I, Hon. Ian Hunter, MLC, Minister for Sustainability, Environment and Conservation, after taking into account and in accordance with the requirements of section 80(3) of the *Natural Resources Management Act 2004* hereby adopt these amendments to the South Australian Arid Lands’ regional natural resources management plan.

Hon Ian Hunter MLC

Minister for Sustainability, Environment and Conservation

Date:
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Foreword

The South Australian Arid Lands (SAAL) community depend heavily on the sustainable management and use of our natural resources. These resources sustain our regional economy and the wellbeing of our remote and diverse community. The rich natural pastures, extensive oil and gas reserves, natural beauty and unique biodiversity are what makes our region so special.

The South Australian Arid Lands NRM Board (the Board) has legislative responsibility through the Natural Resources Management Act 2004 (the Act) to ensure the sustainable use and care of these natural resources for the generations to come. While we play a leadership role in this process, we can only be successful with partners. This means it’s our shared responsibility; a joint effort between all of those who live, work and have a connection to the region – the SAAL community, towns, tourists, industry and Government.

The Board has a 10 year regional plan – currently being re-written – and a 3 year business plan which articulates what activity the board will undertake to achieve particular components of the regional plan and to fulfil its statutory obligations. Both plans are developed in partnership with community.

The South Australian Government announced in the State budget in 2015 that it would partially recover the costs of the Water Planning and Management activities through the Natural Resources Management (NRM) levies. In addition to this measure, the Department of Environment, Water and Natural Resources announced a full cost recovery mechanism for the provision of corporate services that support the delivery of Board programs. These factors have given the Board no option but to review its Business Plan and raise additional revenue through the NRM levies in 2016/17 and beyond, reduce operational costs and cut back on some program activity.

As part of its review, the Board has undertaken a social impact assessment and investigated different approaches to raising the Division 1 (Land) Levy. During 2015/16 the Board applied a flat fee of around $52 per property in the region. During 2016/17 and beyond, the Board intends to introduce a new ‘tiered’ levy structure in the Out of Council areas, which will be based on the area of rateable land held. The Board considers that this approach is more equitable, and establishes a levy system which better reflects the way in which our community uses and benefits from the sustainable use of natural resources.

The Board intends to retain the current structure for the application of the Division 2 Levy (Water) but will increase the rate per kilolitre charged on water allocations, and under direction from the State Government, has removed the exemption for levies on co produced water.

In developing this business plan, the SAAL NRM Board has reviewed and confirmed its work program, which strikes an appropriate balance to ensure continuity of valued Board programs, while also remaining considerate of the social and economic impacts of raising the levy for our community.

Our new SAAL NRM Regional Plan will be finalised during 2016, and a further review of the Boards program of work activity will be undertaken to ensure it aligns closely with those natural resource management priorities defined by our community and captured in our new Regional Plan. The Board will, at this stage, further review its community levy structure in light of these priorities.

The Board has developed this draft plan, and encourages you to be actively involved in making comment and providing feedback. The consultation period will commence in mid-December and end in early February 2016.

Janet Brook

PRESIDING MEMBER
1. Introduction

This document is the SA Arid Lands Natural Resources Management Board’s proposed Business Plan for 2016/17 to 2018/19.

The document is presented in three parts:

Part 1: Introduction
- Introduces the role of the Board and its NRM Groups

Part 2: The NRM Plan
- Positions the Business Plan (and the Board) in the context of the Board’s broader planning framework and strategic priorities

Part 3: Investment and Expenditure
- Provides an investment program for 2016/17 to 2018/19 that will enable progress to be made against delivering Volume 1 of the Regional NRM Plan
- Identifies the Board’s expected sources of investment funds for 2016/17 to 2018/19
- Details the NRM Levies component of the investment funds
1.1 The NRM Act, the Board and NRM Groups

The NRM Act 2004

The *Natural Resources Management Act 2004* (the Act) provides the legislative framework for the creation of eight NRM regions within South Australia and the establishment of a regionally based, community driven NRM Board for each region.

The South Australian Arid Lands NRM Region (figure 1) and associated NRM Board (the Board) were established on 9 December 2004 and became operationally responsible for the region on 1 July 2005.

Under the NRM Act 2004, the Board’s key roles are to:

- Provide regional leadership in natural resource management through strategic planning and policy setting, and;
- Guide investment in regional natural resource management. This investment is funded from a range of sources including Board funds generated by State appropriation and levies, Commonwealth and State grants, industry support, and in-kind contributions through partnerships and collaborations.

The Act requires regional NRM boards to develop regional natural resource management plans providing a basis for management of natural resources (soils, water, biodiversity etc.) over at least the following 10 years.

The Board

The South Australian Arid Lands NRM Board consists of community members appointed on a skills basis and has representatives from State Government departments.

While all community members’ appointments are based on their skills, many work in key industries (pastoralism, mining etc.), while others have specific expertise relevant to the region.

The NRM Groups

The Board is supported in its role by six active NRM Groups at the district level:

- Marla-Oodnadatta
- Marree-Innaminka
- North Flinders
- Gawler Ranges
- Kingoonya
- North East

The NRM Group members live in and/or are involved in the SAAL Region, providing the Board with a social and local context for delivery of its programs and encouraging broader community engagement.
1.2 Recognition and involvement of Aboriginal people

The South Australian Arid Lands Region is a culturally rich landscape supporting many Traditional Owner Groups.

