pastoral lease document was sent to pastoral lessees on 16 July 2013 for their information and comment. Comments will inform the next stage of the drafting process.

#### **Board issues and considerations**

The Board was provided with a copy of the draft lease in May 2013 and will provide advice to the Minister once feedback from pastoral lessees has been received.

- The new lease document should not modify the rights and tenure security of lessees as granted under the LAA.

## PASTORAL LANDS BOARD RECOMMENDATION

1. That the pastoral lease document to come into effect on 1 July 2015 must not modify the rights and tenure security of lessees as granted under the Land Administration Act 1997.

### ***Term of Reference (e) - any other matter***

#### **IMPACT OF THE 2011 LIVE CATTLE EXPORT SUSPENSION**

The Australian cattle industry has been adversely affected by decisions made by governments in Australia and Indonesia over the past three years. In 2010 Indonesia enforced an upper weight limit of 350 kilograms per head for all live cattle imports. Live cattle exports to Indonesia were suspended by the Australian government in June 2011. Indonesia has reduced quotas for live cattle and boxed beef imports into Indonesia with the objective of obtaining self-sufficiency in beef production.

These decisions have directly contributed to a reduction in beef prices and a reduction in the volume of cattle sales, particularly for northern producers.

Cattle prices for northern Australia have steadily fallen since the suspension of cattle exports to Indonesia (Figure 2) and prices are currently at the lowest level for several years.

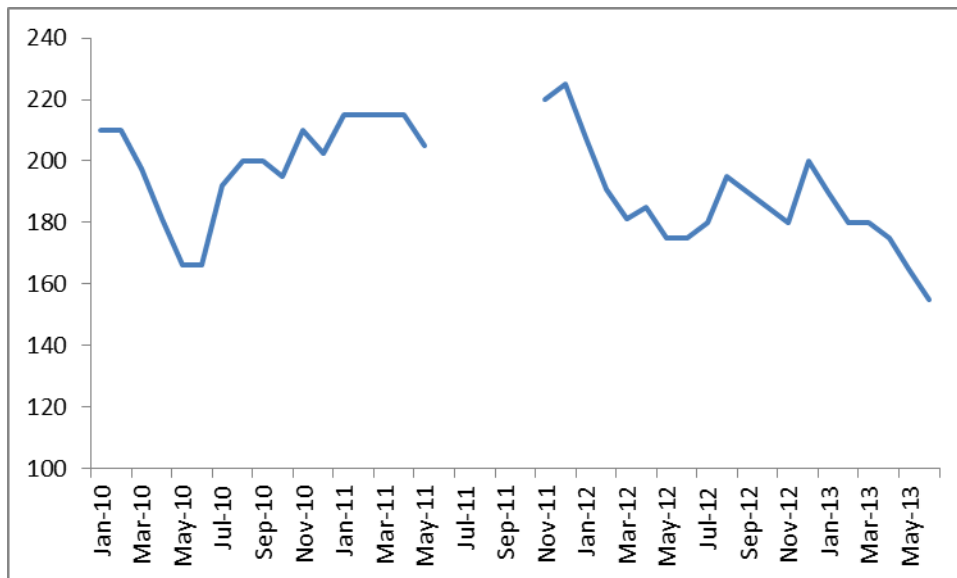


Figure 2 – Australian live export cattle prices (c/kg) – (light steer, ex Darwin)  
Source: MLA National Livestock Reporting Service.

Australian cattle exports have declined by 35% since their peak in 2009 (Figure 3)

Australian cattle exports to Indonesia, the most important market for northern producers, have declined by almost 64% between 2009 and 2012.

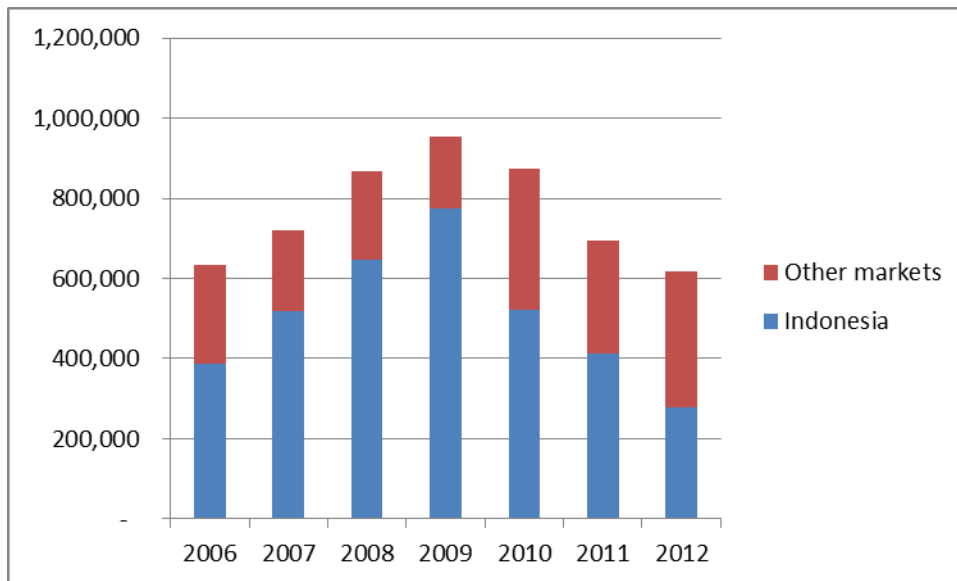


Figure 3 – Exports of cattle from Australia

Source: MLA National Livestock Reporting Service.

