

Livingstone Shire Council: Submission to Review of the Lands Acquisition Act 1989

To:

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From:

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Submission to the Department of Finance regarding the economic and community impacts of the *Land Acquisition Act 1989*, the key legislation used by the Commonwealth to acquire and dispose of interests in land. Focused on lost rates revenue, lost agriculture production and foregone community growth opportunities for Livingstone Shire Council due to the Shoalwater Bay Training Area expansion and associated land acquisitions.

Submission Summary

This submission to the Department of Finance is focused on the '*...purpose of the review of the Land Acquisition Act 1989*', in response to how the *Land Acquisition Act 1989* can best support acquisition and disposal of land by the Commonwealth for public purposes in a way that is '*fair and efficient to all parties*'. Submissions are allowed to '*raise other aspects of the LAA not covered in the paper*' and contribute to '*...what changes could be made to improve the LAA, particularly around review principles of equity and fairness.*'

Until 2016, the Shoalwater Bay Training Area constituted approximately twenty-six (26) per cent of the Livingstone Shire Council local government area. Two significant expansion projects are currently underway in the Shoalwater Bay Training Area. The Shoalwater Bay Training Area Remediation Project, managing contractor Downer KFG, will see more than \$140 million spent over the coming three years in the training area. The Australian Singapore Military Training Initiative managing contractor Laing O'Rourke has forecast expenditure in excess of \$800 million over the next decade to expand the Shoalwater Bay Training Area footprint and associated infrastructure to support increased training activity.

In the last four years, land acquisitions by the Australian Defence Force of over 104,400 hectares of prime grazing land have increased the training area's footprint to take up thirty-six (36) per cent of the Livingstone Shire local government area. The potential expansion proposed by the Australian Defence Force could see a further ten per cent acquired in the future, which could increase further, as two properties outside the potential expansion area have already been acquired (see Figure 2 below). Potentially, the Commonwealth Government could ultimately own at least forty-six (46) per cent of the Livingstone Shire local government area.

Council has not received rates revenue on up to twenty-six (26) per cent of the Shire's land mass occupied by the Shoalwater Bay Training Area for the last fifty-five (55) years, since the base was established in 1965. As at 2016 (prior to expansion) this equated to an estimated loss of rates revenue for the Shoalwater Bay Training Area to Council and the Livingstone Shire community of approximately \$32 million.

Defence acquisition of large cattle stations to accommodate the expansion over the last four years has resulted in a direct loss of \$1.25 million in rates revenue, which is equivalent to 3.6 per cent of the annual general rate revenue. The reduction in rate revenue has currently been absorbed by the balance of the Livingstone Shire community. It is estimated the annual loss of rate revenue for 2020-2021 alone was equivalent to a 1.2 per cent general rate increase. Further acquisitions have the potential to remove an additional \$800,000 dollars in rate revenue and will contribute to an additional 2.28 per cent general rate increase.

It is important to stress that, unlike the State and commonwealth levels of government, local government has limited revenue streams. Rates are a tax, by which local government raises revenue to provide services to the entire community. The removal of the rate base erodes a local government's ability to sustainably manage its finances, which in turn impacts directly upon the communities it serves. This important point is absent from any consideration of land acquisition, which is predominantly focused on the purchaser (being the Commonwealth) and the seller (being the land owner).

Agriculture economic impact modelling estimates impacts from reduction in cattle production from land acquisitions equates to an annual loss to the Livingstone Shire Council's regional economic output of \$9.93 million, equivalent of thirty-three (33) local jobs, with a combined impact on both the regional and Australian economic outputs of \$14.7 million, equating to the loss of fifty-two (52) jobs.

It is evident that social fractures occur in small communities when large scale land acquisitions are undertaken. The social impacts on a community associated with land acquisitions are not considered at all by the *Land Acquisition Act 1989*. In its current form the *Land Acquisition Act 1989* is merely concerned with the "process" that the purchaser (being the Commonwealth) and the seller (being the land owner) go through to ultimately acquire the land. The review process requests submissions about '*...what changes could be made to improve the LAA, particularly around review principles of equity and fairness.*' It is imperative that the "revised" *Land Acquisition Act* finds an inclusive and transparent way to measure potential social impacts on communities to ensure equity and fairness for the public good. At a minimum to ensure all of the above social impacts are minimised one of the key project deliverables from land acquisition should be the prominence of outputs which will directly relate to improved liveability for the impacted local government area.

