

# **Natural Heritage Trust Assessment: An Analysis of Mid-Term Performance and Recommendations for Reform**

## **1.0 Introduction**

The Natural Heritage Trust (NHT) is the environmental initiative established by the Howard Government from the partial proceeds of the partial sale of Telstra. \$1.5 billion has been made available for the period of 1996 to 2002. The NHT is run by a board consisting of two people, the Ministers for the Environment & Heritage and for Agriculture, Fisheries & Forestry (positions currently held by Senator the Honourable Robert Hill and The Honourable Warren Truss MP). The *Natural Heritage Trust Act 1997* is the enabling legislation for the NHT.

The Government has “commissioned an extensive mid-term review of the NHT to ensure that Australia’s largest environmental rescue package is as effective as possible. A total of 28 different review reports have recently been completed by a range of expert consultants. [The Review] will go to a meeting of the Natural Heritage Trust Ministerial Board ...and the various reports will be publicly released soon after” (Senator Hill press release, 7 February 2000). The Review was due for completion in late 1999 (NHT Annual Report 1998/99).

This analysis of NHT performance through to 1998/99 has been prepared by the Australian Conservation Foundation (ACF). Strengths and weaknesses of performance of a number of key NHT programs are measured against the primary objectives of the NHT as laid out in the *Natural Heritage Trust of Australia Act 1997*, the goals of key component programs elaborated in the Natural Heritage Trust Annual Report 1998/99, specific performance targets agreed between the Commonwealth and States, and the most recently available scientific data on the condition of the environment.

## **1.1 Goals of the Natural Heritage Trust**

The *Natural Heritage Trust of Australia Act 1997* (the Act) outlines in its preamble the purpose of the NHT by noting:

“The need for urgent action to redress the current decline, and to prevent further decline, in the quality of Australia’s natural environment. There is a national crisis in land and water degradation and in the loss of biodiversity. There is a need for the Commonwealth to provide national leadership and work in partnership with all levels of Government and the whole community, recognising, among other things, that many environmental issues and problems are not limited by State and Territory borders. It is essential that Government leadership be demonstrated, and that the Australian community be involved, in relation to these matters.”

The Government has asserted that the NHT is “the most comprehensive environmental rescue package ever planned by an Australian Government” (Senator Hill, 20 August 1996).

The Act, Natural Heritage Trust Annual Reports, and partnership agreements between the Commonwealth and States and Territories define, at varying levels of specificity, the primary objectives and goals expected from the NHT across its key initiatives:

### **National Vegetation Initiative (Bushcare) (\$346.5m):**

“The goal of the program is to reverse the long term decline in the quality and extent of Australia’s native vegetation cover, with a target of having no net loss of native vegetation within Australia by July 2001.” (Natural Heritage Trust Annual Report 1998/99).

**Murray-Darling 2001 Project (\$195.6m):**

“The program’s goal is to contribute to the rehabilitation of the Murray-Darling Basin with a view to achieving a sustainable future for the Basin, its natural systems and its communities.” (The Act and NHT Annual Report 1998/99).

**National Reserve System (\$85m):**

“The program’s goal is to assist with the establishment and maintenance of a comprehensive, adequate and representative system of reserves.”(The Act and NHT Annual Report 1998/99).

**The National Landcare Program (\$326.7m):**

“The goal of the National Landcare Program is to develop and implement resource management practices that enhance our soil, water and biological resources. These practices are to be efficient, sustainable, equitable and consistent with the principles of ecologically sustainable development.” (NHT Annual Report 1998/99)

## 1.2 Previous reviews and analysis

In 1997, the Australian National Audit Office released a Review of Commonwealth Natural Resource Management and Environment Programs which stated that “the challenge for the Commonwealth will be to maintain a clear and committed focus on outcomes at the strategic level for the NHT”, and made recommendations relating to:

- “Development of a more strategic focus on achieving outcomes”;
- “Considering the merits of funding larger, high priority catchment level projects over 2-3 year time horizons”;
- “Maintaining (sic) a more pro-active focus on monitoring, review and reporting aspects of performance and financial administration”;
- “Strengthening of incentives and sanctions as well as cash management practices within agreements, to link progressive payments directly with actual performance” (ANAO 1997, Audit Report No. 36, information leaflet).