Successful management of our precious natural resources comes with first acknowledging that aboriginal communities have been looking after this country for centuries. These aboriginal communities work in partnership to guide our organisation as we work to respect and understand the value of Traditional Ecological Knowledge in our planning, decision making and project delivery.

Many groups within the SAAL region have achieved Native Title Determination and operate registered body corporates to ensure their country retains its cultural and environmental significance and develops enterprising options for Traditional Custodians. Partnerships with our Board are critical to the sharing of resources and knowledge to achieve these outcomes. A number of the groups are station leaseholders or have created their own pastoral companies in addition to co-management of reserves and parks.

Groups with Native Title include, Adnyamathana People who occupy a large part of the SAAL region including the North Flinders Ranges, North East Pastoral, Gawler Ranges and part of the Marree Innamincka district.

The Arabana People originate and have claim to parts of Marla Oodnadatta district, Kingoonya district as well as parts of the Maree Innamincka district. The Dieri Aboriginal Corporation operates in the Marree Innamincka district. Kokatha People have a large presence in the SAAL region with claim to the Gawler Ranges, Kingoonya, and Marla Oodnadatta districts as well. Far West Coast People and Kokatha, Antakirinja Matu-Yankuntjatjara, De Rose Hill, Eringa, Wangkangurru/Yarluyandi, Irwanyere, Tjayiware Unmuru, Yankuntjatjara/Antakirinja, Gawler Ranges Title Group have title claims awarded across parts of the SAAL Region as well.

There are many claimant groups who are working to achieve consent determination across the culturally rich region of the South Australian Arid Lands. These include Ngadjuri Nation, Wiljakali People, Nukunu People and Barngarla People.

The Board has invested in the development of some procedures and protocols on the access and use of Traditional Ecological Knowledge. This will further foster the relationships with this diverse range of cultural groups while serving the wider responsibility to cultural, environmental, social and economic prosperity within the South Australian Arid Lands.
Our delivery

In 2013-14 Board funding was directed to running projects and activities across a diversity of areas:

Community engagement
- raising awareness of NRM issues and management
- support for community events
- support for NRM Groups and volunteers
- Aboriginal skills and capacity development
- sharing local and traditional Aboriginal ecological knowledge
- training and participation in surveillance and monitoring
- community participation in NRM planning processes

Pastoral property management
- best practice grazing management strategies
- property planning (Ecotrust System Management Understanding (EMU™))
- decision-making tools
- managing pasture in a variable climate
- enterprise diversification training
- Property Information Packs
- Property Action Plans

Water management
- water allocation planning
- water affecting activity permits
- managing GAB springs
- managing Diamantina-Channel Country catchment
- managing Coongie Lakes
- understanding coal seam gas impacts

Plant and animal management
- rabbit, goat, fox, pig, donkey control
- wild dog control
- Date Palm, Noogoora Burr, Opuntia, Mimosa Bueh and African Boxthorn control
- demonstration site field days
- District Weed Strategies
- plant, animal and ecosystem monitoring (aerial surveys, radio collars, on-ground quadrats)

Our framework

Water management

SAAL NRM BOARD
- drives the regional planning process, engages and consults with all stakeholders, and identifies Business Plan (Volume B) priorities

NRM GROUPS
- Six district-based NRM Groups provide essential links between community and Board, identifying issues and delivering projects

REGIONAL NRM PLAN (VOL A)
- 10-year strategic plan identifies all relevant, regional NRM issues and strategic priorities to be addressed by all stakeholders

REGIONAL NRM PLAN (VOL B)
- 1-3 year Business Plan identifies Board-funded investment priorities (delivered by Natural Resources SA Arid Lands – a DEWNR division – on behalf of the Board)

DISTRICT ACTION PLANS
- District-scale plans identify key actions for on-ground delivery

SUPPORTED BY NATURAL RESOURCES SA ARID LANDS
Natural Resources SA Arid Lands is a dedicated team of around 70 people working with community to deliver a diverse range of programs and projects on behalf of the SAAL NRM Board, Pastoral Board and Department of Environment, Water and Natural Resources.

Our region

GEOGRAPHIC EXTENT: 520,000 square kilometres, over 50 per cent of South Australia

TOWNS: About 40 towns with the largest; Coober Pedy and Roxby Downs, both associated with mining and less than 5000 people

CLIMATE: Arid and semi-arid

LAND TENURE: Pastoral leases; mineral and petroleum exploration and development; conservation through public and private management; variety of Aboriginal managed lands

WATER: Mainly sourced from Great Artesian Basin groundwater and infrequent rainfall events

SIGNIFICANT FEATURES: Huge sheep and cattle stations; sparse population; largest percentage of intact ecosystems and biodiversity in South Australia; outback wildlife; environmentally significant conservation reserves and national parks; the great inland water system of Kati Thanda Lake Eyre; Olympic Dam copper uranium, silver and gold mine; Moomba gas fields; the Great Artesian Basin; rich Aboriginal and European heritage; Birdsville, Strzelecki and Oodnadatta Tracks; flood and drought events

POPULATION: Geographically dispersed, less than two per cent of South Australia
2. **SAAL Regional NRM Plan**

2.1 The Planning Framework.

The SAAL Regional NRM Plan is pivotal to supporting the sustainable management and use of the region’s natural resources. It describes the Board’s priorities and provides direction for all partners – be they community groups, industry, government agencies or individuals – who invest in the region.