It is Livingstone Shire Council's position that land acquisitions by the Commonwealth should include ongoing reparation for local governments to compensate for foregone rates revenue, impacts on infrastructure and agriculture, and the corresponding lost opportunity cost to the community.

Shoalwater Bay Training Area

The Shoalwater Bay Training Area is an internationally recognised military training ground. The original training area footprint of 454,000 hectares, incorporated 180,000 hectares of coastal and marine area which until 2016 (pre-expansion) took up approximately twenty-six (26) per cent of the Livingstone Shire Council local government area.

Figure 1 Map of Shoalwater Bay Training Area Land Parcels



As one of the best and most versatile military training areas in the world, the facility is also the only area in Australia where the army, air force, and navy are able to be fully deployed and engage in joint military training exercises. Over the last fifty (50) years, the area has been widely used by the Australian Defence Force, Singapore Armed Forces, and the United States Military for training exercises and manoeuvres.

Regular usage by the Australian Defence Force exercises sees up to 30,000 troops deployed throughout the region at any one time. This is supplemented by large United States Military joint exercises such as Exercise Talisman Sabre and the Singapore Armed Forces, who deploy up to 6,600 Singapore troops annually, over a six-week period, to train in both the Townsville and Shoalwater Bay Training Area.

The Shoalwater Bay Training Area is set to expand and develop under the Australian Singapore Military Training Initiative (ASMTI). This expansion will see a corresponding annual increase in visiting Singapore troops to 14,000 over two nine-week periods and include up to 2,300 vehicles.

Two significant projects to accommodate this expansion are currently underway in the Shoalwater Bay Training Area. The Shoalwater Bay Training Area Remediation Project, managing contractor Downer KFG, will see more than \$140 million spent over the coming three years on upgrades to the military training area to accommodate and support a range of new land combat and amphibious warfare capabilities. This includes the construction of a freshwater beach landing area, introduction of new armed intelligence, surveillance and unmanned reconnaissance aircraft and upgrades to the Williamson and Samuel Hills Airfields.

The Australian Singapore Military Training Initiative managing contractor is Laing O'Rourke and has forecast expenditure in excess of \$800 million over the next decade to expand the Shoalwater Bay Training Area footprint and associated infrastructure to support increased training activity. This will include the purchase of multiple large freehold cattle stations, construction of a new accommodation camp for up to 3,000 personnel, urban operations live fire buildings, combined arms land range,

construction of a new coastal village, hardened manoeuvre corridors and beach landing site pier to assist in amphibious vehicle landing.

The existing and proposed expansions of military training activities and associated facilities have impacts on the rural and regional communities in proximity to the Shoalwater Bay Training Area as well as the entire Livingstone Shire community. The presence of Singaporean troops in the region has been a long-standing practice and Livingstone Shire Council (Council) recognises that the expansion will provide an economic boost to the region's economy. Livingstone Shire Council also appreciates the Singapore Military's social and cultural contribution to the region and the direct relationship it has with Council.