The National Farmers Federation echoed these concerns in relation to the NHT, saying that

“... the processes of allocation of funding were ad hoc, with little evidence of strategic priority setting” and

“The attitude to funding appears to be ‘put a bid in and we will look at it’, which is not the way to go about strategic environmental management on a national scale”. (NFF media release, 21 May 1997)

The Australian Conservation Foundation, in a joint letter with Australia’s peak State and Territory conservation councils, wrote to Minister Hill in early 1998, urging the need for:

“clear and monitorable environmental outcomes ... including conservation of biological diversity and annual milestones to achieving no net vegetation loss [at a national and regional level]” and

“Commonwealth leadership in ensuring states are not rewarded for unsustainable management arrangements [including the absence of effective land clearing regulations]”

ACF subsequently released a report on the NHT (September 1998) which in its conclusion stated that:

“The unwillingness of the Federal Government to link environmental performance to the provision of funds has also resulted in the squandering of funds. The single biggest

environmental commitment the Howard Government made was to turn around Australia's rate of vegetation loss to have a net gain of [native] vegetation by the end on the NHT.... On current trends this outcome is near impossible and will remain that way while funding is not tied to performance".

## **2.0 Performance analysis of key components of NHT**

### **2.1 Bushcare Program**

- Goal: "To reverse the long-term decline in the quality and extent of Australia's native vegetation cover, with a target of having no net loss of native vegetation within Australia by July 2001 (NHT Annual Report, 1998/99).
- Description: The largest component of the NHT, at \$346.5 million, Bushcare is intended to protect and restore native vegetation to conserve biodiversity and restore degraded land and water. \$75.4 million has so far been expended, not including the 1999/2000 allocation of \$99.5 million (NHT Annual Report 1998/99; Federal Government NHT website, [www.nht.gov.au](http://www.nht.gov.au)).
- Outcomes:

#### Environmental outcomes:

For Bushcare the 1998/99 NHT annual report lists 122,000 hectares of native vegetation protected, 10,000 hectares revegetated, 4.5 million seedlings planted and 12,000 km of fencing erected (page 57). The Government's figure of "10,000 ha" revegetated may be an underestimate, but one can assume that a total of 150,000 ha protected and revegetated is a generous estimate.

During the three year period of the NHT including 98/99 about 1,000,000 ha of native vegetation was destroyed. It is estimated that currently 400,000 hectares of native vegetation is destroyed every year in Australia by land clearing. The Government's Australian Greenhouse Office gives an annual clearing rate for 1996-7 of 378,424 hectares, up from the pre-NHT rate of 330,630 hectares (National Greenhouse Gas Inventory, 1999). Strong anecdotal evidence suggests that the clearing rate in Australia is still rising. Permits for additional clearing have continued to be issued and will result in substantial continued clearing.

The net destruction of native vegetation has increased during the period of the NHT to date, and remains at the worst levels in the developed world.

#### Enhancing community awareness:

Community awareness of the values of native vegetation, the need to protect and restore vegetation and knowledge of protection and revegetation methods have been increased through Bushcare in many regions. There has been strong participation by some community groups and individuals in local activities in a number of regions, with the 1998/99 NHT annual report suggesting that 53,000 people had been actively involved in projects. Community efforts have been a success story for Bushcare.

- Comment:

Community input is strong, but voluntary effort cannot catch up with the nation's massive land clearing rate without proper Government support. Partnership agreements between the Commonwealth and States note the importance of "vegetation clearance controls", planning, vegetation management, and revegetation as actions required to achieve the program goals. Minister Hill has repeatedly alluded to the need for strong land clearing regulation, yet the Government has failed to act at a national level. The Federal Government has:

