



COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

SENATE

ENVIRONMENT, COMMUNICATION, INFORMATION
TECHNOLOGY AND THE ARTS LEGISLATION

Consideration of Budget Estimates

TUESDAY, 5 JUNE 2001

CANBERRA

BY AUTHORITY OF THE SENATE

SENATE**ENVIRONMENT, COMMUNICATIONS, INFORMATION TECHNOLOGY
AND THE ARTS LEGISLATION COMMITTEE****Tuesday, 5 June 2001****Members:** Senator Eggleston (*Chair*), Senators Bartlett, Bishop, Bolkus, Calvert and Tchen**Senators in attendance:** Senators Bolkus, Eggleston, Hill, and Tchen**Committee met at 9.02 a.m.****ENVIRONMENT AND HERITAGE PORTFOLIO****In Attendance**

Senator Hill, Minister for the Environment and Heritage

Environment and Heritage Portfolio

Mr Roger Beale, Secretary, Department of the Environment & Heritage

Marine and Water Division

Ms Alison Russell French, Assistant Secretary, Marine Coasts and Wetlands Branch

Natural Heritage Division

Mr Max Kitchell, First Assistant Secretary

CHAIR—I would like to declare open this public hearing of the Senate Environment, Communications, Information, Technology and the Arts Legislation Committee considering the budget estimates in respect of the year ending 30 June 2002. I welcome the minister and officers from the Department of the Environment and Heritage. Before we commence with the Natural Heritage Division, I remind everybody that answers to questions on notice are due by Friday, 13 July.

Senator BOLKUS—Mr Beale, last night we went through the performance pay, but did you actually get an increase in salary?

Mr Beale—Sorry, that is not in relation to performance pay but in relation to base pay. The remuneration tribunal has issued a determination or advised the Prime Minister in the last week or so that there has been an increase in base salary for secretaries.

Senator BOLKUS—Right, but you went through the performance pay process?

Mr Beale—Did I get anything from the performance pay process?

Senator BOLKUS—Yes.

Mr Beale—I think I said yesterday that, as yet, I have not been advised of any performance pay in relation to this year under review.

Senator BOLKUS—Did the criteria you set down in your correspondence to the minister, which you referred to last night, include administration of the Natural Heritage Trust?

Mr Beale—The Natural Heritage Trust was certainly one of the important programs covered by that paper, yes.

Senator BOLKUS—And you claimed you administered it well, I suppose, did you?

Mr Beale—I think the trust is a well administered program.

Senator BOLKUS—But your claim is that you administered it well?

Mr Beale—I certainly contributed to that administration—certainly not exclusively, though.

Senator BOLKUS—We will come back to that. According to last year's blue book the NHT was expected to spend \$423 million in 1999-2000, but the actual spend according to the annual report was \$299.4 million. Is that right?

Mr Kitchell—That is correct, Senator.

Senator BOLKUS—According to the annual report in 2000-01 it was expected to spend \$485 million but now this has gone down to \$395 million. Is that right?

Mr Kitchell—That is so.

Senator BOLKUS—Will the full \$395 million be expended this year?

Mr Kitchell—We expect the majority of it to be expended, Senator. We cannot be certain how big a carryover there will be. There will inevitably be some carryover but we do not anticipate that it will be anything like the carryover that came from 1999-2000 into 2000-01.

Senator BOLKUS—How much was that?

Mr Kitchell—I think that was \$123 million.

Senator BOLKUS—How much have you spent so far?

Mr Kitchell—The majority of the funds have been committed. Of the \$395 million, around about \$280 million has been committed in grants. There is around about \$19 million in administrative funding and around about \$90 million plus of other contract work.

Senator BOLKUS—That makes it \$460 million.

Mr Kitchell—Not by my reckoning. It is \$280 million—

Senator BOLKUS—Plus \$90 million, plus \$90 million.

Mr Kitchell—Plus \$90 million is \$370 million, plus \$20 million is about \$390 million.

Senator BOLKUS—I thought you said \$90 million for the last figure.

Mr Kitchell—I did. It is \$90 million for non-grant work—that is, mostly contract work—on top of \$280 million for grants. That is \$370 million, plus a little bit less than \$20 million for running costs.

Senator BOLKUS—You might have said \$19 million instead of \$90 million. I thought you said \$90 million.

Mr Kitchell—I did say \$90 million.

Senator BOLKUS—You said \$280 million plus, I thought, \$90 million for administration.

Mr Kitchell—No, \$19 million.

Senator BOLKUS—Right.

Mr Kitchell—And \$90 million or thereabouts for non-grant allocations.

