



Department of the Environment and Heritage

Mr Trevor Rowe
Secretary
House of Representatives Economics,
Finance and Public Administration Committee
Parliament House
CANBERRA ACT 2601

House of representatives Standing Committee on Economics, Finance and Public Administration	
Submission No:	336
Date Received:	
Secretary:	17/1/03

Dear Mr Rowe

The Department of the Environment and Heritage has prepared a submission to the inquiry into Local Government and Cost Shifting. The attached submission addresses:

- Local Government's current environment-related roles and responsibilities (TOR 1),
- Current funding arrangements (TOR 2),
- Local Governments' capacity to meet existing environmental obligations and take an enhanced role regionally (TOR 3), and
- Rationalisation of environment-related roles and responsibilities between the levels of government (TOR 5).

The key points in our submission are that external funding is not keeping pace with increases in local government's environmental responsibilities. Effective environmental outcomes may be achieved, however, where local governments work collaboratively with each other, or with other partners including the Commonwealth government.

Yours sincerely

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Acting First Assistant Secretary
Sustainable Industries and Atmosphere Division
Environment Australia
10 January 2003





Parliamentary Inquiry into Local Government Responsibilities and Cost Shifting

Executive Summary

The involvement of Local Governments in environmental management is crucial in order to achieve effective outcomes. Some large metropolitan Local Governments have the capacity to develop and implement a wide range of environmental management initiatives. The majority have a reduced capacity.

Local Governments are facing increasing environmental responsibilities without parallel increases in external funding. Effective environmental outcomes may be achieved where Local Governments work collaboratively with each other, or with other partners. This submission includes several examples of collaborative partnerships between Local Government and State and Commonwealth Governments, the private sector and non-government organisations.

This submission addresses terms of reference:

- TOR 1** (Local Government's current roles and responsibilities),
- TOR 2** (current funding arrangements),
- TOR 3** (Local Governments' capacity to meet existing obligations and take on enhanced role regionally), and
- TOR 5** (rationalisation of roles and responsibilities between the levels of government).

The submission is structured as follows:

- Section 1** briefly outlines the increasing environmental roles and responsibilities of Local Governments.
- Section 2** shows that Local Government revenue from the Commonwealth has increased in both relative and real terms since 1974-75. However, Local Governments spend more on environment-related activities than the either the Commonwealth or State Governments.
- Section 3** indicates that Local Governments' capacity and resources (staff numbers and budgets) are often not rising in step with their increasing environmental responsibilities. Local Governments must increase efficiencies in their service delivery, for example through collaboration regionally or partnerships between Local Governments and the private sector.
- Section 4** highlights partnerships between Local Governments and other spheres of government that can provide a more efficient use of resources for the delivery of environmental outcomes. There are, however, some instances when increased efficiencies are not possible and Local Governments should be given the capacity to obtain additional resources.

1. Local Government's current roles and responsibilities.

In 1999 approximately 9% of adult Australians ranked environmental problems as the most important social issue and a further 63% of adult Australians stated that they were concerned about environmental problems¹.

Environment Australia recognises the crucial role of Local Governments in the delivery of environmental services and in the provision of environmental management resources.

Australian Local Governments typically provide a large number of essential environment related services including development control, sanitary and garbage services, road construction, water supply and sewerage, vegetation conservation and the management of parks, recreation areas, roadsides and reserves. Local Government development control plans and by-laws are integral to sustainable natural resource management and environmental protection and biodiversity conservation; and many Local Governments are significant land managers in their own right.

Local Governments also implement State Government laws and policies related to environment protection and management. They provide local expertise, feedback and support and facilitate the delivery of on-ground actions, infrastructure support, regulation and incentive-based systems.

Local Government councillors and staff include community leaders who are well positioned to promote the changes needed to deliver environmental outcomes.

In summary, Local Government's environmental responsibilities have changed substantially over the past 25 years. Originally expected to manage 'roads, rates and rubbish', Local Governments now are also expected to deliver integrated and sustainable management solutions for natural resources, planning and pollution control, environmental rehabilitation and protection, and the education and support of community and volunteer groups.

Many roles and responsibilities are devolved from the Commonwealth and the State Governments, but others are driven by community expectations. The majority of environmental services require some implementation at the local level and it is unlikely that expectations placed upon Local Governments will decrease in the near future.