- a) Rejected a recommendation by the Government's Endangered Species Scientific Subcommittee for listing of land clearing as a key threatening process under the Endangered Species Protection Act (1990), on nomination by ACF and others (letter from ESSS to ACF, 8 Dec 1998);
- b) Rejected proposals by ACF and the conservation movement for listing of land clearing as a matter of National Environmental Significance (a trigger for Federal Government involvement) under the Environment Protection & Biodiversity Conservation Act (1999);
- c) Failed to assist with strategic funding for implementation of Queensland's new Vegetation Management Act, which specifies protection for endangered vegetation communities as required by the NHT partnership agreement between Queensland and the Commonwealth ("Beattie compo claims labelled 'extraordinary'", Courier Mail, 9/12/1999, p. 6; "The Commonwealth should not assist in funding unreasonable laws", Hon Warren Truss, Minister for Agriculture, Fisheries and Forestry, Media Release, 7/12/1999);
- d) Failed to withhold federal Bushcare funding from states and regions which are simultaneously clearing at high rates. (For example, the Queensland Herbarium estimate that revegetation for ecological purposes possibly represents less than one percent of the state's clearing rate over recent years (pers. comm.). Bushcare funds allocated under the current system are clearly not effecting progress towards achieving the program's goals in Queensland. Despite this, almost nine million dollars were allocated to Queensland in the 1999/2000 Bushcare funding round ([www.nht.gov.au](http://www.nht.gov.au));

## 2.2 Murray Darling 2001

- Goal: Contribute to the rehabilitation of the Murray-Darling Basin, with a view to achieving a sustainable future for the Basin, its natural systems and communities. This program aims to improve river health and restore land systems, wetlands and floodplains in the catchments of the Murray and Darling Rivers, and to improve water quality, reduce salinity and waterlogging, nutrient and pesticide levels (NHT Annual Report, 1998/99).
- Description: One of the largest NHT commitments at \$195.6 million. \$66.2 million has been spent so far, not including 1999/2000 allocations (NHT Annual Report, 1998/99).
- Outcomes:

### Environmental Outcomes:

The section dedicated to environmental outputs and outcomes in the 1998/99 NHT Annual Report describes only three examples of "on-ground activities"- a nutrient management plan, a monitoring program and an action plan (p. 95). One of the biggest foci of the Murray Darling 2001 Program has been the establishment of irrigation drainage and infrastructure. For example, the Murray-Darling Basin Commission agreed in November 1999 that \$6 million of MD 2001 funding be quarantined for "allocation to priorities for Irrigation Water Use Efficiency" with no commitment to return any resultant water savings to the environment (Murray-Darling Basin Community Advisory Committee agenda paper, 8 Feb 2000).

This use of large amounts of NHT funding on irrigation drainage and infrastructure projects is despite the recommendation of the Council of Australian Governments that irrigation infrastructure costs should be factored into the price of water, rather than being borne by the public purse (COAG Water Resources Policy 1994, Clause 3 (d) (vi)).

Meanwhile the Murray-Darling Salinity Audit found that "The salt mobilisation process across all the major river valleys is on a very large scale" and "there is a critical future hazard for some rivers and the people dependent on them as a source of water. Average river salinities will rise significantly, exceeding the critical [world health organisation] thresholds for domestic and irrigation water supplies" (MDBC 1999, p. 37).

The Audit also found that “While there is some evidence of farm and revegetation practices controlling water tables on a site-specific basis, there is no indication yet that Landcare and natural resource management programs have altered the ... trend lines for rising salinity across the Basin” (p. 35). Land clearing, the cause of dryland salinity, continues in Australia at around 400,000 hectares a year (see “Bushcare”, above).

Enhancing community awareness and capacity:

The 1998/99 NHT Annual Report suggests the widespread development of representative, consultative and communication processes in the Murray-Darling Basin, to facilitate adoption of strategic, sustainable natural resource management at the regional and catchment level.

## **2.3 National Landcare Program (NLP)**

The NLP builds on a program originally championed by the Australian Conservation Foundation and the National Farmers’ Federation. \$326.7 million is allocated over the life of the NHT to this program. It aims to develop and implement resource management practices that enhance our soil, water and biological resources, and work closely with farm Landcare groups established throughout Australia. In 1998/99, \$97.6 million was allocated to over 1000 projects around Australia. A strong engagement by some sectors of rural and regional communities occurred in some Landcare programs. The program has assisted these local groups implement local activities and has assisted in raising awareness about land and water issues. However without a detailed review of projects it is difficult to analyse the environmental outputs and outcomes from the program. While lauding the tremendous community effort that landcare has generated, ACF is aware of considerable variability in the quality of projects.

