



## **Submission to the Productivity Commission Inquiry**

### ***Impacts of native vegetation and biodiversity regulations***

The Local Government Association and the Shires Association (the Associations) represent 172 general purpose councils and 19 county councils in NSW. Thirteen regional Aboriginal Land Councils are also members of the Local Government Association.

The mission of the Associations is to be a credible, professional organisation representing Local Government, providing services to councils and facilitating the development of an efficient, effective, responsive, community-based system of Local Government in NSW.

The Associations' submission is based on our policy positions formulated through annual conferences of the Local Government Association and the Shires Association.

Local Government supports the appropriate management of vegetation and protection of biodiversity and there are numerous examples of councils leading their communities in identifying areas of high conservation value, and planning for their management.

However, the Associations welcome the Productivity Inquiry into the Impacts of Native Vegetation and Biodiversity Regulations and our comments are specifically in relation to:

- Impacts on regional communities
- Adequacy of assessments of economic and social impacts
- Transparency and community consultation
- Options to reduce adverse impacts of environmental regimes

Each of these issues will be discussed in more detail from the perspective of Local Government in NSW. This submission will refer primarily to the *Native Vegetation Conservation Act 1997* and the *Threatened Species Conservation Act 1995* which are the most relevant NSW legislation to this inquiry.

### **Impacts on regional communities**

Councils across NSW are working with their communities on a range of natural resource management issues and have expressed some concern about the impact of changes to NRM legislation on local communities.

Regional communities may need to go through a period of structural adjustment as landholders may be required to institute changes to their farming practices. If these changes to management regimes result in an impact on land values, then local

communities may also need to make adjustments in the level of services provided due to the flow on effect to the local economy.

The need for greater socio-economic assessment prior to the introduction of regulations is explored later in this submission.

### **Adequacy of assessments of economic and social impacts**

The Associations have continued to seek support for comprehensive social and economic impact studies to be undertaken prior to Regional Vegetation Management Plans (RVMP) being approved.

The Shires Association at their recent Annual Conference held in June 2003 resolved:

*That the Shires Association insist that the state government, before implementing any regional vegetation plan, current and relevant socio-economic studies be undertaken to assess the impacts on local towns and farming communities.*

*That the State Government guarantee that the implementation of Regional Vegetation Plans are adequately funded to ensure that the Department of Infrastructure Planning and Natural Resources staffing needs are met and the financial incentives for landholders outlined in the plans are available.*

Concerns have been previously expressed to the state government in relation to the implementation of regional vegetation plans, prior to any adequate socio-economic studies being undertaken and incorporated into the plans. The RVMP will have an impact on local towns and farming communities and these impacts must be given consideration to provide an opportunity for local communities to prepare for the adjustments they may be required to make.

As RVMPs are gazetted and implemented, a renewed commitment was sought from the NSW Government to ensure that these plans will be given the funding required to be implemented. This included provision of adequate staffing within the Department of Planning Infrastructure and Natural Resources and funding allocated to the financial incentive components of the plans. The success of the plans will be dependent on the resources contributed to its implementation.

The Associations believe that the socio-economic studies completed to date have been inadequate and further work is required prior to the introduction of RVMPs.

Councils have also expressed concern in relation to socio-economic implications of listings of threatened species through the *Threatened Species Conservation Act 1995* (TSC Act). The Act establishes the NSW Scientific Committee an independent body of scientists who consider the listing of threatened species from a scientific perspective. The Associations have maintained a position that these listings require greater consideration of socio-economic impacts of their listings. Greater consultation with the regional and local community is required to ensure that recovery plans for these species can be implemented with success, and fully consider the implications to local communities. In some instances, this may require regional communities and economies to restructure, however assistance should be provided in these instances.

There has been a commitment to establish a Threatened Species Socio-Economic Advisory Committee which is encouraging, however this Committee has still not met

despite being announced by the NSW Government in late 2002. While this initiative is welcomed by the Associations, there is also a need to ensure that social and economic issues are considered in a holistic way. The Associations would support the establishment of a process which could enable the consideration of these issues in the context of all natural resource management legislation.

## **Transparency and community consultation**

Local government recognises the difficulty for individual representatives on Regional Vegetation Management Committees (RVMC) to ensure that they contribute to the meetings from a regional perspective. A further concern expressed by local communities is in relation to Committee representatives making decisions about future activities in a region but not residing in the region, or having any link to the region, or livelihood dependent on the economy of the region.

Community consultation on threatened species listings is also essential to identify socio-economic impacts. These issues have been explored previously in this submission.

The Associations support the need to ensure that Regional Vegetation Management Plans are delivered in an integrated manner and linked to other natural resource management process and plans. This needs to be a priority target for the strategy. Once these plans are completed it is also necessary to undertake a process to communicate the results and implications of the plans to stakeholders. Each RVMC covers many council areas, but includes only one representative of local government. It is necessary to ensure that the plans produced by this Committee are communicated to each council in the region, for their support and implementation. Appropriate communication mechanisms need to be established for all councils within each region.