The SAAL NRM Board’s Regional NRM Plan was adopted by the Minister for Environment and Conservation on 25 May 2010 after an extended period of public consultation.

The Plan consists of two volumes:

- **Volume 1** summarises the status of natural resources in the region and sets out strategies and targets for natural resources management over the next 10 years. It also describes relevant regulations and policies and is reviewed at least every 10 years.
- **Volume 2** comprises the three-year Business Plan which guides the Board’s own investments and activities. Volume 2 is subject to a review at least once over a three year period.

**Review of Volume 1 (10-year Strategic Plan)**

Under the NRM Act, Volume 1 must be reviewed at least once every ten years following adoption of the plan.

In August 2013, the SAAL NRM Board commenced the first plan review process and is currently rewriting Volume 1 (10-year Strategic Plan).

It is anticipated the draft of this volume will be forwarded to the Minister for consideration and adoption in 2016 after a public consultation process. Subsequent to the adoption of the new regional NRM plan, the Board will again review its business plan to align future investment with any new priorities identified in the regional plan.

**Review of Volume 2 (3 year Business Plan)**

The Board’s business plan may apply for 3 years, but will be reviewed annually and may be updated in light of changed financial circumstances or Board priorities. With a new NRM Plan scheduled for completion during 2016, the Board will update its business plan again in late 2016, ensuring the Board’s investment continues to reflect the priorities of the community.
Our vision, goals and targets

The overall strategic framework for the SAAL Regional NRM Plan was developed through a process of community consultation and is summarised below. The rationale for the framework is to start with the desired long-term outcomes (vision and goals) and then to develop medium term and short term targets that should help to achieve the long-term outcomes. For more information, see Volume 1 of the Regional NRM Plan.

Our vision

The South Australian Arid Lands region is a healthy functioning ecosystem with sustainable industries and vibrant communities

Our goals

Adaptive landscape scale management which maintains and strengthens the natural functioning of the region’s ecological systems. (Functional Ecosystems)

Vibrant communities and industries using and managing natural resources within ecologically sustainable limits. (Sustainable Use)

Vibrant communities, governments and industries working together with the capability, commitment and connections to manage resources in an integrated way. (Active Communities)

Our targets

Our Resource Condition Targets generally describe what improvement we would like to see in the condition of our natural resources (eg water quality, vegetation condition) over the next 10 years. The SAAL targets are summarised as follows:

1. Extent & condition of native vegetation improved
2. Improved status for native species and ecological communities
3. Extent & condition of aquatic ecosystems improved
4. Culturally important sites in improved condition
5. Soil erosion (human induced) reduced
6. Ecological sustainability of industries maintained or improved
7. Groundwater quality & quantity maintained or improved
8. Surface water quality & flow regimes maintained or improved
9. All people actively involved in NRM have adequate information, knowledge & skills
10. Increased number of people actively involved in NRM

Volume 1 also sets out 50 short-term (usually 1 to 5 year) Management Action Targets (MATs), which will contribute to the longer term targets & strategies. These targets cover all NRM priorities across the region – not just those that are the responsibility of the SAAL NRM Board.
2.2 Delivering the Regional NRM Plan

A variety of individuals, organisations and agencies contribute to delivering and achieving the targets in the SAAL Regional NRM Plan. In its strategic role, the SAAL NRM Board works in partnership with government, industry and the community to develop and deliver natural resource management solutions and it influences others through its leadership and effective governance arrangements.

Delivery agents

The Board’s own funding is directed to running projects and activities across a diversity of areas including community engagement, pastoral property management, water management and plant and animal management. These projects are delivered by Natural Resources SA Arid Lands (NRSAAL), Department of Environment, Water and Natural Resources. NRSAAL is a dedicated team of about 70 people who work with community, industry and government to deliver a diverse range of programs and projects on behalf of the SAAL NRM Board, Pastoral Board and DEWNR. Its head office is at the Natural Resources Centre in Port Augusta.

The SAAL NRM Board has established six District NRM Groups within the region, who reflect local natural resource management needs and provide a conduit between landholders and the work of the Board. District NRM Groups influence the investment priorities of the Board, and support delivery of Board programs with landholders and the broader community.

Measuring progress (MERI)

Under the NRM Act, the SAAL NRM Board is responsible for monitoring and reporting on the implementation of the Regional NRM Plan. The Monitoring, Evaluation, Reporting and Improvement (MERI) framework, signed off by the Board in June 2011, provides an overarching framework to guide this process.

All externally-funded projects require a MERI plan which guides the collection of data needed to determine the impact, effectiveness, appropriateness and efficiency of the project. The information collected through these MERI plans is used in an adaptive management approach to assist in improving project delivery.

Collectively, this information also enables an assessment of progress towards achievement of SAAL Regional NRM Plan targets and therefore, over time, represents an integral element of the NRM planning process.