2. Current funding arrangements for Local Government, including allocation of funding from other levels of government and utilisation of alternative funding sources by Local Government.

The Commonwealth is supplying an increasing share of overall Local Government revenue, while the share of overall Local Government revenue coming from the States is declining. Local Governments contribute more than half of all government environmental expenditure. It is difficult, however, to be certain whether or not environmental cost shifting is occurring, because there is a lack of trend data on environmental expenditure and revenue for the three spheres of government.

Sources of Local Government Revenue

The recent *Review of The Operation of the Local Government (Financial Assistance) Act 1995* by the Commonwealth Grants Commissionⁱⁱ summarises the increase in real terms in Local Government revenue from both the Commonwealth and State governments since 1974-75. During this period the Commonwealth has always paid untied grants through the States rather than directly to Local Governments.

While the share of Local Government revenue originating from the Commonwealth has increased during this period, the share of Local Government revenue coming from the States has declined. Local Government's own-source revenue (including rates and user charges) has increased in relative importance during this period and remains the primary revenue source for Local Governments.

Government Funding for Environment-Related Activities

Environmental expenditure cannot always be identified separately from other expenditure. Consequently, the figures presented here are likely to underestimate the total environment-related expenditure by governments.

Local Governments spend substantially more on identifiable environment related activities than either the Federal or State Governments; both in proportional and absolute terms (Trewin 2000)ⁱⁱⁱ. A recent analysis^{iv} of Australian Bureau of Statistics figures indicated that in 1998-1999:

- Local Governments' share of government expenditure was 4.5% but their share of total government environment expenditure was 53% (\$3.46 billion);
- State Governments' share of government expenditure was 40.2% and their share of total government environment expenditure was 37% (\$2.39 billion);
- the Commonwealth Government's share of government expenditure was 55.4% and its share of total government environment expenditure was 10% (\$0.85 billion^a).

The Commonwealth Budget stated that the Government will spend over \$1.8 billion to protect Australia's environment during the 2002-2003 financial year, \$198 million more than in 2001-02^v.

Significant funds are transferred between different spheres of government. For example, in 1998-1999 the Commonwealth and State Governments paid \$175 million in grants to Local Governments for environment-related activities. In the same year Local Governments paid \$146 million back to the Commonwealth and State Governments as fees for environment-related activities^{vi}.

During the 2001-2002 financial year, Environment Australia direct payments to Australian Local Governments totalled almost \$12 million (Table 1). This included \$11.4 million from administered revenue sources such as the Natural Heritage Trust. In addition to direct payments, some funding to Local Governments was also provided through the States (Table 2).

^a Commonwealth environment expenditure 1998-1999 includes environment expenditure by the Environment and Heritage and the Agriculture, Fisheries and Forestry portfolios. Environmental expenditure by other Commonwealth portfolios is not available for this period.

The Government's key objective in the delivery of financial assistance under the Natural Heritage Trust was to support community groups and individuals directly, not to fund government activities. The Mid-term Review of the Natural Heritage Trust in 1999, incorporating extensive feedback from stakeholders, made a strong recommendation that natural resource and environmental management decisions should be made at the regional or catchment level. As a result, the majority of Commonwealth and State natural resource management funds under the Natural Heritage Trust Extension (2002-2007), will be targeted at the implementation of regional Integrated Natural Resource Management Plans. Key stakeholders in each region (including Local Governments) will be encouraged to participate in the planning process and contribute funding to achieve outcomes identified as priorities in the Integrated Natural Resource Management Plan for their region.

Table 1 – Environment Australia Direct Payments to Local Governments 2001-2002

State	Direct Payments to Local Govt (\$'000s)
New South Wales	2 136
Northern Territory	269
Queensland	1 968
South Australia	2 675
Tasmania	1 326
Victoria	3 291
Western Australia	220
Total payments	11 885

Table 2 – Environment Australia Direct Payments to State Governments 2001-2002

State	Grants to State Govt (\$'000s)	Grants through State Govt ^a (\$'000s)	Specific Purpose Payments - Capital Grants (\$'000s)
Australian Capital Territory	781	340	
New South Wales	26 565	10 733	6 960
Queensland	17 800	16 639	669
Northern Territory	4 364	2 647	
Western Australia	14 827	8 586	
South Australia	12 795	6 323	3 349
Victoria	10 333	11 324	8 446
Tasmania	13 840	7 047	1 946
Total payments	101 306	63 639	21 370

^aLocal Governments may receive some funds via the State Governments but are not the only recipients of the funds presented in this column. For example, funding to Non-Government Organisations and community groups is often paid through the States.

