



South Australian Chamber of Mines and Energy

Review of the State NRM Plan: Our Place Our Future 2012-2017

Submission to

Department of Environment, Water and Natural Resources

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South Australian Chamber of Mines and Energy

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Representing, promoting and protecting the resources industry of South Australia

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SACOME

The South Australian Chamber of Mines and Energy (SACOME) is the peak industry association for all companies with business interests in the resources industry in South Australia, including those with business, vocational or professional interests in minerals exploration, mining and processing, oil and gas exploration, extraction and processing, power generation, transmission and distribution, logistics, transport, infrastructure, and those with clients in these sectors.

Executive Summary

The South Australian Chamber of Mines and Energy ('SACOME') is pleased to have this opportunity to make a submission to the Department of Environment, Water and Natural Resources ('DEWNR') on the *Review of the State NRM Plan – Our Place Our Future 2012 - 2017*.

When the State Natural Resources Management ('NRM') Plan was last reviewed in 2011, SACOME supported the proposed vision and goals in the Plan as they recognised that the inter-relationship of social, economic and environmental factors was intrinsic to achieving good outcomes. SACOME continues to hold this view in relation to the current review of the State NRM Plan.

As part of the current review SACOME makes the following comments;

1. The draft recommendations are positive in their intent for an amended State NRM Plan and go towards addressing the limitations SACOME has previously highlighted in the current Plan. There are also a number of additional matters that should be addressed in a future plan.
2. The regional empowerment intent of the original legislation and the preceding system has been lost.
3. There is a fundamental failure of the current funding model in South Australia. Unless there is the resolve by Government and the NRM system to make the decisions necessary to address the inequitable and unsustainable funding model for NRM, then the disparities between regions will continue and the capacity for smaller regions will remain curtailed.

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Role of the Plan

The State Natural Resources Management ('NRM') Plan is an essential interface between the *Natural Resources Management Act 2004* and the delivery of positive NRM outcomes. The NRM Plan provides a framework of actions to meet the objectives of the legislation. Unlike other State environmental regulations, the NRM Act established an economic objective within environmental management and protection. This is clearly articulated in the Act; "to assist in the achievement of ecologically sustainable development in the State by establishing an integrated scheme to promote the use and management of natural resources" and "to make provision for the protection of the State's natural resources". This objective is supported by SACOME and the resources sector.

The draft recommendations are positive in their intent for an amended State NRM Plan and go towards addressing the limitations SACOME has previously highlighted in the current Plan; that is it should:

- Demonstrate the connection with State Government economic and strategic priorities;
- Demonstrate the connection with Federal Government policies and priorities – attracting Federal funding is essential in sustainable resourcing of NRM to achieve the states objectives;
- Clearly demonstrate the value proposition of NRM to stakeholders (businesses, industry, landholder, community);
- Engage and build capacity of Aboriginal people;
- Demonstrate targeted investment – the investment strategy is a critical partnering document with the Plan;
- Encourage action, including at the grass roots level;
- Clearly state the strategic objectives and outcomes the Plan is seeking to address for the state; and,
- Articulate a reporting framework that will be used to report annually on the key deliverables and investment across the state – the key deliverables should be linked with regional plans annually.

SACOME's view of the role of the plan is that it should also describe:

- How NRM fits into government regulatory systems for economic development. For example, planning and development assessment and approvals, and mineral and petroleum assessment and approvals;
- How NRM integrates with matters outside NRM legislation (e.g. native vegetation regulation, parks and reserves management, relevant EPA policies);
- The framework for building relationships, and collaboration with industry and business;
- How resources will be distributed efficiently and to the greatest value; and,

- How NRM will seek and attract potential investment opportunities where a shortfall in regional investment is identified.

Overall the State NRM Plan should engender transparency in the system around funding, projects and outcomes.

Ownership of NRM

The resources sector holds the view that NRM in South Australia has become a bureaucracy in itself - this perception has increased especially since the integration of personnel back into DEWNR, and provided to Boards through a service agreement. This has diminished the regional empowerment intent of the original legislation and the preceding system. NRM Groups are less active in directing and actioning on ground activities; in some cases seemingly just forums for briefings by NRM Board/DENWR personnel on NRM matters, or not active at all in some regions.