Key achievements

Since the Regional NRM Plan was adopted in 2010, the Board has produced On Track, an annual report to community which presents an overview of activities delivered in the SAAL region which contribute towards achieving the short and long-term targets contained in the SAAL Regional NRM Plan. On Track is very much focussed on the community, showcasing the variety of on-ground activities and projects undertaken in the region, and detailing how community, the Board, landholders, Government agencies and other stakeholders are working to deliver the Regional NRM Plan.

Board funding is directed to running projects and activities across a diversity of areas:

Community engagement

- Raising awareness of NRM issues and management
- Support for community events
- Support for NRM Groups and volunteers
- Aboriginal skills and capacity development
- Sharing local and traditional Aboriginal ecological knowledge
- Training and participation in surveillance monitoring
- Community participation in NRM planning processes

**Pastoral property management**

- Best practice grazing management strategies
- Property planning
- Decision-making tools
- Managing pasture in a variable climate
- Enterprise diversification training
- Property information packs
- Property Action Plans

**Water management**

- Water allocation planning (NRM levy)
- Water affecting permits (NRM levy)
- Managing GAB springs
- Managing Diamantina-Channel Country catchment
- Managing Coongie Lakes
- Understanding coal seam gas impacts

**Plant and animal management**

- Rabbit, goat, fox, pig, donkey control
- Wild dog control (NRM levy)
- Weed control (eg Date Palm, Noogoora Burr, Opuntia, Minosa Bush, African Boxtthorn)
- Demonstration site field days
- Plant, animal and ecosystem monitoring (aerial surveys, radio collars, in-situ cameras, on-ground quadrats)

Past editions of *On Track* with further details can be obtained from [www.naturalresources.sa.gov.au/aridlands](http://www.naturalresources.sa.gov.au/aridlands) or the Natural Resources Centre in Port Augusta.
3. The Board’s business plan 2016/17 - 2018/19: Delivering on the Regional NRM Plan

This section of the Business Plan sets out the programs and actions that will be funded by the SAAL NRM Board to contribute to the implementation of the targets of the Regional NRM Plan (Volume 1 Strategic Plan). It describes the expenditure and investments (structured by the three goals/programs) and expected revenue for the three year period 2016/17 to 2018/19.

Table 2 provides information on the proposed Board expenditure by Program area for 2016/17 and the following two years. Income sources to fund Board expenditure for this period are detailed in Table 3.

Aggregated figures are given for investments/expenditure in 2017/18 and 2018/19 and the Board will prioritise the actions to be undertaken each year.

Table 2: Proposed expenditure and investment by Goal/Program area for 2016/17-2018/19

<table>
<thead>
<tr>
<th>Goals/programs</th>
<th>Proposed Budget 2016/17 to 2018/19</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2016/17</td>
</tr>
<tr>
<td>Goal 1: Functioning Ecosystems Program</td>
<td></td>
</tr>
<tr>
<td>$488,000</td>
<td>$450,000</td>
</tr>
<tr>
<td>Goal 2a: Sustainable Use Program - Land</td>
<td>$1,721,000</td>
</tr>
<tr>
<td>Goal 2b: Sustainable Use Program - water</td>
<td>$700,000</td>
</tr>
<tr>
<td>Goal 3: Active Communities Program</td>
<td>$1,208,000</td>
</tr>
<tr>
<td>NRM Group Support</td>
<td>$170,000</td>
</tr>
<tr>
<td>Board Governance</td>
<td>$233,000</td>
</tr>
<tr>
<td>Planning, Monitoring, Evaluation, Reporting and Improvement (MERI)</td>
<td>$224,000</td>
</tr>
<tr>
<td>DEWNR Corporate Services Charges</td>
<td>$532,000</td>
</tr>
<tr>
<td>Total</td>
<td>$5,276,000</td>
</tr>
</tbody>
</table>

1 Group Governance reflects actual costs to maintain Groups. Funds for projects delivered in collaboration with Groups are incorporated in Program investment figures.
2 For accounting purposes, the carryover identified in Table 3 'Funding Sources' has been allocated equally across Programs 1, 2a, 2b and 3 in the expenditure table above.
3.1 Investments 2016/17-2018/19

The SAAL NRM Board’s investment in natural resources management is broken up into three main areas:

1. Investment in projects to support the delivery of the Regional NRM Plan’s goals and targets, using the Plan’s three goals, namely:
   - Functioning Ecosystems
   - Sustainable Use
   - Active Communities

2. Board support for community involvement in NRM planning and project delivery through its district NRM Groups

3. Board governance and administration

The Board’s investment will be delivered through a range of projects and approaches including direct investment, contracts for works or services, and grants to community organisations.

**Investment in projects and programs to support Regional NRM Plan delivery**

The long-term (10 year) Resource Condition Targets and shorter term (1 to 5 year) Management Action Targets included in Volume 1 of the SAAL NRM Plan apply to all facets of natural resources management in the SAAL NRM region. They are therefore targets for all who have responsibility for natural resources management in the region, not just the SAAL NRM Board.

Through a regional NRM implementation planning process coordinated by NR SAAL staff with input from NRM Groups and stakeholders, a range of Board funded integrated projects and activities have been developed which contribute collectively to achieving the Management Action Targets.