Similarly, during the development of Recovery Plans required by the TSC Act, these must include stakeholder input of both local government and the community, and the current process of requesting submissions on a draft plan is not adequate consultation. Greater inclusion of local communities in formulating the recovery plans relevant to their region may ensure a more successful plan. Once again, there is a need to ensure that the existence of a recovery plan is adequately communicated to the local community who will be impacted on through its introduction.

Another issue of concern to the Associations is the advertising for public submissions on preliminary, final determinations and draft recovery plans. Currently these notices are advertised through the Sydney Morning Herald, however this may not be effective in reaching those who may be interested in responding to the opportunity for public input. The Associations continue to seek support from the National Parks and Wildlife Service to advertise these opportunities for public input more broadly and include appropriate local and regional press and 'The Land' newspaper as mechanisms to notify the community.

## **Options to reduce adverse impacts of environmental regimes**

### ***Rate Rebates***

In NSW there is concern among councils that the use of Voluntary Conservation Agreements (VCA) to ensure the long term protection of areas requires Local Government to provide a rate rebate to the landowner. This is a requirement under the *Local Government Act 1993*. The Local Government Association of NSW and the

Shires Association of NSW recently reaffirmed their policy positions that we do not support the use of rate rebates or concessions as a mechanism to fund natural resource management planning, programs or projects unless financial assistance is provided to offset this loss of income to councils.

In many cases councils are simply not in a position to provide rebates on reductions. Years of rate pegging has seen councils revenue base eroded, and the continued imposition of unfunded mandates by the state government leaves most councils with little or no flexibility in this regard.

The Associations oppose the use of rate rebates as a conservation mechanism, due to concerns about the inequities in the distribution of the rate burden across the local community. Conservation benefits extend beyond council boundaries, so it would be more equitable for the costs associated with the provision of rate rebates to be shared across the state. NSW Local Government continues to operate under a system of rate capping and while responsibilities continue to increase for councils, there is no commensurate changes to council's budget.

An opportunity exists to include local government in a program of stewardship payments to landholders to share the financial burden for biodiversity conservation across the community. This would acknowledge the financial implications of providing rate rebates to landowners with VCAs, and in recognition that Councils are contributing to biodiversity conservation on behalf of the community. Councils receiving a stewardship payment equivalent to the rate rebate given to landholders could reinvest these funds into environmental management and protection activities in the local area. This would contribute to a council's ability to provide more environmental services in their local community, particularly in smaller rural areas where resources are limited and councils do not necessarily have specialised environment staff.

The catchment management blueprints in NSW have an increasing emphasis on the use of instruments such as VCA's, however currently the costs of providing these are being borne by local government. While the Associations would agree with providing assistance to landholders willing to manage their land for conservation purposes, and for public benefit, this cost should not be left to the local community but shared with the state and commonwealth governments.

### ***Environmental Levies***

Both the Local Government Association and the Shires Association support the establishment of an environmental levy to meet the cost of environmental restoration and improvement. This position supports a national environmental levy, centrally collected through the Commonwealth Taxation System, which would be fully hypothecated for environmental restoration and improvement.

Representations have been made to the Commonwealth Environment Minister, the Hon David Kemp MP, seeking support for such a levy. In this letter, the Minister was advised:

*"I understand that the Commonwealth Parliament has given consideration to national environmental levies in two recent reports by the House of Representatives Standing Committee on Environment and Heritage. You will be aware that the Standing Committee recommended in February 2001 and again in September 2001 that the Government investigate the imposition of a dedicated environmental levy to be collected through the Income Tax system.*

*The proposal by the Standing Committee is that such a tax would be applied on all income at a progressive rate from 1% to 1.5% depending on the income level. It would also apply to investment income at a rate of .75%."*

Despite a negative response from the Commonwealth Minister, the Associations Executives in their December 2002 meeting considered that this matter was worth pursuing, given the high level of support from many sectors of the community for such a levy. It was resolved that Councils be encouraged to lobby their relevant Federal and State members for a national environmental levy. It was also resolved that the State Government be encouraged to pursue a national environmental levy, in partnership with Local Government. Further, it was resolved to stress that funds should be allocated in part direct to local government for local projects, and that the focus be on environmental restoration and rehabilitation, rather than "improvement". A positive response has recently been received from the NSW Premier, though he correctly notes that this is a matter for the Commonwealth Government to determine.

## **Conclusion**

The Associations have raised a number of issues in relation to local government's experience and the impact of native vegetation and biodiversity regulations in NSW.

The NSW Government has made a commitment to consider reforms to natural resource management, particularly in relation to vegetation management and has commissioned a report from a group called the Native Vegetation Implementation Group chaired by Ian Sinclair. While the Associations have been unsuccessful in seeking membership on this group, we maintain that local government is fundamental to the successful implementation of vegetation and biodiversity management, and have expertise, and responsibilities in these areas which we can contribute.

The importance of partnerships between national, state and local governments and the community to achieve agreed goals through the application of their respective strengths should continue to be considered in any reform processes.

The Associations would welcome the opportunity to elaborate on any of the issues raised in this submission, at one of the Inquiry's public hearings.

**27 August 2003**