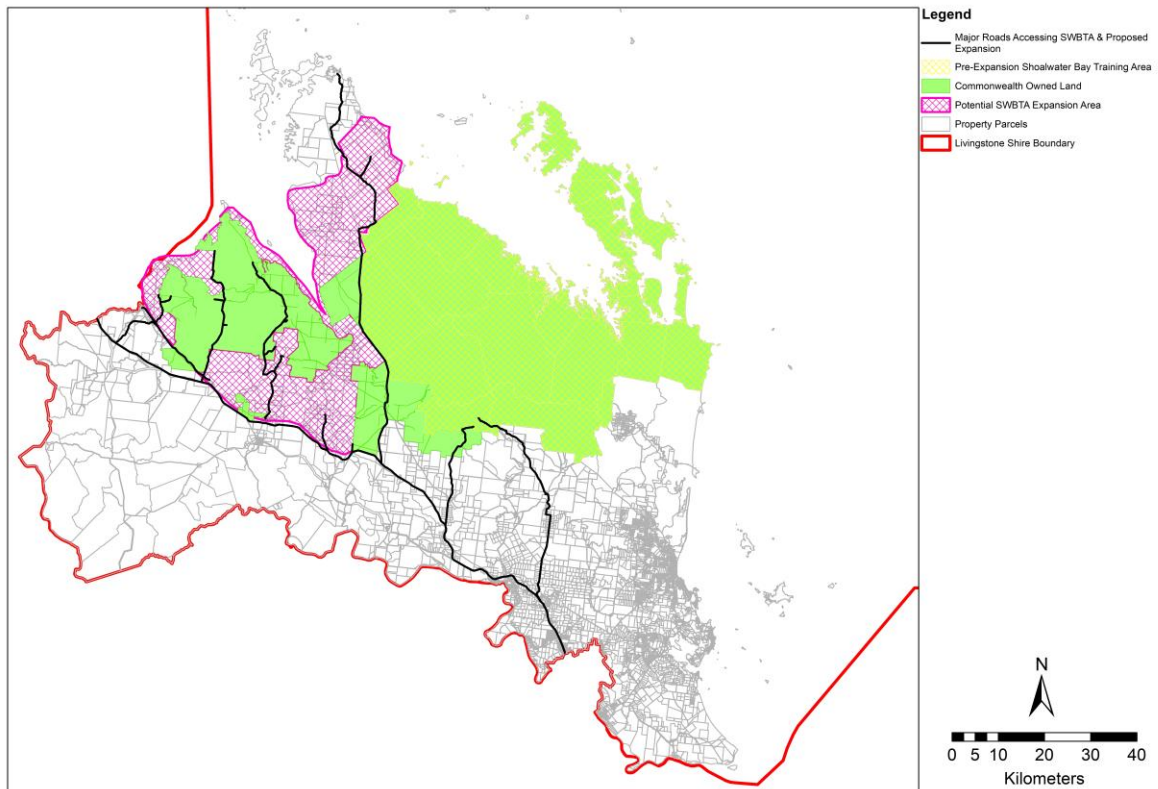
The Australian Defence Force estimates that the Singapore Government will invest approximately \$800 million in the Rockhampton and Livingstone shires in the next ten years through the Comprehensive Strategic Partnership. Approximately twenty-five (25) per cent of the \$800 million has been used to acquire large cattle stations in the Livingstone Shire local government area. In the last four years (2016 to October 2020) the Australian Defence Force has acquired an additional ten per cent of the Livingstone Shire Council's area, bringing the total Commonwealth owned property to thirty-six (36) per-cent of all of the shire's area (not including National Parks, state forest and unallocated state lands).

If land acquisitions continue as per the Australian Defence Force's potential expansion map (refer Figure 2 below) this will mean another ten per cent of the shire's local government area will be acquired, meaning the Commonwealth Government could own forty-six (46) per cent or more of the Livingstone Shire local government area. To date it still remains unclear as to exactly how and where all the Australian Singapore Military Training Initiative money will be spent, aside from acquiring prime cattle country and what direct or indirect short, medium, and long-term economic benefits and job creation for regional communities will result from the investment.

Shoalwater Bay Training Area Land Expansion

Community opposition to the proposed compulsory land acquisitions of highly productive agricultural lands, saw the intervention of the Prime Minister in 2017 directing Australian Defence Force to only acquire land where owners were willing sellers. This direction provided considerable peace of mind for the impacted Marlborough and Stanage Bay area property owners, businesses, and local community. Regardless, there is still a high level of uncertainty around the unknown social and economic flow-on impacts on the community from voluntary sales of large tracts of prime grazing land to the Australian Defence Force. From a Livingstone Shire Council perspective, it has seen an increase from twenty-six (26) per cent to thirty-six (36) percent (an increase of ten per cent; refer Figure 2 below) being additionally acquired in the last four years, which has led to a significant reduction in rates revenue for the shire (estimated at \$1.2 million annually in financial year 2020-2021) and created additional burden on existing rate payers and impacted Council's future service delivery and growth aspirations.

Figure 2. Map of Shoalwater Bay Training Area Land Parcels (Pre and Post Expansion)



Opportunity Cost of Land Acquisitions

Council recognises the economic opportunities from military training exercises, however there is a need to ensure the social, economic, and infrastructure impacts on the shire’s rural and regional communities are understood. Public facilities and infrastructure need to be upgraded to a standard that can cope with the current, as well as the future increased military activity while also protecting and benefiting the region’s community. The existing and future financial pressure on the entire Livingstone Shire community by the increased reduction in rates revenue from the Shoalwater Bay Training Area land acquisitions must also be accounted for and offset both financially and through long-term investment in the host council area to benefit the local economy and community.