**Support for district-based NRM Groups**

The six district based NRM Groups have an integral role in the support of regional programs generally, as well as conducting specific local projects. They help assess and prioritise project proposals, can initiate Group area projects, and provide an important project community liaison role. Importantly, the strategic priorities identified by each district NRM Group are used both in regional planning and in Board support for Group activities. Direct funding to support governance costs of NRM Groups is highlighted in Table 2.

District groups can access funds for a wide range of group projects through the Board’s three program areas. However, the funds for NRM Group projects will remain with the Board to reduce the administrative burden on groups, and because in most cases investments in projects often cover more than one Group area. This approach is supported by the Groups as being a more efficient process in the SAAL region. The core responsibility of the Board’s funded NRM officers is to provide support to Groups.

**Board governance and administration**

Board governance expenditure as detailed in Table 2 covers those areas of expenditure that establish the core structure of the Board and cannot be directly attributed to Board project investments or support to Groups. For example, it covers Board meeting costs, general administration and related administration salaries.

**State water planning and management**

In the 2015-16 State budget the South Australian Government announced that it will partially recover the costs of state-wide Water Planning and Management (WPM) activities through increasing regional NRM levies. This move reflects the Government’s commitments under the National Water Initiative to recover WPM costs on an “impactor pays” basis. An impactor is defined as a beneficiary of the WPM activity, or someone that causes the WPM activity to be undertaken.

WPM activities are activities undertaken by DEWNR and include water science, planning, licensing, monitoring and compliance activities, along with the review and amendment of water allocation plans, and debt recovery.

In 2015/16, the SAAL Region was required to contribute $31,000 to support state-wide WPM costs. These costs
were absorbed within the Board’s operating budget, minimising the immediate impacts on water users, NRM programs and the community.

In 2016/17, the SAAL Region will be required to contribute $60,000 to these costs, indexed in future years.

**DEWNR Corporate service charges**

Corporate support, including finance, human resource, work health and safety and information technology services are provided to the Board by DEWNR on a cost recovery basis. The corporate services required by and supplied to the Board are described in a Corporate Service Charter, and the fee for service is defined within a Service Level Agreement established between DEWNR and the Board. The cost to the Board for the delivery of this service increased from $411,183 in 2014/15, to a projected $525,623 in 2016/17, reflecting full cost recovery by DEWNR for the provision of this service.

**Infrastructure and land**

The Board owns no infrastructure or land.
3.2 Funding sources 2016/17-2018/19

The role of the Board is to guide investment in regional natural resource management. These investments are funded by a range of sources. In particular the Board seeks appropriate contribution by resource users including landholders and industry.

As well as Board funds such as levies, there are also in-kind contributions, partnerships and collaborations that support the delivery of Board projects.

Board funding sources (Table 3) include funds derived from the NRM levy (both land-based and water-based); State Government; Australian Government; industry; and opportunistic grants from various funding bodies.

Continued effort is applied towards sourcing complementary funding of NRM activities via industry or community opportunities. It is difficult to provide an accurate forecast on the levels of funding available from grant bodies and industry when preparing this business plan. The proposals in this business plan are based upon the best information available at the time.

If additional external funding is obtained by the Board after this business plan is prepared, the community can be confident that it will be directed to projects that will contribute to targets in the SAAL Regional NRM Plan.

Australian Government funding

The SAAL NRM Board receives funding from the Australian Government through the National Landcare Program. Details of known funding from these sources are listed in Table 3. Of particular importance to the SAAL NRM Board is the Regional Delivery component of the National Landcare Program, which commenced in 2013/14 and continues for 5 years. Core funding of $1,327,000 is provided in 2016/17 and 2017/18. As this program nears completion, it is anticipated that the Australian Government will renegotiate an NRM funding package with all States. At this stage however, no Australian Government funding has been included in the 2017/18 financial year.

The SAAL NRM Board continues to submit project bids for a range of Australian Government funded programs.

Industry Partnerships Program

The Board continues to seek industry partnerships as we believe that joint funding and delivery of projects achieves more appropriate and efficient outcomes.

State Government funding

State funds provide a base for the Board to deliver basic governance and some of its core NRM Act responsibilities. On-going core funding from the State at levels provided in the past is expected to be reduced as revenue from introducing a levy on co-produced water becomes available.
Table 3: Income sources to fund Board expenditure for 2016/17-2018/19

