



## **Managing Our Landscapes – Natural Resources Management Reforms**

Submission to the Government of South Australia

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# Table of Contents

1. Introduction	3
2. Landscape Boards	5
2.1 Establishing Landscape Boards	5
2.2 Landscape Board Boundaries	6
2.3 Membership of Landscape Boards	6
2.4 Green Adelaide	7
3. Landscape Plans and a Green Adelaide	7
4. Improving the Levy System	9
5. Cross-regional and Statewide Coordination	10
6. Grassroots Grants Program	10
7. Clear Simple Priorities	11
7.1 Pest, Plant and Animal Control	11
7.2 Water Management	11
7.3 Soil Quality	12
7.4 Other Stewardship Programs	12
8. Compliance	12
9. Conclusion	13

## 1. Introduction

The South Australian Chamber of Mines and Energy (SACOME) is the peak industry body representing companies with interests in the South Australian minerals, energy, extractive, oil and gas sectors and associated service providers.

The resources sector is a key stakeholder in the sustainable and strategic management of our natural resources with considerable obligations under various pieces of legislation and reinforced by community expectations.

South Australia's current natural resources management (NRM) arrangements are regulated under the *Natural Resources Management Act 2004* (NRM Act) which covers soil quality, water management and pest, plant and animal control.

The NRM Act intent is to provide an integrated and strategic framework from NRM based on regional empowerment, ownership and planning. However, over time, the criticism of the NRM arrangements has been its increased bureaucratisation and centralisation of resources.

SACOME notes that the South Australian Government has committed to a range of specific reforms to NRM systems with the aim of achieving five core principles:

1. *Decentralised decision making* – putting the focus on local issues and priorities that matter to regional communities.
2. *A simple and accessible system* – creating a transparent, flexible and responsive system that will allow people to get the job done more easily.
3. *Community and landowners at the centre* – recognising that people who live and work on the land are well placed to build enduring partnerships and make decisions about caring for our natural resources.
4. *Back to basics* – undertaking grassroots environmental projects that tackle soil and water management, weeds and pest animal control.
5. *A whole of landscape approach* – taking an integrated approach that complements grassroots programs with strategic projects to achieve restoration of entire landscapes.

SACOME is broadly supportive of reforms that aim to achieve an outcome driven, cost efficient, streamlined and transparent framework of the State's natural resources.

SACOME submits that reforms which aim to provide for the regional empowerment, ownership and planning of NRM need to balance the environmental and social considerations of the community with an economic objective that recognises the importance of the resources sector and industry to the ongoing prosperity of the State.

Economic, environmental and social factors need to be considered collectively to achieve positive NRM outcomes for all stakeholders.

SACOME and its members will continue to work cooperatively with the new Landscape Boards, just as they have with Natural Resources Management Boards (NRM Boards) to achieve mutually beneficial outcomes.

SACOME welcomes the opportunity to make this submission to the Managing our Landscapes - Natural Resources Management Reforms process.

## **2. Landscape Boards**

SACOME notes that NRM Boards were established under the NRM Act with its members appointed by the Minister.

SACOME also recognises that the rationale of the Landscape SA reform process is to better achieve the regional empowerment intent of the legislation and assisting NRM Boards in directing and actioning on-ground activities.

SACOME broadly supports the establishment of nine Landscape Boards to replace the existing NRM Boards and the intent to foster local decision making on NRM issues that underpins this approach.

SACOME's support is provided on the basis that the concerns outlined below are addressed.

### **2.1 Establishing Landscape Boards**

While SACOME broadly supports the establishment of Landscape Boards, it is important that Landscape Boards remain subject to the direction of the Minister.

This will allow the Minister to fulfil his accountability requirements to both the Parliament and the community.

It also establishes the necessary level of oversight over Landscape Boards while still maintaining their independence.

The ability for Landscape Boards to set their own budgets, employ their own staff and set and manage their own levies is an important step in empowering and providing greater autonomy to regional communities in the management of natural resources.

Greater autonomy for Landscape Boards also assists in removing the bureaucratisation and centralisation that these reforms are attempting to alleviate.