Senator BOLKUS—Of moneys committed, which is about \$390 million, how much of the grant money has been announced as being committed—of that \$280 million, for instance?

Mr Kitchell—Maybe with some minor exceptions, almost all of it. I could not absolutely vouch for 100 per cent.

Senator BOLKUS—Can you tell us how much was left in the program as of 1 January this year?

Mr Kitchell—No, I cannot tell you that, Senator.

Senator BOLKUS—You can take it on notice, though.

Mr Kitchell—Yes.

Senator BOLKUS—Can you also come back to us with details of the disbursements made from the program since 1 January?

Mr Kitchell—Yes, we can do that.

Senator BOLKUS—In February I asked a question which was taken on notice and the answer was:

The Natural Heritage Ministerial Board must prepare estimates of debits from the Reserve that are to be made for purposes of the Reserve. In preparing the estimates the Board allocates funds to each program. All funds for 2000-01 have been allocated to a program.

Taking account of project approvals and the government's commitments already made for 2000-01, you told us that \$29.6 million remains available this financial year for approvals under the trust. Does this answer include the \$130 million that was unspent and has since been rolled over into next year's funds?

Mr Kitchell—No, it did not include that.

Senator BOLKUS—It did not include that?

Mr Kitchell—No.

Senator BOLKUS—When was the decision taken to roll over that \$130 million?

Mr Kitchell—That was taken during the course of the budget process, Senator.

Senator BOLKUS—When?

Mr Kitchell—It was taken during the course of the budget process.

Senator BOLKUS—Yes, when?

Mr Kitchell—You mean the exact date?

Senator BOLKUS—Yes.

Mr Beale—I do not know if that is a matter which Mr Kitchell would know.

Senator BOLKUS—Maybe you do, Mr Beale.

Mr Beale—To get to the point of your question—

Senator BOLKUS—It is a pretty simple point. I want to know the date.

Mr Beale—Can I come back and see if I can explain it?

Senator BOLKUS—Let me explain to you the question first. I want to know the date on which that decision was taken. That is a very simple point.

Mr Beale—As I said, I do not think Mr Kitchell would be aware of that and I certainly do not—

Senator BOLKUS—Do you know that he is not aware of it?

Mr Beale—I would be pretty sure he is not aware of it because it is an overall—

Senator BOLKUS—You have just told him he is pretty sure he is unaware of it.

Mr Beale—No, the budget is finalised at the final budget cabinet meeting. I cannot even remember what that date was. That is the point at which the whole decision making process is drawn together. I think there might be some confusion, going back to the first question you asked, which was in relation to the answer that Mr Kitchell had provided to a question on notice earlier in the year, which related to whether or not funds were available for new decisions to be made. I think Mr Kitchell indicated that all but \$29 million of the NHT allocations in 2000-01 had been either allocated to a program or to specific projects, leaving the balance of \$29 million for new decisions in 2001. The rollover of \$130 million is not inconsistent with that answer because you can roll over funds that are either committed to a program but not expended, or committed to projects but not yet expended.

Senator BOLKUS—As I said yesterday, Mr Beale, you would get a job with HIH. It was pretty clear what I was getting at and it is pretty clear that the decision had already been taken to—

Senator Hill—I think that is offensive and should be withdrawn.

Senator BOLKUS—I do not think it is. If a decision had already been taken to roll over that \$130 million then obviously it was not available for spending this financial year. You know that.

CHAIR—I think you really must withdraw it, Senator Bolkus. That is really unparliamentary.

Senator BOLKUS—I do not think I do. I think the administration of this trust has been shonky—

CHAIR—I think it is a very unfair remark and it is on the record that you have been asked to withdraw it.

Senator BOLKUS—I think that has been highlighted by the Auditor-General's report and I think the answers we are getting are misleading, and that is one that is misleading. If you are trying to defend it and telling me that black is white then I do not withdraw.

CHAIR—Senator Bolkus, you are asked to withdraw it and it is on the record that you have declined.

Senator BOLKUS—I do not think it is unparliamentary.

Senator Hill—It is highly offensive to speak about senior officials in those terms. I do not care what Senator Bolkus—

Senator BOLKUS—I think the secretary's continued capacity to try to mislead on this is also offensive, Mr Hill.

Senator Hill—I do not care what Senator Bolkus says about me, but he ought to show some respect towards senior officials—all officials actually.

Senator BOLKUS—Senator Hill, I show that respect when it is deserved. When someone tries to explain to me that black is white I do not accept it and that is what Mr Beale has tried to do this morning. That money was not available for spending, you know that. The decision was taken before that answer was given but the answer was misleading.

CHAIR—Senator, the politicians are here to take responsibility, not the bureaucrats, and that is unfair.