<table>
<thead>
<tr>
<th>Funding Source</th>
<th>Adopted Plan Budget 2015/16</th>
<th>Proposed Budget 2016/17</th>
<th>Proposed Budget 2017/18</th>
<th>Proposed Budget 2018/19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carry-over funds(^1)</td>
<td>$1,148,000</td>
<td>$423,000</td>
<td>$200,000</td>
<td>$200,000</td>
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<tr>
<td>NRM levies</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Regional NRM levy(^2)</td>
<td>$312,000</td>
<td>$461,000</td>
<td>$474,000</td>
<td>$488,000</td>
</tr>
<tr>
<td>NRM water levy(^3,4)</td>
<td>$794,000</td>
<td>$1,595,000</td>
<td>$1,641,000</td>
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<tr>
<td>State Government</td>
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<td></td>
</tr>
<tr>
<td>State recurrent allocation - NRM Fund</td>
<td>$953,000</td>
<td>$332,000(^5)</td>
<td>$332,000</td>
<td>$332,000</td>
</tr>
<tr>
<td>Commonwealth Government</td>
<td></td>
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<tr>
<td>Caring for Our Country – Regional Delivery funding</td>
<td>$1,327,000</td>
<td>$1,327,000</td>
<td>$1,327,000</td>
<td></td>
</tr>
<tr>
<td>Caring for Our Country – Target Area Grants(^6)</td>
<td>$462,000</td>
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<tr>
<td>Clean Energy Futures - Biodiversity Fund(^6)</td>
<td>$555,000</td>
<td>$335,000</td>
<td></td>
<td></td>
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<tr>
<td>Clean Energy Futures-Other(^6)</td>
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<td>Drought funding</td>
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<td>Other</td>
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<tr>
<td>Industry Partnerships Program(^7)</td>
<td>$139,000</td>
<td>$138,000</td>
<td>$138,000</td>
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<tr>
<td>Interest</td>
<td>$44,000</td>
<td>$30,000</td>
<td>$20,000</td>
<td>$20,000</td>
</tr>
<tr>
<td>Total Income</td>
<td>$6,180,000</td>
<td>$5,276,000</td>
<td>$4,132,000</td>
<td>$2,729,000</td>
</tr>
</tbody>
</table>

1  Carry over funds will be expended in 2015/16 to absorb increased costs and to fund the Board’s existing program of works.
2  Inside Council Areas will increase 2017/18 to a base $60 and then in following years increase by standard CPI estimate of 2.9%.
   Outside council areas will be levied based on property size.
3  Introduction of levy on co-produced water which is increased by standard CPI in out years
4  Subject to variation through licence application and approval
5  Reduced by expected contribution for co-produced water as directed by Treasury. The Natural Resources Management (NRM) Fund is a statutory fund established by the Natural Resources Management Act
6  Current Grants will be finalised in 2016/17 financial year
7  Includes Sheep industry Funds for Wild dog control.
3.3 NRM levies

To assist the Board to undertake its functions, the NRM Act 2004 provides for two types of levies to be raised:

- **Regional (land-based) NRM levy (Division 1):** Section 92 of the NRM Act authorises levies to be collected by constituent councils from ratepayers. The Board specifies the amount to be contributed by constituent councils towards the cost of performing its functions under the NRM Act (Division 1 regional NRM levy). The division 1 NRM levy can also be collected from outside council areas.

- **Regional NRM water levy (Division 2):** Section 101 of the NRM Act enables the Minister to declare a water levy or levies to be paid by holders of water licences. This water levy is collected from all water licence holders.

The NRM levies provide a primary source of funding for the management of the region's natural resources. Funds raised through the levies ensure that works are undertaken to achieve the Board's vision. The levies also provide the Board with the ability to leverage significant, additional government funding to greatly increase the volume of work that can be accomplished in our region.

3.4 Basis and rates of NRM levies

Under the NRM Act, each NRM Board defines the most appropriate basis and rates for regional (land-based) NRM and water levies, taking into account specific matters of importance for each region.

The NRM Act provides the following options as the basis for calculating the regional (land-based) NRM levy:

1. the value of rateable land
2. a fixed charge of the same amount on all rateable land
3. a fixed charge of an amount that depends on the purpose for which the rateable land is used
4. the area of rateable land
5. the purpose for which the rateable land is used and the area of the land
6. the location of the rateable land.

The NRM Act provides the following options as the basis for calculating the water levy. The levy may include one or more of these components in any combination:

1. a fixed charge
2. the quantity of water allocated
3. the quantity of water received or taken
4. the quantity of water passing through any works
5. the size, type or capacity of any works
6. the quantity of water used
7. the share of the water that makes up the relevant water resource
8. the area of land where the water may be used, or the area of land where the water is used
9. the effect that the taking or using of the water has, or may have, on the environment, or some other effect or impact that, in the opinion of the Minister, is relevant and that is capable of being determined, measured or applied.

**Proposed changes to NRM levies**

To inform the development of the Boards 2016/17-2018/19 Business Plan, the Board has spent considerable time reviewing its current work program. The review process was guided by the requirement for the Board to identify those programs which must be funded in future so that the Board can deliver on its statutory obligations under the NRM Act, 2004, along with consideration by the Board of those programs which are most valued by the community, and are therefore afforded the highest priority for delivery. In developing a budget to fund this work program the Board considered various options for increasing the income raised from the land and water levies to ensure the availability of funds.

In its determination of appropriate basis and rates for the NRM levies, the Board:

- reviewed its Guiding Principles for decision-making of levies (see box, p.22);
- undertook a social impact assessment associated with any increase in levies (required under Section 95(3)(a) of the NRM Act);
- consulted with key industry stakeholders and Local Government.
3.5 Regional (land-based levy) NRM levy

Section 92 of the NRM Act enables a board to specify in its Regional NRM Plan an amount to be contributed by constituent councils within the Board’s region. There are two councils in the SA Arid Lands region: the District Council of Coober Pedy and Municipal Council of Roxby Downs.