Since 1993 Environment Australia has also directly supported the environmental capacity of Local Governments via the Environment Resource Officer (ERO) Scheme. The scheme places one officer in the peak Local Government Association in each State and the Northern Territory, and funds a national ERO position with the Australian Local Government Association. EROs promote and disseminate information about Commonwealth policies and programs, and assist Local Governments with environmental management, including policy development. The scheme is jointly funded by Environment Australia and the host Local Government

Associations. During 2001–2002 the ERO scheme contribution from Environment Australia was \$0.45million.

Binning et al (1999)^{vii} note that, in terms of own-source revenue for environmental management, Local Governments have the capacity to increase funding through:

- general increases in property-based rates;
- special environmental levies;
- payments for environmental services and developer contributions;
- reallocation of resources within existing funding constraints; and
- borrowing funds.

It should also be noted that most Local Governments have a limited ability to increase their primary revenue source (rates) as they are directly accountable to their local residents, and rates are also capped by some State Governments.

In summary, Local Government funding has increased substantially over the past 25 years, and funding from the Commonwealth Government has increased in both proportional and real terms. Local Government environment expenditure, however, is much greater than that of the Commonwealth or States. The increase in Local Government environmental responsibilities has not been matched by increased resource availability (whether through grants or own-source revenue).

3. The capacity of Local Government to meet existing obligations and to take on an enhanced role in developing opportunities at a regional level including opportunities for councils to work with other councils and pool funding to achieve regional outcomes.

The Review of The Operation of the Local Government (Financial Assistance) Act 1995 by the Commonwealth Grants Commission highlighted the increasing pressures that are being placed upon Local Governments to provide a greater number of services to their communities without additional resources. The review concluded that there has been a significant increase in the range of activities undertaken by Local Governments.

There needs to be greater recognition among all levels of government in Australia, that Local Governments are responsive not only to Commonwealth and State Governments, but also to local community expectations.

There is significant disparity in the size, population base and economic situation of Local Governments across Australia. While some large metropolitan Local Governments have the resource base and professional expertise to develop and implement a wide variety of environmental management programs, many Local Governments in Australia have insufficient capacity.

Local knowledge is often essential to determine local environmental management priorities and implement effective solutions to problems. Local delivery of environmental management activities can be very effective and incorporate the use of Local Government powers, and the creation of local partnerships between community groups, local businesses and the council.

Several Local Governments in Australia, including Brisbane City Council, have introduced environment levies to provide additional funding for priority environmental activities such as the purchase of sensitive lands (Attachment A).

Local Governments have the capacity to form regional alliances to achieve more effective environmental outcomes. The Victorian Community Power initiative (Attachment B) demonstrates that Local Governments who collaborate regionally can exert considerable purchasing power over the private sector, benefiting not only the councils but local community members, businesses and other organisations.

In summary the capacity of many Local Governments (in terms of staffing and budgets) is not increasing at the same rate as their environmental responsibilities. Innovative management practices and partnerships between Local Governments and other governments or the private sector can often increase the effectiveness of environmental service delivery. Where resources are particularly constrained, (for example small councils, and especially those in rural and remote areas), Local Governments frequently lack the capacity to develop such alternative approaches without additional resources. There is a case for targeting Commonwealth assistance towards building capacity in small and rural councils.

4. The scope for achieving a rationalisation of roles and responsibilities between the levels of government, better use of resources and better quality services to local communities.

As recognised in Agenda 21 and specifically by Local Agenda 21^{viii} (Chapter 28 of Agenda 21), achieving sustainable local areas requires local action and local leadership, supported and recognised by central government. This notion is embodied in the phrase "think globally, act locally".

The implementation of environmental policies and programs requires the engagement of Local Governments. There are, however, a number of reasons that support the development or management of some environmental policies and programs at a broader level:

1. The presence of ecological communities is influenced by climatic conditions and geomorphology. The specific physical conditions that combine to create ecosystems are generally not confined within the administrative boundaries of Local Government areas.
2. Environmental impacts can have wide effect both spatially and temporally – usually beyond the immediate locality where a specific activity is taking place. Activities approved in one Local Government area may affect the physical environment of nearby local government areas, or the integrity of the environment for future generations.
3. Priorities set at the national level may lead to more rational resource allocation.
4. National and State governments have the necessary leverage to bring about appropriate burden sharing for environmental management, including private sector contributions.
5. It is more efficient and more equitable to develop and produce some environmental services centrally, such as environmental management tools, environmental education materials and training.

