Addressing policy gaps - Farm forestry and the revised Lower Limestone Coast Water Allocation Plan

The review of the Lower Limestone Coast Water Allocation Plan identified a potential policy gap in the farm forestry principles. This is the first time in the amendment process that this potential policy gap has been considered, and consultation undertaken.

The key drivers for this initial proposal are:

- Addressing the key concerns raised in the review process.
- Whether there is a need for substantial change given the uncertainty that still exists around carbon plantings and the carbon market.

The Limestone Coast (LC) Landscape Board Governing Body and the Stakeholder Advisory Group have contributed feedback on the proposal.

The proposal is an initial proposal and is not considered final. We welcome your feedback.

You may provide any feedback you wish on the proposal, but the following questions may be useful in guiding your response.

1. Do you support retaining farm forestry principles in the revised Plan but with some amendment? If not, what would you suggest and why?
2. Is the size allowed for under the farm forestry principles commercially viable from a plantation forestry perspective?
    a. If not, could it be viable in the future, what factor/drivers would change/influence viability?
    b. If not, what size would be commercially viable?
3. Are you using farm forestry for the commercial benefit of the carbon absorption/sequestration capacity of the forest vegetation (e.g. for carbon credits and/or reducing emissions)?
    a. Would these principles, current or proposed, be a barrier to carbon plantings that support you accessing carbon markets or offsetting carbon emissions?
4. Do you have alternate principle settings that you would like to propose?

Farm forestry principles

The Lower Limestone Coast Prescribed Wells Area is a declared forestry area under the *Landscape South Australia Act 2019* (the Act). In alignment with being a declared forestry area, commercial forestry is required to hold a forest water licence under the Lower Limestone Coast Water Allocation Plan (the Plan).

Commercial forestry is defined under the Act as:

- a forest plantation where the forest vegetation is grown or maintained so that it can be harvested or used for commercial purposes (including through the commercial exploitation of the carbon absorption capacity of the forest vegetation).

The Plan provides an exemption from the requirement to hold a forest water licence for farm-based commercial forestry.

Farm forestry in the Lower Limestone Coast Water Allocation Plan

The Plan has a set of principles specific to farm forestry, exempting it from the requirement to hold a forest water licence. At the time of developing the Plan these small, farm-based commercial forestry plantations were considered low risk in terms of negatively impacting water resource condition.

The Plan defines farm forestry as a:

- commercial plantation forest where the net planted area does not exceed, or will not exceed, 10% of the total area of land described in a Certificate of Title or Crown Lease or 20 hectares per Certificate of Title or Crown Lease, whichever is greater and is situated on a farm.

For the purposes of the Plan a farm is a place being used solely or predominantly for the business of agriculture, pasturage, horticulture, viticulture, animal farming or any other business consisting of the cultivation of soils, the production of crops or the rearing of livestock, other than where the sole or predominant use is commercial plantation forest. Farm forestry does not include plantings for:

- shade and shelter for stock or crops
- natural resources management including soil and water protection
- habitat conservation
- landscape and amenity values.

In the Plan there were 6,950 hectares of farm forestry accounted for equating to 11,454 ML/year of groundwater use and recharge interception. Demand to establish farm forestry was expected to remain low for the 10 years until a comprehensive review of the Plan was undertaken. While it is not licenced, farm forestry is accounted for in the water balance and the sustainable limit or target management limit of each management area.

Outcomes from the review of the Lower Limestone Coast Water Allocation Plan 2022-23

During stakeholder consultation for the review of the Lower Limestone Coast Water Allocation Plan the farm forestry principles were raised as an issue to address in amendment. The Lower Limestone Coast Water Allocation Plan Review Stakeholder Advisory Group considered that there were policy gaps in the principles for farm forestry. They recommended that the Limestone Coast Landscape Board undertake a review of the farm forestry principles and its risks and benefits as part of the amendment process.

The review concluded the following:

The definition of farm forestry does not set a maximum acceptable area of farm forestry on a property. This allows large areas of plantations to be exempt from holding a forest water licence where it is a large mixed farming property and the plantation area does not exceed 10% of the Certificate of Title or Crown Lease area. This may be in contradiction to the intent of principles. Equity issues were also discussed around the principles allowing the expansion of farm forestry to the detriment of licensed users.

The likelihood of growth in farm forestry was discussed given new drivers such as carbon accounting and the Australian and South Australian Governments farm forestry initiatives. The likelihood of farm forestry growth was considered to be higher than when the Plan was adopted.

The review concluded that the allowance made for farm forestry impacts on the groundwater resource should be reviewed and updated. Consideration should be given to whether exemptions for requiring a forest water licence continue to apply.

Proposed revision

Based on analysis of 2024 aerial imagery, farm forestry has likely decreased in extent since it was assessed in 2012. This is in alignment with the assumption in the Plan that the demand to establish farm forestry was expected to remain low in the first 10 years of the Plan.

In proposing a revision to the farm forestry principles the following intent was considered. The revised Lower Limestone Coast Water Allocation Plan will:

- Appropriately manage the current and future impacts of farm forestry on the groundwater resource.
- Not create a disproportionate administrative burden in comparison to the current or potential impacts of farm forestry on the groundwater resource.
- Not create a disproportionate barrier to realising the benefits of farm forestry.

It is proposed for a revised Plan to:

- Retain farm forestry principles in the revised Plan but amend them in the following ways:
    - Change the definition of farm forestry in the revised Plan. The only change to the definition is the word greater to lesser: *Farm forestry means commercial forestry where the net planted area does not exceed, or will not exceed, 10 per cent of the total area of the land described in a Certificate of Title or Crown Lease, or 20 hectares per Certificate of Title or Crown Lease, whichever is* ***lesser*** *and is situated on a farm.*
        - Where an existing farm forestry plantation no longer meets the definition (e.g. is too large to meet the definition of farm forestry), the farm forest manager will be assigned a forest water licence equivalent to the offset accounted for under the Plan.
    - Introduce a permit requirement to undertake farm forestry. This allows tracking of the expansion of farm forestry for future policy change. It also allows a maximum volume to be set per management zone which ensures appropriate accounting of the impacts of farm forestry. It addresses the equity issue of the expansion of farm forestry being to the detriment of licensed users. Under this approach high risk management zones could have no or very limited allowance for farm forestry expansion.