Australian cattle exports have generally stabilised in 2013 but exports to Indonesia continue to decline, being 4% lower in the six months ending June 2012 compared to the same period in 2012 (Table 2).

	January – June 2012	January – June 2013
Indonesia	183,682	176,164
Other Markets	150,811	170,009
TOTAL	334,493	346,173

Table 2: Live Cattle Exports from Australia

Source: MLA

### Board issues and considerations

- Lower cattle prices and reduced sales with a corresponding reduction in income are threatening the financial viability of some pastoral businesses.
- The live cattle suspension caused a marked decline of confidence in the sector with corresponding declines in property values and equity.

- A reduction in cattle sales will increase the number of cattle retained on pastoral land which may cause a decline in rangeland condition.
- In order to remain financially viable, some lessees may be induced to run increased stock numbers beyond the sustainable capacity of the land.
- Reduced profitability reduces investment in existing and new infrastructure and improvements.
- Lessees may wish to use their lease for multiple purposes other than grazing cattle to diversify their means of income and gaining permission to do this is constrained as discussed previously.

### **PASTORAL LEASE RENT**

The Valuer-General determines the annual rent for pastoral leases at five yearly intervals (s.123 LAA). The last assessment was conducted in 2009 and the next will occur in 2014.

Pastoral lease rent increased significantly in 2009 which was of great concern to some pastoral lessees. Pastoral lease rent assessments directly and proportionately affect local government rates. The Unimproved Value used by local governments for rating purposes is twenty times the *ground rent* of the pastoral lease as determined by the Valuer-General.

The pastoral industry voiced concerns about the 2009 rental increase and the LAA was subsequently amended to allow the phasing in of the rental increase over three years.

The mean and median pastoral lease rent for 2004 and 2009, and the increase in rent resulting from the 2009 rent assessment are shown in Table 4.

	<b>Median Rent 2004</b>	<b>Median Rent 2009</b>	<b>Increase</b>
Kimberley	\$5,991	\$22,278	271.9%
Pilbara	\$3,381	\$9,559	182.7%
Gascoyne	\$1,997	\$3,192	59.9%
Murchison	\$1,856	\$2,926	57.6%
Goldfields- Nullarbor	\$1,974	\$3,388	71.6%
<b>WA</b>	<b>\$2,629</b>	<b>\$5,061</b>	<b>92.5%</b>
	<b>Mean Rent 2004</b>	<b>Mean Rent 2009</b>	<b>Increase</b>
Kimberley	\$6,543	\$28,688	338.5%
Pilbara	\$3,907	\$12,351	216.1%
Gascoyne	\$2,466	\$4,653	88.7%
Murchison	\$2,211	\$4,114	86.0%
Goldfields- Nullarbor	\$2,357	\$3,620	53.6%
<b>WA</b>	<b>\$3,448</b>	<b>\$10,487</b>	<b>204.1%</b>

Table 4: Mean and median pastoral lease rent in 2004 and 2009 by region  
Source: Department of Lands 2013

### **Role of the Board**

In determining the pastoral lease rent, the Valuer-General is to consult the Board concerning the economic state of the pastoral industry (s.123(2) LAA).

### **Board issues and considerations**

- After the rent increases of 2009, the Department of Lands commenced a review of the pastoral rate assessment methodology in 2010 and the Board was informed and consulted throughout the process. This process has not been finalised and it is the intent of the Department of Lands that the rent assessment methodology will be referred to the Economic Regulation Authority.
- The Board has advised the Minister that the review should be finalised as soon as possible to alleviate the uncertainty of lessees as to whether there will be a change to the rate assessment method.
- The Valuer-General has commenced consultation with the Board in regard to the 2014 rent assessment.

- The Board has requested the Department of Lands to compile information as to the current economic state of the pastoral industry to use support our consultation with the Valuer-General.

## **BIOSECURITY**

### **Bovine Johne's Disease**

The recent quarantining of properties in the Kimberley region in relation Bovine Johne's Disease has significantly impacted the lessees of affected properties. Cattle movement has been restricted and significant costs have been imposed upon the lessees in order to comply with the quarantine requirements.

The Board has no role in the process of quarantine and cannot comment as to whether the process was necessary or effective, but wishes to note the impact upon the lessee's involved.

## **STOCK ROUTES**

Several historic stock routes traverse through pastoral leases throughout Western Australia. Stock routes are no longer used for the movement of stock. Stock routes do not form part of or overlay pastoral lease tenure. They are a distinct and separate tenure passing through the pastoral lease tenure.

### **Board issues and consideration**

- Obsolete stock routes have become an anomaly in the mosaic of rangeland tenures, particularly where they cross through pastoral leases.
- Stock routes are problematic for pastoral lessees when developing infrastructure and improvements on their leases; and with access by third parties.
- The Board received a presentation from the Department of Lands on the current status of stock routes in March 2013 and is yet to progress the matter further.
- Converting stock route tenure to pastoral tenure would require compliance with the future act provisions of the *Native Title Act 1993*.

## **PASTORAL LANDS BOARD RECOMMENDATIONS**

1. That **Government and its agencies must give careful consideration to decisions that may impact negatively upon the financial viability of pastoral businesses, thereby reducing the capacity for pastoral lessees to comply with lease conditions and to attain to other aspirations of the**

**State such as regional economic development and diversity, and sustainable land management.**

- 2. That stock routes traversing pastoral leases be converted to pastoral lease tenure.**