To enable councils to be reimbursed for their contribution, the NRM Act requires the councils to apply a regional NRM levy on all rateable land. In addition, Section 97 of the NRM Act enables the Board to specify a regional NRM levy to be collected from landowners outside of council areas.

The Board can only specify in its business plan an amount (the base contribution amount) to be contributed by the constituent councils for the region towards the costs of the Board performing its functions. The actual amount paid by each ratepayer is determined by dividing this amount by the number of ratepayers and taking into account any concessions that are applied. Rate payer numbers are usually not finalised until after the business plan has been consulted upon.

From 2010/11 all landholders in the SA Arid Lands region (both inside and outside council areas) have been liable for an annual fixed charge on all rateable land which in 2014/15 amounted to about $52.

Proposed changes to Regional (land-based) NRM levy

After defining the Board’s required work program for 2016/17 – 2018/19, and considering both projected income and funds required to deliver on this program, the Board is proposing to change the basis of the levy for those properties outside of council areas.

For the out of council areas of the region, the Board recommends that the basis of the Regional NRM Levy is changed from a fixed charge to a ‘tiered’ rate dependent upon the area of rateable land. A land levy based on area of rateable land is viewed as having stronger alignment with a ‘beneficiary pays’ principle i.e. larger properties that receive greater NRM support and investment have higher levy rates. The property size categories and applicable rates are detailed in Table 4.

The Board is proposing that properties inside council areas continue to be charged a fixed rate albeit an increased rate commensurate with the <10ha outside of Council levy rate i.e. $60.

Where multiple allotments form a single enterprise, the levy will only be charged once based on the aggregated area of the multiple allotments.

For 2017/18 and 2018/19 it is recommended that a standard estimated CPI increase of 2.9% be applied to all land based levies (both inside and outside council areas).

Table 4: Proposed out of Council levy rates based on rateable land per property size

<table>
<thead>
<tr>
<th>Property size</th>
<th>2016/17 rate</th>
<th>2017/18</th>
<th>2018/19</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 10ha</td>
<td>$60</td>
<td>$61.74</td>
<td>$63.53</td>
</tr>
<tr>
<td>&gt;10 ha - &lt;100ha</td>
<td>$200</td>
<td>$205.80</td>
<td>$211.77</td>
</tr>
<tr>
<td>&gt;100ha - &lt;100,000ha</td>
<td>$400</td>
<td>$411.60</td>
<td>$423.54</td>
</tr>
<tr>
<td>&gt;100,000 ha</td>
<td>$700</td>
<td>$720.30</td>
<td>$741.19</td>
</tr>
</tbody>
</table>
Collecting the Regional (land-based) NRM Levy

The Board has consulted with the Councils regarding collection costs. Given the Board’s consultation with both the District Council of Coober Pedy and Municipal Council of Roxby Downs each council will be reimbursed their collection costs for 2016/17 as detailed in Table 5. Each council share of the Regional (land-based) NRM levy amount to be collected in their council area is also detailed in Table 5.

Table 5: Proposed Regional (land-based) NRM levy collection in council areas - 2016/17 to 2018/19

<table>
<thead>
<tr>
<th>Council</th>
<th>2016/17</th>
<th>2017/18</th>
<th>2018/19</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Estimated levy per property</td>
<td>Total Levy amount collected by Councils</td>
<td>Estimated Council Levy Collection Fees</td>
</tr>
<tr>
<td>Coober Pedy</td>
<td>$60.00</td>
<td>$94,800</td>
<td>$2,789</td>
</tr>
<tr>
<td>Roxby Downs</td>
<td>$60.00</td>
<td>$112,200</td>
<td>$2,781</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>$207,000</td>
<td></td>
</tr>
</tbody>
</table>

1 Based on Standard Estimated CPI increase of 2.9%

Collection of the regional (land-based) NRM levy from land owners outside council areas is undertaken by the Department of Environment, Water and Natural Resources.

3.6 NRM water levy

Section 101 of the NRM Act enables the Minister to declare an NRM water levy or levies to be paid by water licensees in prescribed water resources areas. This excludes water allocated for stock and domestic purposes. Also excluded from the water levy is water allocated to bore-fed wetlands as defined in the Water Allocation Plan, Far North Prescribed Wells Area.

Revenue from the NRM water levy is variable, largely dependant on the level of industry activity.'

Proposed changes to the NRM water levy

For all licence holders in 2016/17 it is recommended that the Minister adopt an increase of 20% to the rates gazetted in 2015/16. These are detailed in Table 6.

For 2017/18 and 2018/19 it is recommended that a standard estimated CPI increase of 2.9% be applied for all classes of licence.

In accordance with the Government’s budget decisions identified in on page 10 of the 2015/16 Budget Measures Statement, the exemption previously applied to co-produced water associated with gas and oil production will be removed.
Table 6: Proposed NRM water levy increases by Licence Type - 2015/16 to 2018/19.