Increased autonomy needs to be coupled with greater transparency. The requirement for Landscape Boards to make publicly available plans and budgets annually will help to demonstrate accountability on the part of Landscape Boards in relation to their operational and governance responsibilities.

This contrasts with NRM Boards who were required to consult annually on their Business and Operational Plans until amendments to the NRM Act changed this to every three years, unless the increase to the Natural Resources Management Levy (NRM Levy) was greater than CPI.

These legislative amendments reduced the opportunity for local communities to understand the operations of NRM Boards and added to the removal of regional empowerment in the management of natural resources.

SACOME also welcomes the establishment of a regulator to oversee a cap on levy increases, however, this does not resolve the \$6.8 million increase in levies that occurred in 2016 and the continual increases above CPI since.

SACOME submits that the decentralisation of NRM (subject to the appropriate expertise being demonstrably considered) coupled with a streamlined approach should lead to the more efficient operation of Landscape Boards and their activities, including a reduction in the NRM Levy for all ratepayers.

## **2.2 Landscape Board Boundaries**

SACOME understands that the proposed establishment of Green Adelaide abolishes the Adelaide and Mount Lofty Ranges (AMLR) NRM Board and establishes the Hills and Fleurieu Landscape Board and the Plains and Valley Landscape Board.

Outside of these changes the reform process proposes that the existing boundaries will largely be retained.

While the reform process proposes various factors to be considered when defining the landscape boundaries (such as financial viability; logical administrative boundaries; community connections and identity; and land use) SACOME proposes that consideration should be given to ensuring that each region, as near as practicable, has a similar number of ratepayers in it.

This will assist in creating an equal revenue base across regions, reflecting a state-based approach to NRM.

## **2.3 Membership of Landscape Boards**

The reform process proposes that the Landscape Boards will have seven members with three members elected by the community and the other four members, including the Chair, appointed by the Minister for Environment and Water.

The ministerially-appointed members must demonstrate they have the relevant skills to facilitate management of the region's natural resources, have local knowledge, strong connections with the local community and appropriately reflect the diversity in the community.

SACOME agrees that community elected members will provide communities with a greater say in their Landscape Board and reflect a decentralised approach to NRM in South Australia.

It is important that any mechanism that allows for elected officials requires those nominated for election to have the relevant skills to facilitate management of the region's natural resources. It is also important that those nominated have local knowledge and connections to undertake their responsibilities.

This requirement will ensure that those who nominate for election have the requisite skill-set to work in NRM and meaningfully contribute to the operation of their Landscape Board.

SACOME submits that the most appropriate way to implement this requirement would be for the Minister or his delegate to vet nominees against a prescribed selection criteria.

Another proposed mechanism to vet nominees is for Government to only source nominations from prescribed stakeholders such as NRM Groups, Local Government and Industry Groups.

Given that the reform process suggests NRM boundaries will remain largely intact, SACOME suggests that each region should be broken into three sub-regions.

Landscape Boards will represent vast regions. If each region were to be broken into three sub-regions, then each sub-region could be awarded one elected position each. This would assist the reform process towards achieving community "buy-in" to the decentralisation of NRM.

This would help towards ensuring the entire region is represented and guard against the perception that control of the region is vested in the regional centre. Such a perception could adversely impact the reform process as it could be seen as a type of centralisation of control and work against the aims of the reform process.

## **2.4 Green Adelaide**

SACOME notes that Green Adelaide will be developed via a separate discussion paper and will assess this reform when it is released.

## **3. Landscape Plans and a Green Adelaide**

Current NRM arrangements place few requirements for consistency across regions, which creates challenges for the resources sector.

Each regional NRM plan is unique, making them difficult to compare; reducing the ability of the Minister and regulators to provide oversight; and creating multiple operating environments for resources companies to negotiate.

SACOME welcomes the establishment of Landscape Plans and the strategic direction that is proposed in their content.

Of particular concern for the resources sector, however, is how the new Landscape Plans will integrate with the resources sector.

For example, the resources sector needs to ensure that future Water Affecting Activity policies developed as part of the five-year Landscape Plans considers the way the operators use and manage water under Mining Act related approvals such as Mining Lease Approvals (MLA) and Program for Environment Protection and Rehabilitation approvals (PEPR).