Senator BOLKUS—With a consistent underspend of \$130 million to 2002-03, and looking at the funding for 2001-02 compared to 2000-01, we have some pretty substantial

reductions, haven't we? For instance, Bushcare goes from \$100 million in 2000-01 to \$83.8 million in 2001-02. Has any decision been made as to where those cuts will take place?

Mr Kitchell—Senator, the apparent decline is made up of two factors. Firstly, there was a—

Senator BOLKUS—Mr Kitchell, you say 'apparent decline'. The budget figures show \$100 million for this year and \$83.8 million for the next. Why do you say 'apparent'?

Mr Kitchell—I was just trying to explain why that decline has occurred. There are two factors. Firstly, there was a carryover into the Bushcare budget for this year from last year of about \$13 million, which has meant the amount that was initially allocated to Bushcare for 2000-01 was elevated above that which we expected. Secondly, there was always an anticipation of a tapering off of the trust programs in the final year of the trust. That would have accounted for around about \$3 million of that decline. So, of the \$16 million decline, \$13 million of it was accounted for by a carryover and therefore an elevation of the allocation in 2000-01, and \$3 million of it is accounted for by the planned tapering of the program itself.

Senator BOLKUS—Coasts and Clean Seas is down from \$33 million this financial year to \$24.4 million next financial year.

Mr Kitchell—I do not manage the Coasts and Clean Seas program, Senator, so I cannot give you the answer as to why that decline has occurred.

Senator BOLKUS—Can you take that on notice for us?

Mr Kitchell—Yes, I can.

Senator BOLKUS—Can anyone here provide that answer? What is the implication of that cutback?

Ms Russell-French—It is not actually a cutback, it is really a reflection of the programs in the period of the trust diminishing in accordance with the available money over the overall period.

Senator BOLKUS—That is another way of saying a planned cutback, isn't it?

Ms Russell-French—No, it is a planned use of the available funds over the life of the trust.

Senator BOLKUS—Yes. The Farm Forestry Program goes from \$14.5 million to \$9.2 million. I suppose that is not a cutback, either?

Mr Kitchell—That is a program managed by AFFA.

Senator BOLKUS—The Murray-Darling Basin goes from \$50.7 million this financial year to \$35 million the next. Just explain to me how that is not a cut.

Mr Kitchell—Again, that is an AFFA program.

Senator BOLKUS—That is an easy way to explain it. I notice with Bushcare it goes from \$83.8 million this financial year down to \$4.8 million next financial year, 2002-03. That is an increase, is it?

Mr Kitchell—No, Senator, it is not an increase, but what you have in the table for 2002-03 is the distribution of just the \$129.9 million that has been rolled forward. It does not include any of the \$100 million additional funding to the trust; nor does it include any of the \$36.6 million earned in interest. So once that additional \$136.6 million is distributed across the programs, then the numbers will look quite different.

Senator BOLKUS—When do you distribute that? Do you have those numbers with you?

Mr Kitchell—No, we have not done that yet.

Senator BOLKUS—When will you do that?

Mr Kitchell—Sometime over the next three or four months.

Senator BOLKUS—National Landcare goes down from \$63 million to \$31 million.

Mr Kitchell—Again, Senator, that is an AFFA program.

Senator BOLKUS—The National Reserve System is down from \$32 million to \$20 million; the National River Health Program is down from \$7.6 million to \$1.8 million; rivercare is down from \$24 million to \$14 million; and wetlands is down from \$5.7 million to \$3.8 million and to point one. That is one of your programs?

Ms Russell-French—Yes, it is, Senator.

Senator BOLKUS—What will you have to cut this financial year?

Ms Russell-French—Again, it is not a question of cutting, it is a question of using the available money, and the money that we have across the years of the trust reflects the fact that we are at the end of the trust's period, of the NHT mark 1. The point one in 2002-03 is an ongoing commitment.

Senator BOLKUS—Your funding is reduced by 33 per cent. What are you doing this year that you will not be able to do next year?

Ms Russell-French—We are not really in a position to say at this point because we are in the process of assessing projects that will be looked at under the one-stop shop process, and other projects yet to be developed in the next financial period. But the cuts that you are implying are really only moneys that have been moved into periods to reflect a rise and then a fall with the coming to an end of the programs overall.

Senator BOLKUS—I asked about disbursements made since 1 January this year. Can you tell us what the timetable is for the application and assessment process for the next financial year? I presume it has finished for this financial year.

Mr Kitchell—The application process is finished. The assessment process has not yet been completed, but the application process, if we adopt the same rules for the next trust, would be for the applications to close for the one-stop shop programs in February, and for the Coasts and Clean Seas programs in May. They are the two groups of programs from which almost all of the grants are generated.