<table>
<thead>
<tr>
<th>Type of water levy</th>
<th>Existing Levy</th>
<th>2015/16</th>
<th>2016/17</th>
<th>Indicative 2017/18</th>
<th>Indicative 2018/19</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>c/kL</td>
<td>c/kL</td>
<td>c/kL</td>
<td>c/kL</td>
</tr>
<tr>
<td>Mining; including product processing, dewatering, mining camp supply, and associated mining uses</td>
<td>5.35</td>
<td>6.42</td>
<td>6.61</td>
<td>6.8</td>
<td></td>
</tr>
<tr>
<td>Co-produced water</td>
<td>Exempt</td>
<td>3.56</td>
<td>3.66</td>
<td>3.77</td>
<td></td>
</tr>
<tr>
<td>Commercial (including irrigation), Town Water Supply, Industrial, Tourism and Recreation</td>
<td>3.46</td>
<td>4.15</td>
<td>4.27</td>
<td>4.39</td>
<td></td>
</tr>
</tbody>
</table>

3.7 Social impact of the NRM levies

Under the NRM Act, the SAAL NRM Board is required to assess the social impacts of imposing the NRM levies. A Social and Economic Impact Assessment prepared by Econsearch Pty Ltd (October 2015) used financial models, Census and ABARES data to consider the impacts of the NRM levies on people and businesses using the following measures:

- Households – After tax on average personal income and low income earners
- Commercial and industrial businesses – Gross Operating Surplus (GOS). GOS is a measure of an enterprises profit and represents the surplus generated by operating activities after labour and other operating costs have been paid. GOS is used as the measure of profit for the non-farm industries in the SAAL NRM Board report as the economic model from which the data are drawn is industry wide and is not detailed enough to calculate EBIT
- Primary Production – earnings before interest and tax (EBIT)
- Mining and Petroleum – the analysis of the impact of the NRM water levy on mining sector and oil and gas sector license holders was based on industry level rather than enterprise level analyses. GOS has been used as the measure against which economic impact has been assessed for this industry.

The assessment rated the impacts on households, businesses and industry as either:

- Minor <1%
- Moderate 1 <5%
- Significant >5%.

Regional (land-based) NRM levy

In its budget deliberations, the SAAL NRM Board considered a number of budget scenarios and levy structures. In general a levy based on the capital value of the land was deemed to have most impact for all budget scenarios and was therefore not considered further.

Using the stepped rate dependent upon the area of rateable land, the assessment found that the land levy
would be a minor impost on both average income and low income households representing a small proportion of household after tax income.

Using the representative farm financial models, the assessment found the impacts on farm profitability of the land levy for marginal operations could be significant for all budget scenarios considered by the Board. For profitable enterprises the impact on farm profitability could be minor for all budget scenarios. It should be noted that for marginal operations all levy scenarios could have a significant impact.

The impact on the mining and petroleum industry of a land levy is considered minor.

**NRM water levy**

Modelling of the financial performance of a range of license holders that are required to pay a NRM water levy found that the impact comprises a small proportion of the total input costs of running the business. In particular, the impacts on the mining and petroleum sectors were deemed to be minor (up to 0.16% of GOS).

**Regional Impact**

Gross regional product (GRP) for the SA Arid Lands region for 2013/14 was estimated to be $3.31 billion. The various levy amounts to be collected under the Division 1 and 2 levies as a proportion of GRP for the 2016/17 budgets show that the total amount to be collected under all scenarios considered by the Board is less than 0.1 per cent of the region’s 2013/14 GRP.

The Board has commissioned further work on the social and economic impact of the levy proposal in this draft business plan. This report will be available in mid January 2016 and will be available upon request.
Principles for decision-making on NRM levies

The SAAL NRM Board has a vision for regional natural resource management which provides for a shared responsibility by all citizens for individually and collectively managing the natural resources which underpin our shared prosperity. In this way, all residents of the region are natural resource beneficiaries and managers.

Our investment will be dispersed across the highest priority outcomes contained within the Regional NRM Plan, regardless of how it is raised. Noting this, the below principles are used by the Board to determine how NRM levies are determined/raised.

1. **Beneficiary pays** – implies that the people who are the beneficiaries of natural resources management both indirectly and directly in the region should contribute accordingly.

2. **Equity** – no single person, organisation or group of organisations is treated more or less favourably than others.

3. **Certainty** – the levy arrangement should deliver a certain outcome for both the managers of the natural resources of the region and the ‘users’ of the natural resources, so that they can plan and budget accordingly.

4. **Flexibility** – the levy arrangements should accommodate any unusual volatility in the resource managers’ funding requirements in a controlled manner.

5. **Resource use efficiency** – the basis for determining the levy should encourage efficient and sustainable use and the protection and enhancement of the region’s natural resources.

6. **Administrative efficiency** – the basis for determining the levy should ensure that the levy collection and management procedures are undertaken in a manner that minimises costs.

7. **Accountability** – The Board as a natural resource manager financed by the levy should be publicly accountable for their use of funds.

8. **Enterprise based** - where contiguous land parcels and combined to form single enterprises levies will be applied to the whole enterprises rather than to individual land parcels.

The Board has also resolved that when determining the levy income quantum to:

a) Share the budget implications of reductions in water allocations across all water levy payers;

b) Add the value of increases resulting from the issue of new water allocations to the levy income quantum;

c) Increase the land and water levy income by CPI or as needed to meet the work plan priorities of the Board considering the impact of changes to income;

d) Review the rates of the NRM levies annually.