Breakdown of Economic Impacts

Loss of Rates Revenue

Council has not received rates revenue on up to twenty-six (26) per cent of the Shire’s land mass occupied by the Shoalwater Bay Training Area for the last fifty-five (55) years, since the base was established in 1965. As at 2016 (prior to expansion), this equated to an estimated loss of rates revenue for the Shoalwater Bay Training Area to Council and the Capricorn Coast region community of approximately \$32 million.

It has been estimated that prior to recent land acquisitions, Livingstone Shire Council was deprived of in excess of \$1 million annually of foregone rates revenue from defence ownership of the Shoalwater Bay Training Area. This loss has been further exacerbated in the last four years by a direct loss of \$1.25 million in rate revenue by defence acquisition of large cattle stations to accommodate the expansion.

The expansion has seen the Shoalwater Bay Training Area increase in size by ten per cent. The Australian Defence Force (Commonwealth government) effectively owns thirty-six (36) per cent of the Livingstone Shire Council local government area (not including National Parks, state forest and unallocated state lands). The acquisitions finalised since 2016 for the expansion have deprived Livingstone Shire Council of \$1.25 million in lost rates revenue, this is equivalent to 3.6 per cent of the annual general rate revenue.

The reduction in rate revenue has currently been absorbed by the balance of the Livingstone Shire community. It is estimated the annual loss of rate revenue for 2020-2021 alone was equivalent to a 1.2 per cent general rate increase. Further acquisitions have the potential to remove an additional \$800,000 dollars in rate revenue and will contribute to an additional 2.28 per cent general rate increase.

Modelling indicates that further loss of rate revenue will have a negative impact on Council's operating surplus and cash balance. The decrease in cash is likely to have a negative impact on the funding options of future capital expenditure available to Council and limit Council's ability to adequately maintain service level standards on the rural road network. The community has clearly indicated there is very little appetite for rate increases above the consumer price index and no appetite to increase borrowings to fund capital expenditure.

This is the direct consequence of the *Land Acquisition Act 1989* and the fact that the Commonwealth government is not required to pay rates for acquired land. It is formally requested to improve the *Land Acquisition Act*, particularly around the review principles of equity and fairness which ensure that Commonwealth land acquisitions in local government areas for defence purposes be subject to paying the relevant fees, charges and rates on land which was previously rateable. In addition, any land is acquired but still leased for non-government purposes, should still be eligible for rates, unlike the current situation, whereby properties continue to be used for agriculture but are exempt from rates.

The increased financial pressure on the entire rateable Livingstone Shire community by a significant reduction in rates revenue from the Shoalwater Bay Training Area expansion must also be accounted for and offset both financially through rateable revenue and through long-term investment in the host council area.

It is important to stress that, unlike the State and commonwealth levels of government, local government has limited revenue streams. Rates are a tax, by which local government raises revenue to provide services to the entire community. The removal of the rate base erodes a local government's ability to sustainably manage its finances, which in turn impacts directly upon the communities it serves. This important point is absent from any consideration of land acquisition, which is predominantly focused on the purchaser (being the Commonwealth) and the seller (being the land owner).

Reduction in Agricultural Value Add from Military Expansion Land Acquisitions

Since 2016, the Australian Defence Force has acquired 104,400 hectares of predominantly prime cattle grazing land in the Shoalwater Bay Training Area. Agriculture economic modelling estimates that this equates to an annual loss to the Livingstone Shire Council's regional economic output of \$9.93 million, equivalent of thirty-three (33) local jobs, with a combined impact on both the region and Australian economic outputs of \$14.7 million and the loss of fifty-two (52) jobs. Economic impact modelling

shows a direct economic Gross Regional Product loss of \$4.36 million for Livingstone Shire Council and \$6.61 million direct economic Gross Domestic Product loss on the Australian economy. The economic impact modelling was calculated using the Economy ID program 2020 and was based on average cattle carrying capacity per hectare, average annual turn-off rate and an averaged three-year price per head of cattle.

Inclusion of Local Suppliers for Major Defence Projects

It is recognised that the direction of the Australian Defence Force to include a minimum of eighty (80) per cent local content component (after lobbying by local governments impacted) for the respective major projects of the Australian Singapore Military Training Initiative and Shoalwater Bay Training Area Remediation Project will create economic opportunities for regional industries. Unfortunately many of these are outside the host council local government area and provide limited benefit to an already economically impacted community. The Australian Defence Force does not provide financial economic breakdowns of local procurement benefits to the Livingstone Shire Council, despite requests for this information at previous senate inquiries.