Commonwealth and State governments are responding with new environmental programs and an increased range of collaborative activity with Local Governments. There are various types of effective collaborative arrangements, including voluntary partnerships, jointly administered and funded activities, and national arrangements in which Local Government is a key player.

Chapter 28 of Agenda 21 calls upon all Local Governments across the world to create a 'Local Agenda 21' – a local strategy for sustainability integrating social, economic and environmental demands and activities in their communities. The South Australian Partnership for Local Agenda 21 brought together Local Governments and the State Government in a voluntary partnership to support the implementation of this complex sustainability challenge (Attachment C). This partnership provides a supportive policy environment for local action rather than increased resources for Local Government.

The Cities for Climate Protection Program (Attachment D) demonstrates effective collaboration between Local Governments, a non-government organization and the Commonwealth Government to achieve environmental outcomes. Although the Cities for Climate Protection program was operating internationally prior to its commencement in Australia, strong support from the Commonwealth Government and a joint funding arrangement has led to exceptional program uptake and delivery in this country.

Many environmental issues are complex, and solutions require a multifaceted approach by a wide range of stakeholders. The national packaging covenant is an example of a nationally coordinated approach to a critical area of environment protection (Attachment E). Recyclable packaging and paper was previously an externality from the industry sector, borne by consumers and Local Governments. The National Packaging Covenant, involving a collaborative partnership between all levels of government and industries, has increased the viability of kerbside recycling systems although its implementation still has a way to go in some jurisdictions.

In conclusion, Commonwealth and State Government activities need to be complementary to those of Local Governments, and may include facilitating collaboration between Local Governments and the private sector.

Where a national approach is taken to environmental management issues in which Local Governments have key responsibilities, Local Governments need to be engaged in their own right. Commonwealth and State Governments must involve Local Governments in decisions regarding the devolution of activities.

Where Local Governments are expected to take on increasing environmental responsibilities, increased efficiencies in environmental service delivery should be sought where possible. One possible strategy for increasing efficiency is the establishment of partnerships and networks with other governments and the private sector. When increased efficiency is not feasible, or constrained by lack of local capacity Local Governments need access to the appropriate level of resources, whether through revenue raising or State or Commonwealth funding. In such cases Governments will need to work together to develop service delivery and financing options.

ⁱ ABS (1999) *Environmental Issues: People's Views and Practices*, Canberra: Commonwealth of Australia 4602.0

ⁱⁱ Commonwealth of Australia (2001) *Review of The Operation of the Local Government (Financial Assistance) Act 1995*, Canberra: Commonwealth Grants Commission.

ⁱⁱⁱ Trewin, D. (2000) *Environmental Expenditure: Local Government Australia 1998-1999*. Canberra: Australian Bureau of Statistics;
Trewin, D. (2001) *Australia's environment: issues and trends*. Canberra: Australian Bureau of Statistics; and
Commonwealth of Australia (1999:8) *Federal Government Environmental Data 1998-1999*; and

^{iv} Wild River, S. (2001) *The Environmental Implications of the Local-State Antinomy in Australia*, unpublished;
Trewin, D. (2001) *Australia's environment: issues and trends*. Canberra: Australian Bureau of Statistics; and
Commonwealth of Australia (1999) *Portfolio Budget Statement 1999-2000. Environment and Heritage. Corrigenda: Table 2.1.*

^v Media Release by the Federal Minister for the Environment and Heritage The Hon Dr David Kemp, MP, 14 May 2002.

^{vi} Trewin, D. (2000) *Environmental Expenditure: Local Government Australia 1998-1999*. Canberra: Australian Bureau of Statistics.

^{vii} Binning, C. Young, M. and Cripps E (CSIRO Wildlife and Ecology) (1999) *Beyond Roads, Rates and Rubbish: Opportunities for local government to conserve native vegetation*. Research Report 1/99, National Research and Development Program on Rehabilitation, Management and Conservation of Remnant Vegetation. Canberra: Environment Australia.

