

# Draft Business Plan 2016-19

## Information Sheet – proposed changes to the NRM Land Levy Arrangements

*(Amendment 3 – 4 February 2016)*

The Draft Business Plan sets out the programs and actions that will be funded by the Eyre Peninsula Natural Resources Management Board (the Board) to contribute to the implementation of the targets of the Strategic Plan. It describes the expenditure and expected revenue for the three-year period 2016/17 to 2018/19.

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.

### Why is the Board proposing a change?

In the 2015-16 State budget, the South Australian Government announced that it will partially recover the costs of Water Planning and Management (WPM) activities through 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 the Department of Environment, Water and Natural Resources (DEWNR) and include water licensing, compliance activities, science to support the development and management of water resources, support to the NRM Regions for the review and amendment of water allocation plans, and debt recovery. The eight regional NRM Boards are to collect WPM costs totalling \$3.5M in 2015/16, \$6.7M in 2016/17 and indexed in future years.

In addition to this WPM cost recovery amount, there are also a range of increased costs for the Board for 2016/17 and beyond. These include changes to the way corporate support is provided and associated costs recovered by DEWNR from NRM Boards.

In 2015/16, the Board implemented a range of short and long term saving strategies to cover these additional costs, minimising the immediate impacts on water users, NRM programs and the community, without raising the levies.

In 2016/17, Eyre Peninsula will continue to reduce costs; however they need to raise an

additional \$520,000 revenue from levies and continue to deliver programs.

The total amount of income collected from the NRM land levy will be increased by 3% per annum in 2017/18 and 2018/19 from the new increased levy revenue to be established in 2016/17.

### What is the change?

To raise the additional revenue the Board is proposing to change the basis of the levy, moving from one fixed rate applied to all land use categories equally to a range of fixed rates depending on the purpose of the land use (e.g. residential, commercial, primary production etc.).

This change in the basis of the levy will be applied to all local government areas within Eyre Peninsula, however it excludes a small amount of properties that are outside of council areas, which will remain at the fixed charge per rateable property.

The Board's proposed change to the basis of the levy was a difficult decision to make and one that the Board considers to be the most equitable option for the region, which has improved alignment of the way in which our community uses and benefits from the sustainable use of natural resources.

The decision was based on a detailed, independent social and economic impact assessment undertaken in October 2015, which investigated seven different options for levy collection in the region and the impact of each of these on the individual sectors. Copies of this report are available on request or can be downloaded from the Natural Resources Eyre Peninsula website.

### How is the levy calculated?

The methods used to calculate the levy are detailed in the draft Business Plan, along with the results of each step in the process (refer to pages 20 and 21 of the draft Business Plan for further details).



## What percentage of the levy is generated through each sector?

The table below provides a breakdown of what percentage of the levy is generated through each sector. Column A provides the breakdown using the existing levy basis, whilst Column B shows the effect of the proposed new levy. For example 67% of the levy currently comes from residential properties, which will be reduced to 58% through the proposed change.

Land Use	Column A Current Levy	Column B Proposed Levy
Residential	67%	58%
Commercial	6%	9%
Industrial	1%	1%
Primary Producers	11%	28%
Other & Vacant Land	15%	4%
TOTAL	100%	100%

## How will this impact on each sector?

If the Board were to maintain the existing levy basis, each rateable properties, regardless of what sector they are in (e.g. residential or commercial) would pay the one fixed rate, which would equate to approximately \$79.20.

Under the proposed levy the rates would vary for each sector, the breakdown is shown in the table below:

Land Use	Levy rate per assessment	\$ difference between existing and new levy rates
Residential	\$63.92	- \$ 15.28
Commercial	\$123.13	\$ 43.93
Industrial	\$104.33	\$ 25.13
Primary Producers	\$225.74	\$ 146.54
Other & Vacant Land	\$26.92	- \$ 52.28

If the Board were to retain the existing levy basis, the rate for residential assessments would be \$79.20. However, through changing the basis of the levy, this sector will actually see a decrease in their levy rates, reducing the rate per assessment to \$63.92, which is actually \$1.08 lower than the 2015-16 rate. As a result, changing the basis of the levy will have a positive impact on this sector.

Rateable land that is classed as Primary Production will have the greatest impact as a result of the change. This sector will see an increase of \$146.54, which will increase the levy to \$225.74. The impact assessment for this sector has indicated that whilst this is a substantial increase,

the overall impact on individual farm enterprises would be minimal for both marginal operations and profitable enterprises. Where contiguous landholdings are owned and occupied by the same person or non-contiguous land is farmed in a single enterprise, the combined land holdings are regarded as a single piece of rateable land and as such impact on these enterprises would also be minimal.

The levy for industrial properties would increase by \$25.13, resulting in a levy of \$104.33, whilst commercial properties would increase by \$43.93, to \$123.13. The impact on this sector was also considered minor; however there was recognition that some commercial business that have low median Gross Operating Surpluses may experience a moderate impact.

## How can I provide feedback?

All written feedback gathered during the consultation on the draft Business Plan will be considered by the Eyre Peninsula NRM Board.

The Board encourages you to download a copy of the draft Business Plan to assist you to review and provide feedback on the proposed amendments.

## Submit your feedback by ...

Mail to: The Presiding Member  
Eyre Peninsula NRM Board  
P O Box 22  
Port Lincoln, 5606

Fax to: 08 8688 3110  
Email to: [dewnr.nrepadmin@sa.gov.au](mailto:dewnr.nrepadmin@sa.gov.au)

Your completed form must be received by 5.00pm 12 February 2016.

Visit [www.naturalresources.sa.gov.au/eyrepeninsula](http://www.naturalresources.sa.gov.au/eyrepeninsula) for further information