The bureaucratisation of NRM has seen increased costs which has been transferred to liable entities. The continuous increase in the burden on the sector is not sustainable and causes significant cynicism with the NRM system, especially when the objectives and outcomes are not clear or investment not seen to be good business.

The resources sector is an important stakeholder that contributes a significant and growing share of the funding for NRM in some regions, yet remains arbitrarily peripheral to the core partners in NRM. This affects 'buy in' by the sector.

Funding

SACOME is of the view that there is a fundamental failure of the NRM funding model in South Australia. The way it is currently structured funds raised through the NRM (land) levy can only be spent within the region it is generated. The model is effectively based on population, and this has created inequity for regions with a small number of liable entities, leaving Boards such as the SA Arid Lands ('SAAL') very little option but to levy on water. This model is not appropriate to ensure sufficient funding to address the ongoing costs of NRM in regions like the SAAL. The SAAL Business Plan has seen a doubling of the water levy in 2016/17 budget, including the introduction of a levy on co-produced water (imposed by DEWNR), and a 47 per cent increase in the land based levy from 2015/16. Prior to the 2016/17 State Budget the co-produced water levy was to be paid by sector. This was strongly opposed by the sector and SACOME was extremely disappointed with the lack of consultation from DEWNR with the sector on the change in regulation that has allowed for the introduction of the levy on co-produced water. At the same time State Government recurrent funding has declined by two-thirds (Table 1). Rather than finding savings within the Department to maintain funding to the SAAL Board, costs were transferred to industry.

Even allowing for the introduction of the co-produced water levy (\$638,000 in 2016/17¹) the increase in the water levy rates was 20 per cent. Although the 2016/17 State Budget amended the co-produced levy measure, there is no guarantee that the State Government will continue to pay the levy beyond 2019/20.

Table 1. Levies and Government funding for the SA Arid Lands NRM Board.²

	15/16	16/17	17/18	18/19
Water Levy	\$794,000	\$1,733,000	\$1,784,000	\$1,835,000
Land Based Levy	\$312,000	\$461,000	\$474,000	\$488,000
State Recurrent Funding	\$953,000	\$332,000	\$332,000	\$332,000

Not all water users or beneficiaries of NRM are contributing, particular through the water levy, which is disproportionately sourced from the resources sector. The reliance on a single source of stable funding to support NRM is not financially sustainable. By 2018/19 the water levy will be 64% of the total funding of the SAAL; from only 13% in 2015/16. 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.

The is in contrast with the South East, Murray Darling Basin and Adelaide & Mount Lofty Ranges regions (Table 2).

Table 2. Levies raised by the South East, SA Murray Darling Basin and Adelaide & Mount Lofty Ranges NRM Boards.

	South East	SA Murray Darling Basin	Adelaide & Mount Lofty Ranges
NRM (Land) Levy	\$4.6m	\$5.6m	\$27.3m
NRM (Water) Levy	\$3m	\$7m	\$1.8m

Although the environments of each region is different, all have important resource management challenges and scales. Environmental management, protection and resilience is a whole of community aspiration and benefit because of the service it provides economically and socially, not just for those within a particular region.

¹ 2016-17 State Budget. Budget Paper 5: Budget Measures Statement, p8.

² South Australian Arid Lands NRM Board. *It's your place*. Business and Operational Plan 2017/18 to 2019/20. Regional NRM Plan (Volume 2).

Unless there is the resolve by Government and the NRM system to make the decisions necessary to address the inequitable and unsustainable funding model for NRM, then the disparities between regions will continue and the capacity for smaller regions, such as the SAAL Region, to deliver on the State NRM Plan will remain curtailed.

Conclusion

The resources sector has an invested interest in sustainable use and management of natural resources and with obligations through various state legislation, the resources industry is a key stakeholder in the strategic management of natural resources in South Australia. SACOME fully supports the vision and goals of natural resources management in SA, and that the inter-relationship of social, economic and environmental factors is intrinsic to achieving good outcomes. The resources sector will continue to work with regional NRM Boards for mutually beneficial outcomes through regulatory requirements, integration with key research in regions and community involvement.