With a wide diversity of projects being funded on a piecemeal basis, the question of the lack of strategic focus necessary to turn around land and water degradation in rural Australia arises once again. The hard work of Landcare groups would be strengthened by stronger national leadership, a strategic focus, and long-term funding commitments (see Recommendations).

## **3.0 Declining Core Environment & Natural Resource Management Funding**

While the NHT has meant that the gross amounts of environment and natural resource management funding at the national level have increased, the underlying commitments for core funding of the environment and natural resources management (actual and budget estimates) has continued to dramatically decline from 1996 through to the end of the NHT in 2002. Estimates indicate that environment expenditure in 2001/02 will have been reduced from over \$200 million per year (1995/96) to less than \$150 million (2001/2002 budget estimates). Likewise core funding for natural resource management programs means that budget allocations (actual and estimates) will have declined from \$80 million in 96/97 to less than \$40 million in 2001/2002.

The NHT money has effectively masked these cuts in core funding to the environment and natural resources management which if unattended to will leave environment and natural resource management efforts at a greatly depleted level at the end of the NHT. ACF is also concerned that the NHT funds may have masked cost shifting by both the Commonwealth and States/Territories whereby NHT funding has been used to support previous and ongoing expenditures.

At a time when environment protection and repair requires greatly increased efforts in Australia the existing budget estimates paint a disastrously weak picture of Commonwealth investment

in environment protection and repair when the NHT finishes. Substantially increased long-term core funding commitments are required to turn around the rates of environmental degradation in Australia.

## 4.0 Discussion

By the end of 1998/99 the Natural Heritage Trust had outlaid approximately \$400 million with an estimate of some 300,000 Australians having participated in NHT activities. In 1998/99, 4000 community and other projects were funded with a total NHT expenditure of \$232 million (NHT Annual Report 1998/99).

Until the detailed mid-term reviews of the NHT are released, information is not available in the public arena to allow a detailed assessment of the merits and effectiveness or otherwise of individual projects.

Effectiveness of the NHT to date can be measured against the principle objectives and goals in a number of the major NHT programs by examining the outcomes of the programs reported in the recently released NHT Annual Report 1998/99.

The **Bushcare program** is the largest NHT program. The 98/99 NHT Annual Report indicates 10,000 ha revegetated, 122,000 ha protected, with an expenditure to date of \$76 m. Allowing for a more generous estimate of revegetation approximately 150,000 ha of native vegetation has been protected while 1,000,000 ha has been destroyed during the life of the NHT to date – the highest rates in the developed world.

The Bushcare goal is to have no net loss of native vegetation by July 2001. It is quite clear that this target will not be met and that Australia will have suffered an ongoing if not increasingly dramatic decline in bush (native vegetation) over the period of the NHT. This has very serious ramifications not only for the conservation of biodiversity where many endangered, vulnerable and of concern ecosystems and their plant, bird and animal life are threatened, but with clearing now recognised as the major cause of salinity leaves a disastrous legacy for rural communities and our land and rivers.

Why is the Bushcare program so clearly failing to meet its goal? National leadership and a strategic focus, two key elements of the program identified in The Act and partnership agreements, have been lacking. In essence, while people have been sweating away behind picks and shovels planting trees, the bulldozers run on unchecked, knocking over the bush at rates which make the community's efforts pale into insignificance.

In the face of massive landclearing rates, the Commonwealth have:

- Continued to support States who break the terms of the Partnership Agreements upon which NHT funding is supposedly contingent;
- Failed to take action under endangered species legislation despite the recommendation from their scientific advisory group to list landclearing as a key and threatening process, and;
- Failed to include landclearing as a trigger in the new Environment Protection & Biodiversity Conservation Act.

The lack of strategic action and funding direction is also highlighted by the Howard Government's failure to provide assistance and incentives to support State efforts to control tree clearing, and so address the key barrier to achievement of the Bushcare program's goal. The ongoing lack of Commonwealth funding commitment to assist with agricultural industry adjustment for Queensland farmers who may be disadvantaged by the *Vegetation*

*Management Act (1999, Qld)* illustrates this. This new Queensland legislation targets protection quite strategically at the most threatened and depleted vegetation types, as per the NHT partnership agreement, yet has failed to attract any Federal funding support as yet.