Senator BOLKUS—What are these two programs?

Mr Kitchell—It is the one-stop shop group of programs. It is not just one program, it is a number of programs, and the Coasts and Clean Seas programs.

Senator BOLKUS—What is the budget for each one?

Mr Kitchell—Because they are a group of programs, Senator, I would have to take that on notice. The one-stop shops are made up of a number of individual trust programs.

Senator BOLKUS—What are they?

Mr Kitchell—Bushcare, endangered species, landcare, feral animal control, part of the national reserves system, national weeds and the National Wetlands Program.

Senator BOLKUS—That is all of them?

Mr Kitchell—The Murray-Darling Basin program has some grants in it—the Rivercare Program and the Farm Forestry Program.

Senator BOLKUS—So you are telling me that you cannot tell me what the amount allocated for each of these in this current grants round is?

Mr Kitchell—The amount for each of those programs?

Senator BOLKUS—Yes.

Mr Kitchell—The amount allocated to those is in total 2.5.

Senator BOLKUS—You were referring just a few minutes ago to the one-stop shop process.

Mr Kitchell—That is right, and you asked how much of each of those programs is incorporated within the one-stop shop.

Senator BOLKUS—Yes.

Mr Kitchell—I cannot answer that.

Senator BOLKUS—Can you take that on notice?

Mr Kitchell—I can.

Senator BOLKUS—When do we expect decisions to be made in respect of this current round of funds?

Mr Kitchell—We would expect decisions on the one-stop shop programs, in the normal course of events, to be in around mid-October. In relation to Coasts and Clean Seas, again, in the normal course of events, it will be sometime in December.

Senator BOLKUS—So this round of advertising for applications is the only round that we will go through this year in respect of these two programs?

Mr Kitchell—Yes, that is so.

Senator BOLKUS—What about other programs under the trust?

Mr Kitchell—There are no other programs under the Environment Australia component of the Natural Heritage Trust for which there would be adds during the course of this year.

Senator BOLKUS—What part of the process are you up to at the moment? I suppose it is the assessment part, is it?

Mr Kitchell—That is right. In the one-stop shop group of programs the regional assessment panels are meeting and considering the individual project applications, and we are expecting to get the consolidated list—that is, through the states' processes—of approved funding bids by the end of this month.

Senator BOLKUS—What is the deadline for the states' submissions to you?

Mr Kitchell—The end of this month.

Senator BOLKUS—Take this on notice. Can I get a breakdown of NHT funding for the whole of the NHT by electorate for each year of its operation?

Mr Kitchell—For those projects which occur just within one electorate, I think that is possible, yes.

Senator BOLKUS—I am just trying to get a fix on the forthcoming year's funding. You talk about seeking matching funds from the states for the extension. Have you approached the states as yet, since the budget?

Mr Kitchell—There has been no approach at official level.

Senator BOLKUS—It was just an announcement in the budget, was it? There was no previous consultation?

Mr Kitchell—There were some informal discussions about what a new Natural Heritage Trust might look like if the government made that decision, but there have been no discussions with any of the states at any formal level about cost sharing.

Senator BOLKUS—Do you have any strategy as to what the states' money will be allocated to if in fact they do provide any?

Senator Hill—What will be the states' reaction?

Mr Beale—What state funds would be allocated in the new NHT program.

Senator Hill—I hope there will be enthusiastic support.

Senator BOLKUS—So the answer is no. You have no priority and you have no program depending particularly on state funding; this is a commitment that will go on, regardless of whether the state has come up with matching funds or not?

Senator Hill—That is correct.

Senator BOLKUS—It is \$274.7 million for this financial year. How much of that \$274.7 million is off the interest component?

Mr Kitchell—There is no interest component that has been incorporated in that figure as yet.

Senator BOLKUS—But you expect to roll over \$130 million from this financial year?

Mr Kitchell—No. \$90 million comes from this financial year which is just ending, and \$40 million will come out of the next financial year.

Senator BOLKUS—\$40 million will come out of—

Mr Kitchell—2001-02.

Senator BOLKUS—You mentioned a figure of \$36.6 million from interest. Which years would that be allocated to?

Mr Kitchell—That will be allocated to 2002-03.

Senator BOLKUS—When you say \$40 million will be allocated from 2001-02, from where?

Mr Kitchell—From where?

Senator BOLKUS—From where, yes.

Mr Kitchell—Of the total of \$130 million that is being rescheduled, around about \$20 million of that is coming out of Environment Australia programs, and about \$110 million is coming out of AFFA programs. If you look at table 2.5 on page 12 of the EBS, the figures under 2002-03 will indicate just which programs are being rescheduled. In other words, the largest of the rescheduling is in the landcare tax credits program and \$49.2 million has been scheduled forward.