Social Impacts

It is evident that social fractures occur in small communities when large scale land acquisitions are undertaken. It must be clearly understood that many small rural communities are already struggling to maintain basic levels of amenities and community facilities, for example a primary school which will close if student numbers reduce significantly. Small business in rural communities will close if the surrounding population reduces, decreasing access to basic merchandise. The social impacts on a community associated with land acquisitions are not considered at all by the *Land Acquisition Act 1989*. In its current form the *Land Acquisition Act 1989* is merely concerned with the “process” that the purchaser (being the Commonwealth) and the seller (being the land owner) go through to ultimately acquire the land. The review process requests submissions about ‘...*what changes could be made to improve the LAA, particularly around review principles of equity and fairness.*’ It is imperative that the “revised” *Land Acquisition Act* finds an inclusive and transparent way to measure potential social impacts on communities to ensure equity and fairness for the public good. At a minimum to ensure all social impacts are minimised one of the key project deliverables from land acquisition should be the prominence of outputs which will directly relate to improved liveability for the impacted local government area. The following recent experiences are provided by way of context for the above observations.

Community meetings hosted by the Marlborough property and business owners and community and attended by Council officers reflected on a prior (to Shoalwater Bay Training Area expansion project) mutually amenable relationship with the local community and the Australian Defence Force and Singapore Armed Forces. In spite of the past animosity felt towards Australian Defence Force for the lack of consultation on the subject of compulsory acquisition, it was evident there was a genuine overall community reaction of disbelief and regret that relationships between both parties (Marlborough Against Defence Land Grab and Defence) had deteriorated over the distinct lack of consultation surrounding the proposed compulsory defence acquisitions of land in 2017.

The Australian Defence Force has taken steps to ensure that future relationships are repaired and reinforced and a mutual benefit realised between both the communities and businesses impacted upon by current and the proposed increase in military activities. Ongoing consultation between the

Australian Defence Force and impacted communities has resulted from submissions to the ‘Senate Inquiry impact of Defence training activities and facilities on rural and regional communities’, as well as lobbying by interested community groups.

Marlborough and Byfield have strong community identities linked with their local environment and anxiety has risen due to potential landscape and environmental impacts that the Shoalwater Bay Training Area expansion poses. The communities of Marlborough and Byfield choose to live in these areas because of the landscape, rural lifestyle, and small population, with both areas also have generations of the same families continuing to live and work there.

The Marlborough community reports regularly to the Livingstone Shire Community Development Team that many have concerns related to ‘not knowing’ the overall plan and timeframe for the Australian Defence Force activity in the area. Families and local businesses feel they cannot plan for their long term future with confidence and farmers have reported being unsure whether to continue to run their stock as usual *“if the Australian Defence Force is going to purchase their land eventually”*. There is also a need to consider the potential loss of community cohesion due to the considerable tension among residents, being experienced due to the split of property owners who want to sell and those who wish to stay.

The potential loss of student and staffing numbers at Marlborough School and the Kindergarten due to displacement of local families also requires consideration. The school has decreased enrolments for 2020 by two students; thirty-two (32) in 2019 down to twenty-nine (29) in 2020.

It is important to recognise the potential flow-on effects to a community that is already living in a strained environment. There is an increasing incidence of domestic and family violence and evidence of financial strain from increases in the cost of living as well as combating remoteness due to the lack of public transport in isolated areas. Queensland Police and homeless statistics indicate increased numbers across the Livingstone Shire in domestic and family violence matters and homelessness levels.

Marlborough is serviced by one police officer and one ambulance officer, both based in Marlborough. The community has reported concerns that these first responders are often busy taking care of Bruce Highway incidents and are not available to support the local township. There are no medical services, doctors or a chemist in Marlborough and residents are expected to travel to Rockhampton to access these services. Senior residents in Marlborough have reported concerns regarding accessing support services, for example home modification, home visits from doctors, or in-home nursing.

The Byfield community is an environmentally passionate group which strives to protect the area in which it lives and the surrounding environment. There have been concerns raised at Council locality visits about the impacts of the Shoalwater Bay Training Area expansion and increased military activities regarding sleep disturbance from military activity noise, safety of the community and fears the expansion will cause even more environmental degradation to the area.