Regarding the **Murray-Darling 2001 program**, the Murray Darling Salinity Audit (1999) reveals a continuing and rapid deterioration in the quality of the Murray-Darling Basin's lands and rivers to a greater extent than previously recognised. The Audit states that "there is no indication yet that Landcare and natural resource management programs have altered the ... trend lines for rising salinity across the Basin". While some individual NHT projects have considerable merit, and there has been strong community engagement in some projects, water quality and the health of key river systems, riparian land systems, wetlands and floodplains continue to deteriorate.

Why is the MD 2001 program so clearly failing to meet its goals? Once again, worthy but piecemeal community projects are tackling some local environment issues but a lack of national and State leadership, strategic focus, and long-term funding commitment are hampering delivery of the program's environmental outcomes. To date the Commonwealth has:

- Failed to include a water and/or salinity trigger in its new environment legislation;
- Failed to require or implement controls on tree clearing (the *cause* of dryland salinity and a major factor in land and river degradation), and;
- Failed to provide an adequately strategic focus of NHT funds on key catchments or initiatives that will deliver strong environment outcomes.

The **National Landcare Program**, building on a program championed by ACF and the National Farmers' Federation, has attracted strong engagement by some sectors of rural and regional communities and raised awareness about land and water issues. However, the environmental outputs and outcomes from the program are unclear at this stage. The hard work of Landcare groups and volunteers would be strengthened by stronger national leadership, a strategic focus, and long-term funding commitments.

## 5.0 Conclusions

Despite strong community efforts the NHT is failing to deliver its stated environmental objectives and goals because of a lack of national leadership and strategic focus. For major programs such as Bushcare and the Murray-Darling 2001 program, the bushland and river systems are continuing to rapidly deteriorate, despite the merits of many individual projects and the strong community efforts associated with those projects. A lack of national leadership and strategic focus has meant that the Commonwealth has not tackled the major underlying factors degrading the environment.

The goal of the Bushcare program, for example, to reverse native vegetation decline by 2001 cannot be met, despite the best community efforts at planting thousands of hectares of trees, because the Commonwealth has failed to act to stop the clearing of around 1,000,000 hectares of bush over the same period of time.

The objectives of the Murray-Darling 2001 Program to improve water quality and the health of key river systems, riparian land systems, wetlands and floodplains will not be able to be met. In fact, the Murray-Darling Salinity Audit highlights that the rivers, wetlands, and waters of the Basin are all facing continuing and accelerated degradation. Strong community efforts by

themselves are clearly not enough. The lack of leadership and strategic focus from the Federal Government is leaving a disastrous legacy for the rural community and the land.

Rather than meeting the NHT goals of repairing the environment, lack of Federal Government leadership is allowing a continued decline in the health of the bush and Murray – Darling, despite strong efforts by the community.

A long-term bipartisan commitment is required to legislation, policy and substantial funding for urgent actions to turn around the current decline Australia's natural environment.

Given the size of public investment in this "environment rescue effort" and the strong community and volunteer efforts to assist, there is a compelling responsibility for the Commonwealth to ensure that community efforts are backed by laws and policy that will deliver real environmental outcomes consistent with the NHT Act. To do otherwise is to risk breaking the public trust in the Government's commitment to "rescue" our environment through the NHT.

## **5.1 Recommendations**

1. That the Commonwealth commit to national environmental leadership, through laws, policy, and strict implementation of partnership agreements with the States, to ensure that the goals of the key NHT programs are met and that the efforts of Australian communities in volunteering to repair the environment are not in vain.
2. That a much stronger national strategic focus be applied to the allocation of NHT funds to ensure that adequate concerted action is focused on those areas/issues in most need of support, or those that provide the greatest opportunity for environment outcomes under the objectives of the NHT Act. Clear performance targets on a three year and annual basis should be developed and progress monitored and this information available in the public arena.
3. That the strong community efforts to assist with the repair of the environment in Australia be recognised, but be adequately supported by Commonwealth and State action to deliver effective environment outcomes.
4. That a long-term, bipartisan commitment be achieved for substantial core funding for urgent action to address the current decline, and to prevent further decline and start the process of repair of Australia's natural environments.
5. That the formal mid-term review of the NHT including all associated reports, be released for public scrutiny so that any inadequacies can be addressed and operations of the NHT immediately reformed.

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