Senator BOLKUS—So they have been scheduled from this coming financial year to the one after?

Mr Kitchell—They have been scheduled from this one that we are just finishing and the next one into the one after that.

Senator BOLKUS—I am just trying to get a fix on what you mean when you say the \$40 million comes from this coming financial year. It is in the budget for this coming financial year, isn't it? Are we at cross-purposes here?

Mr Kitchell—I think we may be. It is in the forward estimates now for year 2002-03.

Senator BOLKUS—Right. So you are going to bring that forward into 2001-02, are you?

Mr Kitchell—No. I will say it again: we are bringing forward \$90 million from this year, 2000-01. We are bringing forward \$40 million from next year, 2001-02. In aggregate, the \$130 million so rescheduled will all go into 2002-03.

Senator BOLKUS—What have you actually rolled over from this financial year into next?

Mr Kitchell—We have not rolled over anything yet. I think I indicated, following your question earlier, that I do not know exactly how much we would roll over into next year. I know in the programs for which I am responsible there will be something between a \$5 million and \$10 million rollover in the Bushcare Program, but for the others I just cannot answer that question, Senator.

Senator BOLKUS—We have a figure of \$130 million as the rollover figure. Are you saying that is inaccurate?

Mr Kitchell—No. That rollover figure is the rescheduling. That is the rescheduling from this year and next year into 2002-03.

Senator BOLKUS—So \$130 million has been rescheduled.

Mr Kitchell—Yes.

Senator BOLKUS—And there is a rollover as well?

Mr Kitchell—There will be some rollover, inevitably, from this year which we are just finishing, into next year.

Senator BOLKUS—But you do not imagine that would be more than \$10 million or \$15 million?

Mr Kitchell—I would not like to speculate. Within the program for which I am responsible, there would be less than that amount—somewhere between \$5 million and \$10 million, we would estimate.

Senator BOLKUS—The Auditor-General stated of the program that there is 'limited capacity to measure results in concrete terms'. Had you been aware of this inadequacy before, Mr Beale?

Senator Hill—To what?

Senator BOLKUS—The Auditor-General's identification of key issues, including, in respect of the NHT, that there is a 'limited capacity to measure results in concrete terms'.

Senator Hill—This is this debate about how you measure outcomes in natural resource management programs. Our Auditor-General has engaged in this debate now for many years and, as you all would have noticed, it has been a debate that other auditors-general in developed countries are also engaged in. If you take a revegetation program as an example, you can show the outputs in terms of what vegetation growth has been achieved but, if the overall objective of the program is to improve the health of that natural system, it is very hard to work out a way in which you can go from the output of the increased vegetation growth to

demonstrating an outcome of improved health. Nobody has yet developed truly effective indicators to do that. The Auditor-General recognises the problem when he says, 'Perhaps the answer is to concentrate on intermediate outcomes rather than ultimate outcomes.' But, even then, the guidance is somewhat vague.

In some of the Auditor-General's material I remember reading him saying that, in relation to sustainable agriculture, it might mean when you have achieved a low tillage system, but of course low tillage has been replaced with increased use of chemicals, so again it is not going to be known for a long time whether that turned out to be a wise choice in relation to seeking the overall outcome of an improved natural system. This is a debate that we continue to engage in in an attempt to develop effective indicators to measure long-term outcomes for natural resource programs, and I think there is still a fair way to go.

Senator BOLKUS—Mr Beale, in the preparation of the Auditor-General's report, was the department consulted?

Mr Beale—Indeed. In the normal manner, the Auditor-General had full access to departmental officials and papers.

Senator BOLKUS—And at some stage in the process you would have been alerted to the sorts of directions the Auditor-General was going to take?

Mr Beale—In the normal way, I think we had an exposure draft and a draft report.

Senator BOLKUS—And in consideration of that draft, did you or any officer write to the Auditor-General detailing points that the Auditor-General should take into account in the preparation of their report?

Mr Beale—Yes.

Senator BOLKUS—Can we get a copy of that correspondence?

Mr Beale—I will check that that can be made available. I cannot see any reason why not.

Senator BOLKUS—There would be more than one correspondence, wouldn't there? There would be probably two or three, if not more.

Senator Hill—Are we talking about the formal response to the draft report? The Auditor-General's approach with departments in these matters is a cooperative, interactive process in order to provide the Auditor-General's guidance for the future. As I said, this has been one of a series of reports that he has written on this vexed issue of how you measure change in natural resource management programs. I am not sure about the appropriateness of correspondence or communications in that general interactive process, because that might tend to undermine what bureaucrats are prepared to say to bureaucrats, but certainly I cannot see any problems in terms of the formal response of the department to the formal draft—the joint response between EA and AFFA signed by the two secretaries.