^{viii} United Nations Conference on Environment and Development (1992) Agenda 21: Chapter 28 <http://www.un.org/esa/sustdev/agenda21chapter28.htm>

Bushland Preservation Levy – City of Brisbane

The City of Brisbane extends across approximately 136 700 hectares of land, and supports more plant and animal species than any other Australian capital city. The conservation of this unique biodiversity is recognised as a priority for Brisbane City Council. Population in the greater Brisbane area is also growing rapidly and demand for residential and business services places a significant strain upon the city's surrounding bushland areas.

In 1990, Brisbane City Council introduced a Bushland Preservation Levy to fund the purchase and protection of some of the city's most significant natural areas. The levy is currently \$30 per year from each rateable property. This levy covers the acquisition and protection of natural bushland areas in the city, including providing facilities for public access to those areas. This is a set charge payable on all rateable land within the city and is reviewed each year.

Since 1990, Brisbane City Council has spent over \$58 million on acquiring and restoring more than 1600 hectares of natural bushland. The purchase of regionally significant habitat areas has been the most significant of this expenditure (approximately \$35 million has been spent on the purchase of 1500 hectares).

Source:

Brisbane City Council (2002) *Environmental Management Initiatives: Bushland Preservation Levy*.
http://www.brisbane.qld.gov.au/council_at_work/environment/bushland/environment_initiatives/bushland_preservation_levy/index.shtml

Regional Electricity Purchasing Group – Community Power

Full retail competition in electricity started on 13 January 2002 in Victoria. Residents and small businesses may now choose the electricity retailer through which they purchase electricity.

Three local governments (Darebin City Council, Port Phillip City Council, Moreland City Council) and the Moreland Energy Foundation formed a voluntary partnership to establish the 'Community Power' buying group for residents, organisations and businesses. The City of Melbourne and the City of Yarra have also recently expressed an interest in the Community Power group.

The main aims of the buying group are to:

- a) Achieve cheaper electricity prices for group members
- b) Reduce greenhouse gas emissions by buying a component of Green Power and through on-going energy management programs
- c) Achieve appropriate service levels and contract conditions for group members.

Methods to recover costs associated with the establishment of the group will be explored but the organisations will not profit financially from the project.

Source:

Darebin City Council, Port Phillip City Council, Moreland Energy Foundation (2002) *Community Power: Look on the bright side, community power is coming.*

<http://www.communitypower.org>

Sustainability – South Australian Partnership for Local Agenda 21

The South Australian voluntary Partnership for Local Agenda 21 was established in 1995 by the South Australian Local Government Association, the then Department for Environment and Natural Resources, and five Councils which agreed to pilot an approach to Local Agenda 21 planning. By mid 2000 the number of councils involved in the partnership had risen to 36, or 50% of all councils in South Australia. The Partnership was the first intergovernmental program of its kind to be implemented in Australia and the initiative continues to be a leader in terms of promoting LA21 in Australia.

The Partnership focused upon providing an opportunity for councils to determine the most appropriate application of LA21 principles within the South Australian context. Differences in council structures, operations and communities led to different LA21 experiences between local governments, however, over time a set of core principles and a process for undertaking a successful LA21 was identified. As a result the *Guidelines for Local Agenda 21: The South Australian Experience* were released in 1999.

An integral part of the Partnership is the South Australian Local Agenda 21 (LA21) Network. The network aims to encourage information sharing and cooperation between Councils undertaking Local Agenda 21 planning and between these Councils and the relevant state Government agencies.

In South Australia, metropolitan councils and the larger regional centre councils have embraced LA21, however, due to a lack of resources and competing priorities, smaller rural councils have been less able to commence LA21 programs. In those cases where rural Councils have committed to LA21, regionalised approaches have been preferred.

Arguments supporting collaboration between local and State Governments include:

- The achievement of ESD/sustainable development is not the sole responsibility of local government but it needs response from all levels of Government;
- Although a LA21 program must be locally driven and the outcomes are to be determined by local needs, many aspects of a LA21 program, at a policy and service delivery stage, will be dependent on the policy positions of both the State and Commonwealth Government;
- The implementation of many State and Commonwealth Government policies and strategies that require community commitment are dependent on the support of Local Government; and,
- International research had identified that uptake of LA21 has been most effective where regional or national LA21 campaigns are in place.