Previous NRM Plans have not taken into consideration MLAs and PEPRs resulting in confusion for the resources sector, Government and local NRM Boards due to the creation of policy that is incompatible with other Acts and regulations.

This incompatibility could be a potential source of future conflict should Landscape Boards have their policy overridden, or if industry becomes burdened with policy that is incompatible with or works against its practical operation.

Further, the decentralisation of NRM could result in policy development with less input from referral agencies and the resources sector. It is possible that a mining company planning new exploration activity or development may not be seen as a member of the local community and not have a say in the Landscape Plan.

The scale and frequency of these conflicts has the potential to be impacted by the make-up of the Landscape Board and the familiarity Landscape Board members in each region have with the resources sector.

For example, the South-East NRM plan makes minimal mention of oil and gas throughout its plan, yet there has been a prominent gas industry in the South-East for decades.

SACOME submits that the establishment of a statewide management body (potentially the same regulatory body established to regulate a cap on NRM Levy increases) could also coordinate and review Landscape Plans. This regulatory body could provide direction and ensure consistency across the State for the resources sector and industry.

While such a body could also improve efficiencies and NRM outcomes it needs to be balanced against the aim of the reforms to return to the original intent of the NRM Act and allow for regional empowerment, ownership and planning of natural resources.

#### 4. Improving the Levy System

Two types of NRM levies are currently collected in South Australia:

- Land levies collected from ratepayers both inside and outside of Local Government areas; and
- Water levies, collected from entities who hold a water management authorisation.

Under the NRM Act, these levies are intended to share the cost of implementing a Regional NRM Plan across the region.

Levies are not quarantined specifically for land-based or water-based activities and the NRM Act allows NRM levies to be raised through a variety of mechanisms.

Land levies may be based on capital value, fixed rate or land area. Water levies may be based on a fixed rate; water allocations or water usage; the share of the resource; area of land; the effect that taking or using water may have; or for a defined special purpose.

In determining the most appropriate mechanism, NRM Boards must undertake a social impact assessment to minimise the impact on levy payers.

SACOME is of the view that the current NRM funding model in South Australia is flawed. It is structured in a manner that restricts funds to being spent in the region they are generated.

The model is effectively based on population and has created an inequity for regions with a small number of ratepayers. For example, Boards such as the SA Arid Lands (SAAL) have little generating capacity outside of the water levy.

Not all water users or beneficiaries of NRM are contributing (particularly through the water levy) which is disproportionately sourced from the resources sector.

This model is not appropriate to ensure sufficient funding to address the ongoing costs of NRM in regions like the SAAL.

SACOME submits that the reliance on a single source of stable funding to support NRM is not financially sustainable.

SACOME stresses that the resources sector is prepared to pay its fair share in supporting good environmental management and protection within the communities it operates, however, the sector cannot be expected to bear an ever-increasing water levy obligation while other users are exempt from contributing.

This continuously increasing cost burden on the resources sector can impact on investment decisions, not just for existing projects but also the development of new resources.

SACOME submits that the environment of each NRM region presents differential resource management challenges. If we are to take a state-based approach to natural resource management due to the economic and social benefits that natural resources provide for the State and not just the region, then the introduction of uniform pricing across the State may provide for a more equitable distribution of costs.

Alternatively, the development of a statewide management body will not only allow for greater engagement and collaboration across regions but also provide the impetus for a broader statewide levy collection method rather than the current regional approach.

This approach must be balanced against the aims of the decentralisation of the NRM process.

## **5. Cross-regional and Statewide Coordination**

Consistency is an important consideration for the resources sector. Local and regional partnerships are important aspects of driving NRM in South Australia, however the economic, environmental and social considerations and pressures affecting our natural resources do not stop at administrative boundaries.

In some instances the resources sector has not been considered in NRM Plans. It is important that the resources sector is better integrated into Landscape Plans.

SACOME reiterates that a statewide management body with oversight for planning, prioritising and supporting coordinated regional effort for economic development (including coordination and management of environmental and social considerations) could assist in meeting cross-regional and statewide coordination objectives.