Senator BOLKUS—To the draft?

Senator Hill—Yes.

Senator BOLKUS—Thanks for that, but I do not know why you would be concerned about providing previous submissions to the Auditor-General. We are not talking about the normal bureaucrat to bureaucrat; we are talking about the Auditor-General here. If the department had a case to put, they would have put it in those earlier stages. All you would be doing is making available to us the department's preliminary assertion of its position.

Senator Hill—Yes, but this is not a financial audit. This is a process to guide and assist departments in the development of indicators to measure success or otherwise of programs, and it is, as the Auditor-General acknowledges, in a very complicated and vexed area. There is a lot of debate about how this can be done effectively, and that is why there is this constructive interactive process.

Senator BOLKUS—Mr Beale, did you think all the way through that the Auditor-General's office was fair to the department? Were they fair in the consideration of your case?

Mr Beale—The two departments consider the audit report to be a balanced document which recognises NHT performance reporting to be a difficult process.

Senator Hill—And I think it to be a fair and reasonable outcome. It is helpful to an extent, although when you read the document you can see that the Auditor-General still is struggling with how you turn principle into practice in this area. That is not surprising because, as I said, he compares his efforts in this regard with what is happening in the United States and Canada and elsewhere and it is still an area of much debate.

Senator BOLKUS—Minister, I can understand your keenness to come in and protect your position here, but what—

Senator Hill—It is not a question of protecting anybody's position.

Senator BOLKUS—I think it is. I think you know full well what you are doing, and so do I.

Senator Hill—It is trying to be helpful to the committee, actually.

Senator BOLKUS—My concern is that we have a department responsible for the administration of a multibillion dollar fund, heaps of taxpayers' money.

Senator Hill—It is administered by two departments.

Senator Hill—Yes, administered by two departments. The buck in that administration stops with the departmental secretaries. They have to, I think, be responsible for any shortcomings in the administration of the program. When the Auditor-General says there is 'limited capacity to measure results in concrete terms' and that he is 'concerned about the absence of a finalised core set of performance indicators', Mr Beale, does that disturb you at all?

Senator Hill—Mr Chairman, you have to—

Senator BOLKUS—Here you come in again, trying to protect the secretary.

Senator Hill—I will. It is my job.

Senator BOLKUS—No. It is the secretary's job to administer this fund, Senator Hill.

Senator Hill—But it is unfair to take two phrases, not even sentences, out of context, and put those to Mr Beale. If you were fair, you would say that in the 100 pages of the report, it details the complexity and challenge of this particular task of measuring long-term outcomes in natural resource management projects, and it acknowledges all of the progress that these departments have made over the last five years in improving the capacity to do so.

Senator BOLKUS—Sure.

Senator Hill—It acknowledges the systems that have been developed. It acknowledges the draft guidelines that were in the partnership agreements with the states. It acknowledges the partnership agreements with the states as a major step forward in this direction. It

acknowledges the work of the mid-term review and the guidance that was given from that in relation to the program. But it says there is still a way to go. That is acknowledged by us, and I think it is acknowledged by anybody who has any interest in this particularly difficult area.

Senator BOLKUS—Minister, you are being overprotective here. We have already established that there was a fair process. The department put its view. Everything you are saying to us now I am sure would have been put by the department to the Auditor-General. You recognise that the Auditor-General also recognises some of the problems. But at the end of the day, you cannot avoid the fact that the Auditor-General's report has identified some pretty fundamental problems with the administration of the program. Aren't you disturbed by them, Mr Beale?

Mr Beale—The two departments and the board have discussed the performance data on a number of occasions. It is an iterative process, as the Auditor-General points out. The mid-term review was a critical input because it enabled us to look right across the field at a whole range of these programs on the ground and in a great deal of depth, and the Auditor-General acknowledges that to be a thorough and useful review. We all agree that there is an iterative need to build better information systems and better performance reporting over time.

Senator BOLKUS—But you have spent \$1 billion. You have been responsible for this program. You are an experienced administrator. Why didn't you put these measures in place? Going to that point about the mid-term review, the report says:

The ANAO notes that the Mid-Term Review, the major evaluation of the NHT, was fair and balanced and provided a reasonable basis for management improvement at the time.

Senator Hill—That is right.

Senator BOLKUS—It continues:

However, at present, there is an absence of quantifiable progress against the Partnership Agreements and few, if any, trends in economic, social and environmental conditions included in the NHT Annual Report—

Senator Hill—That is right, it is the—

Senator BOLKUS—No, hold it, Minister.