Source:

Department for Environment and Heritage (2001) *Sustainability: Making LA21 Work in South Australia*, <http://www.environment.sa.gov.au/sustainability/southaustralia.html>

Greenhouse Emissions – Cities for Climate Protection

Local government and communities have a vital role to play in Australia's efforts to reduce greenhouse gas emissions. Councils in Australia have a direct impact on emissions through their own activities, and a major role in influencing the practices of businesses, industries and households within their jurisdictions.

Cities for Climate Protection (CCP™) is a campaign of the International Council for Local Environmental Initiatives (ICLEI). Worldwide there are 500 Cities for Climate Protection local government members. CCP Australia is delivered in collaboration with the Australian Greenhouse Office. It is an innovative program, which assists local governments and their communities reduce greenhouse gas emissions. The program is funded through a commitment of \$13 million over 5 years, made by the Prime Minister in his statement, Safeguarding the Future, in November 1997. In addition to Commonwealth funding provided to ICLEI for program delivery, the Greenhouse Office provides direct funding and assistance to CCP councils.

CCP Australia began in 1997 with 29 councils in a pilot program. At 1 January 2002 there were 144 local governments, representing 59.7% of Australia's population, that are committed to achieving sustainable, long-term reductions in their greenhouse gas emissions through their participation in CCP.

On joining the CCP program, councils commit to achieving five milestones:

Milestone 1 – Prepare an emissions analysis and estimate emissions growth

Milestone 2 – Establish an emissions reduction goal

Milestone 3 - Developing a local action plan

Milestone 4 – Implementing the local action plan

Milestone 5 – Monitoring and reporting on the implementation of the local action plan

Ongoing greenhouse abatement from projects undertaken by councils increased to more than 78,000 tonnes CO₂-e this reporting year compared to less than 33,000 tonnes CO₂-e reported in the previous period.

Where leadership was once the function of ICLEI and the AGO, the maturing of the program has seen local government embrace its leadership potential. The program helps councils initiate greenhouse gas reduction measures in several ways, progressively building in-house experience and resources and developing awareness in the local community. Councils are now active in demonstrating the economic, social and environmental benefits of program participation. Not only is local government active in supporting the program but is also driving its future.

Waste Management – the National Packaging Covenant

In 1992, Australian Environment Ministers endorsed the National Waste Minimisation and Recycling Strategy which set a target of '50% reduction by the year 2000 in waste going to landfill'. The Strategy recommended the reduction in waste be achieved by a combination of waste minimisation and recycling activities.

While the States and Territories are responsible for the overall management of waste within their jurisdictions, it is generally the responsibility of local governments to provide the waste collection and disposal services and this usually includes services to collect and sort recyclable packaging and paper from households, drop-off centres and public places.

Local Governments generally recover part of the costs for these services from ratepayers, with many also offsetting the cost of recycling services with income derived from the sale of the collected material. During the early 1990s, however, the volatility of the markets for recovered material meant some recycling collection systems were put at financial risk and many local governments claimed they had suffered significant financial losses.

The National Packaging Covenant, which was agreed in 1999, was, in part, developed to increase the economic viability of kerbside recycling systems. The Covenant, a voluntary agreement between all spheres of government and a broad range of industry sectors, aims to reduce the environmental impact of packaging waste, close the recycling loop through the support of market development and ensure the economic viability of kerbside collection systems. Its underlying principles are to share the cost and responsibility of packaging waste through product stewardship across the entire packaging supply chain.

A National Environment Protection Measure (NEPM) for used packaging materials underpins the Covenant. The NEPM encourages Covenant membership and protects Covenant signatories from competitive disadvantage by setting out a regulatory scheme for industry players who choose not to sign. As a back up to industry self-regulation, the NEPM shows that governments are prepared to support an industry that wants to develop sustainable solutions to waste issue.

A major component of the Covenant is a three year Industry Transitional Funding Arrangements through which \$34.9 million has been committed to support and initiate studies and other measures that will make kerbside collection programs more cost-effective as well as strengthen and expand markets for collected materials. The funds are made up of equal contributions from industry and each sphere of government.

Although the Covenant commenced in August 1999, the Transitional Funding Arrangements did not start funding projects until July 2001. The projects to be proposed for funding are agreed by consensus among jurisdictional groups comprising state and local government and industry representatives. In some areas this process can be very slow leading to a perception by some local representatives that the process has been of little benefit to them so far. Nonetheless the Covenant provides an interesting model of national coordination of a diverse group of stakeholders to address a critical area of environment protection.