## **6. Grassroots Grants program**

SACOME understands that the Marshall Government made an election commitment to establish the Grassroots Grants program, a \$2 million a year statewide annual fund (in addition to existing grants programs), administered at a Landscape Board level for volunteer, community and not-for-profit groups to access.

SACOME recognises that volunteers, community and not-for-profit groups play a major role in managing natural resources across South Australia and that their contribution of time, energy, expertise, equipment and resources is extremely valuable.

Rather than fund projects outside of Landscape Board budgets to deal with the cost inequity between ratepayers, this fund could instead be used to subsidise small regions or be limited for use in such regions where there is a smaller revenue base.

Conversely, consideration should also be given to a statewide management body that administers a statewide collection funding model across regions.

## **7. Clear Simple Priorities**

SACOME welcomes that many of the existing NRM Act provisions dealing with pest, plant and animal control, water management and soil quality are likely to be kept in the new Landscape South Australia Bill.

While decentralisation is an important step to regional empowerment, ownership and planning, soil quality, pest, plant and animal control and water management do not operate in isolation or silos.

A state-based approach to the management of these issues, and stewardship of the natural environment more generally, must be considered together to achieve landscape scale restoration.

SACOME again sees some value in a statewide management body, planning and supporting a coordinated regional effort for this aspect of NRM.

### **7.1 Pest, Plant and Animal Control**

SACOME recognises that the aims of these reforms are to prioritise pest, plant and animal control.

This prioritisation has the capacity to adversely impact exploration and the development of new mines and petroleum projects in South Australia if too much weight is given to environmental and social factors compared to economic objectives.

SACOME therefore advocates for these reforms to consider economic, environmental and social factors to achieve positive NRM outcomes in a collective and holistic manner.

### **7.2 Water Management**

As raised in section 3 of this submission, the resources sector needs to ensure that future Water Affecting Activity policies developed as part of the five-year Landscape Plans considers the way that resources operators use and manage water under Mining Act related approvals such as MLAs and PEPRs.

SACOME supports a statewide management body that can coordinate resources sector issues across administrative boundaries to improve consistency in water management at both a State and local level.

### **7.3 Soil Quality**

The resources sector can deliver positive environmental outcomes for local communities. For example, landscape initiatives through Significant Environment Offset (SEB) requirements for new projects can be difficult to plan and implement and resource sector companies often pay into the Native Vegetation Fund.

A significant portion of this money is spent on consultants and research projects rather than on the ground offset works, counter to the main intent of the Native Vegetation Fund.

SACOME submits that a better alternative would be more community-based offset initiatives allowing for greater benefits to the local community achieved through assisting resource operators to meet their environmental objectives in a way that delivers greatest local benefit.

### **7.4 Other Stewardship Priorities**

Mine closure planning is an important issue for the resources sector and local communities.

If the resources sector is to have greater coverage in NRM arrangements through these reforms, it may be of benefit to include mine closure planning under the reforms to allow for greater connectivity between NRM arrangements and post mining landforms in regions where mining occurs or could occur.

## **8. Compliance**

SACOME supports effective compliance and submits that implementation should be risk-based, strategic and targeted to addressing issues of greatest concern.

Priorities must take into account economic, environmental and social considerations, supported by local and cultural knowledge.

Processes should ensure that compliance breaches are resolved in a timely, consistent and cost-effective manner. Penalties should encourage compliance and be proportional to the risks posed by breaches.

The compliance system for NRM arrangements should also provide local communities with an assurance that it will protect landscapes from wilful or negligent non-compliance by individuals and entities.

## **9. Conclusion**

SACOME welcomes the opportunity to make this submission to the Landscapes SA reform process.

SACOME advocates for NRM reforms that achieve a risk based, outcome driven, cost efficient, streamlined and transparent framework for the management of the State's natural resources.

SACOME is supportive of NRM reforms that take an integrated approach to economic, environmental and social considerations and has sought to provide considered feedback on issues of relevance to the South Australian resources sector.

SACOME remains committed to ongoing dialogue with the State Government in identifying and implementing practical reforms to NRM.