Senator Hill—It is the social and environmental progress—

Senator BOLKUS—The administration of this program is Mr Beale's responsibility. The report also says:

Implementation of the performance information system has fallen substantially short of what was originally intended ...

It is not just a damning report; it also reflects the fact that you have gone backwards in some respects.

Senator Hill—It is not a damning report at all. It is actually an encouraging report.

Senator BOLKUS—Mr Beale, do you share the minister's Pollyanna view of the world? You've got no concern when the Auditor-General says 'limited capacity to measure results in concrete terms'?

Mr Beale—We would always prefer to improve, and we aim to improve, but in terms of the balance of program assessment, implementation and reporting, we believe, in the early part of this process, the balance has been correct. The emphasis has been on getting the

programs going. We have information systems and indicators in place and being developed, continuously developed. The performance indicators are enormously difficult. We had some very good theoretical indicators at the beginning of this process, but they proved difficult to measure in practice.

Senator BOLKUS—It is a bit like trying to close the old gate after the horse has bolted, isn't it? You are an experienced administrator, you come to a program like this, you know you are going to spend billions of dollars, and all you are saying is, 'Well, we wanted to spend the money first, get the programs running and then put in those performance indicators.' Shouldn't you have done it the other way around?

Senator Hill—The Auditor-General said it would be better if you were working to good baseline data. The good baseline data in relation to the state of health of our natural resources in Australia simply does not exist. So as part of the Natural Heritage Trust we set up the land and water audit to develop at least better data than currently exists. That information is starting to flow. It could be argued, okay, the whole of the repair effort that has been undertaken in the last five years should have been put off until after that audit process has been completed, but I would argue that would have been at great loss and I think the Auditor-General would agree with that. The data, even the baseline data, is being developed as the repair task continues.

If we look at the land and water audits in an historical context, I would not be at all surprised if, in another 10 or 20 years, there will be further reports saying that what was measured through that audit were not the most appropriate outcomes, and so the debate will continue. That is why this is not a black and white issue. We learn as we progress as a nation in relation to this major challenge that we face. I think the way in which we are doing it is something that the Auditor-General has recognised as sound.

Senator BOLKUS—Sure. But, Minister, once again, I want to put the focus back on your department here. They are not novices. They know in funding programs you need performance indicators. Did you, at any stage in the inception of this program, put to the government the need for the performance information, the performance indicators, the capacity to measure results? Did you put those propositions to government?

Senator Hill—This has been discussed by the board on numerous occasions.

Senator BOLKUS—That might have been discussed by the board on numerous occasions, but when you got this program up in the first instance did you, Mr Beale, or did your department, say to the ministers, 'You've got to put these performance indicators in place. These are the normal nuts and bolts of a program. You've got to put them in place'?

Mr Beale—As the minister indicated, performance indicators were part of the partnership agreements with the states.

Senator BOLKUS—This does not just happen overnight. The Auditor-General says, 'Implementation of performance information has fallen substantially short of what was originally intended'. Have you raised that with the ministers, saying to them that it is something of concern to you?

Senator Hill—Said what?

Senator BOLKUS—That performance indicators were not up to scratch, they have 'fallen substantially short of what was originally intended'?

Senator Hill—In relation to long-term outcomes, yes, it has been an ongoing debate for the last five years. There has been a process of—

Senator BOLKUS—I think you are deliberately missing the point, Minister.

Senator Hill—No, you are not listening to the answers—a process of negotiation with the states also in trying to develop effective long-term indicators. We even got to a draft mid-term, but the complexity of the draft was such that it simply was impractical. I think all that is acknowledged within the Auditor-General's report as well. That is why we did the mid-term review on the basis of the interim indicators as appear in the partnership agreements, and agreed to otherwise continue with the development of long-term indicators. That process is still continuing.

Senator BOLKUS—Mr Beale, the report says:

The application of intermediate outcome measures could have assisted agencies to better demonstrate actual progress achieved and assist in the management of strategic risks such as continuing high rates of land clearing...

Is this something you put to government—that intermediate outcome measures should be in place?

Senator Hill—That is the key—

Senator BOLKUS—Minister, this is not a question to you. This goes to the administration of the program. I know why you are being protective.

Senator Hill—I am answering because I think that you are being unfair to the administrators.

Senator BOLKUS—No. They administer a multimillion dollar program. Their responsibility is not to you, it is to the taxpayer. It is to also what they stand for as public servants. I am trying to establish whether, early in the piece at the inception of the program, they went to government and said, 'Your systems are not adequate. We need to put this in place.' I know when I was a minister we used to get that advice. We used to get advice on how to set up a system. Did it happen this time? This is not new. This is not inventing the wheel. This is something Finance has always insisted on. Did you or did you not put this to government, that they needed better benchmark performance indicators and so on?

