

**SUBMISSION TO THE
STANDING NATURAL RESOURCES
COMMITTEE
of the South Australian Parliament**

Regarding proposed
Natural Resource Management levies
2016-17

Australian Forest Products Association -
SA Branch (AFPA-SA)

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To Committee Members,

Thank you for the opportunity to make a submission to your Committee. Please contact me if you would like further information on any aspect of this submission.

Industry Background

The Australian Forest Products Association (AFPA) is the peak national body for Australia's forest, wood and paper products industry. The South Australian branch (AFPA-SA) represents the owners and managers of over 85% of the plantations in the South East region.

In South Australia, more than 7,000 people work directly in the forest, wood and paper products industry, and a further 15,000 people are employed indirectly. Over \$1.5 billion is generated each year by the industry in this State.

All plantation owners in the region participate in international recognised, voluntary certification schemes, such as the Australian Forest Standard and the Forest Stewardship Council, to prove that they meet the highest standards of sustainable forest management. To achieve certification under these schemes, plantation forest owners undertake a range of management activities to protect environmental values, such as managing remnant vegetation and riparian strips to maintain biodiversity and provide wildlife corridors, restore and enhance the habitat of threatened species, control pests and weeds, and limit runoff to maintain and/or improve water quality. The certification schemes also require plantation owners to have a process for formal engagement with indigenous and local communities on their management activities.

Flaws in current NRM levy proposals

The majority of our members are located in the South-East of South Australia. This submission therefore addresses the three significant flaws that are in the South East Natural Resource Management (SE-NRM) Board's current levy proposals. We have previously written to both the Minister and to the South East NRM Board about these industry concerns but they have remained unaddressed.

1. Double levies (water and land)

Under current levy proposals, plantation forests are required to pay both the NRM water levy and the NRM land levy. This treats plantation forestry in the same way as irrigated farming, such as dairy, winegrapes and potatoes. However, plantation forests are **not** irrigated and do **not** involve direct water harvesting. Water interception by plantations is vastly different to direct water harvesting (such as run-off dams, flood plain harvesting and water bores). As plantation forests are self-regulating and only access water by vegetative interception at the local level, the water use is closer in character to dryland cropping than irrigated farming. Dryland cropping is required to pay the land levy component only, and this would be a suitable approach for plantation forestry.

2. Variations in water use are not considered

Trees regulate their water use according to availability, so they use **less** water in times of drought and during drier periods of the year, in contrast to irrigated farming, which obviously extracts more water during such times. This natural self-regulation of water use by trees is not factored into the water levies proposed by the SE-NRM Board, which instead applies a static calculation.

This erroneous one-size-fits-all approach to consumption also fails to acknowledge that the amount of water taken up by a hectare of trees varies greatly and is dependent upon species, condition, stage of growth and tree-stocking.

3. Proposals do not align with the NRM-SE Board's 'Principles for decision-making on NRM levies'

The proposed increases to NRM levies do not meet the first two principles for decision-making of the NRM-SE Board, namely *Beneficiary pays* and *Equity*.

The Board states in its Draft Business Plan that:

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

Analysis of the projects undertaken by the SE-NRM Board reveal that very few of its activities benefit forestry plantations. Indeed, plantation owners are themselves responsible for the majority of activities undertaken (see table below), resulting in duplication of costs; they provide the services themselves at their own cost and then pay through the NRM levy for the supposed provision of those same services.

As noted in the background, all major private plantation owners participate in voluntary certification schemes, which require them to undertake on their own land most of the environmental and public good activities carried out by the SE NRM Board. The following table lists the main activities from the 'Summary of Projects 2015-16' of the SE NRM and compares them with the activities that are *already provided by plantation owners at their own cost*.

SE NRM Summary of Projects 2015-16	Activities already undertaken by plantation owners at their own cost
Fire management on reserves	Fire management on the plantation owners land and neighbouring properties
Manage public lands for biodiversity conservation, visitor enjoyment and community engagement.	Biodiversity conservation in riparian zones and remnant native vegetation on their properties
	Allowing public access to their land for recreation and community activities
Deliver the SENRM Boards animal and plant control program in the region.	Animal and plant control programs

Conservation, management and restoration of native species, populations and ecological systems	Conservation, management and restoration of native species, populations and ecological systems in riparian zones and remnant native vegetation on their properties
Establish revegetation, fence remnant vegetation, and undertake weed control	Establish revegetation, fence remnant vegetation, and undertake weed control
Soil management on farms	Soil management and erosion control on their properties
Support for landholders who manage privately owned native vegetation	Independently manage privately owned native vegetation
Managing salinity in the Coorong South Lagoon	Manage salinity on their properties

Other activities described in the 'Summary of Projects 2015-26' of the SE NRM, such as coastal education, encouraging volunteering and youth education on natural resource management are not relevant to forestry plantations.

It is noted that there is one project proposed for 2016-17 with direct relevance to forestry: 'Forest Water Use Implications', but this represents only \$150,000 of the funding levied from the forestry sector.

Clearly, the 'beneficiary pays' principle is not being met for plantation owners. The large contribution made to local and regional natural resource management by plantation owners is not factored into the proposals and charges are being made for services that are not received by these stakeholders. In contrast to 'beneficiary pays', under this proposal funds would instead be recovered from the plantation forest industry and used to underpin SE-NRM Board activities for other stakeholders.

Further, in the State Government publication *What does DEWNR spend on water planning and management?*, almost half of the total spend (\$21.4m of a total \$43.5m) relates to the Murray-Darling Basin and River Murray operations. As plantation forestry in the South East receives no benefit from the Murray-Darling Basin, it is clear again that the 'beneficiary pays' principle is not being applied.

The second principle is:

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

As stated earlier, plantation forests' access of water (by vegetative interception) is closer in character to dryland cropping than irrigated farming. Dryland cropping is required to pay the land levy component only, but plantations forests are required to pay both land and water levies. This represents less favourable treatment of plantation forestry owners than other users with similar water use.

AFPA-SA asks that these clear flaws in the SE-NRM levies methodology be addressed in the recommendations that your Committee makes in its Report on the NRM levies 2016-17.

Yours sincerely,



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