Senator Hill—Before he answers that, can I just say that the key finding of the report in terms of guidance is, 'Let's accept that ultimate indicators are too difficult and let's put the effort into the development of intermediate indicators.' In some ways that was a similar sort of guidance that we got from the mid-term review. An effort is being made to develop those intermediate indicators through the new monitoring and evaluation team that has been set up. I suspect that what is going to be found is that the development of effective intermediate indicators is going to prove to be just about as difficult as the development of long-term indicators but that is something that no doubt we will all learn as time progresses. Mr Beale, do you want to—

Senator BOLKUS—At page 15 of the report the Auditor-General says—

Senator Hill—Do you want Mr Beale to answer your question?

Senator BOLKUS—Yes, I do, but you always seem to be cutting in on us.

Senator Hill—I am trying to be helpful.

Mr Beale—As the minister indicated, after the initial development of indicators in the partnership agreements with the states, a further suite of indicators was developed over a period of time in consultation with the states leading up to the period when we had the mid-

term review. When the board examined those indicators, their view was that they were too complex, that they were going to take too long to measure advances and progress, and that in many cases there was an absence of baseline data, or baseline data would only accumulate over a period of time. The decision was therefore taken to place an emphasis on the mid-term review as a way of getting some of the intermediate outcomes and describing the performance of the program. Following receipt of the mid-term review there was an agreement by the board—in December, I think, Minister—to develop the evaluation and monitoring strategy further, including a core set of performance indicators that would aim to have both those fundamental and intermediate outputs. But, as the Auditor-General's report says throughout, this is a very complex area in which there will be an iterative learning process. It will take time to develop consistent and reliable indicators of progress.

Senator BOLKUS—You say the board deferred the decision to post a mid-term review, when did it make that decision? When did it decide it was a bit too complex at the time?

Senator Hill—That would have been in the lead-up, in the planning for the mid-term review, probably now 18 months, two years ago.

Senator BOLKUS—Come back to us with a date. When you say the board, you mean the ministerial board?

Senator Hill—That is correct.

Senator BOLKUS—Who was on it at the time?

Senator Hill—I have been on it throughout, and at that time I think it was Minister Truss. I have had three agriculture ministers—Anderson, Vaile and Truss.

Mr Beale—It was Minister Vaile.

Senator Hill—I am told it was Minister Vaile, but we can check on that.

Senator BOLKUS—Are you saying that the proposition was put to the board for the beefing up of these indicators, or are you saying options were put up, or are you saying that there was just a discussion about it?

Senator Hill—No, I said a draft had been worked up with state bureaucrats over a period of time. The debate was over what indicators we used for the mid-term review. Basically, the board decided it would be better to use the original indicators rather than those contained within the draft.

Senator BOLKUS—Mr Beale, are you concerned when the Auditor-General says that there is a key issue in the absence of a finalised core set of indicators? Is that of concern to you, or is that something you think it is too hard to do?

Senator Hill—That is what we have been talking about all morning, isn't it?

Mr Beale—I think that needs to continue to be an objective of the program. However, the Auditor-General also underlines the difficulty of getting a reliable set of indicators, where we are trying to measure, if you like, by our physical progress, in a way that we have simply not done consistently before in this country.

Senator Hill—Nor anywhere else.

Mr Beale—This is, in many senses, new territory.

Senator BOLKUS—But, you see, the Auditor-General listened to all your submissions—obviously the process was fair, as you say—but then says:

A stronger leadership role and guidance from the Commonwealth in this area could have assisted in improving the quality and depth of the overall reporting to Parliament...

Senator Hill—That's a different issue.

Senator BOLKUS—That is a reflection on the lack of leadership, isn't it?

Senator Hill—No. You are reading bits of your press release which I suspect was written by somebody else.

Senator BOLKUS—No, I am not. I am reading the report.

Senator Hill—Then you will know that that refers to the annual report, and what he said in relation to the annual report of the NHT is, yes, it provides a reasonable database and so forth but it would be more useful if it was more of a constructive critique. That might be so, but that is quite a difficult challenge in terms of the preparation of an annual report of this type. I do not see many annual reports put down that are actually constructive critiques. It is something that we can take on board and see if we can engender that spirit within the preparation of the next annual report. Annual reports have not been easy. Because it is a cooperative partnership with all of the states, and because the projects on the ground are run by the states and accounted for by the states, we are reliant on getting all of that data in a reasonable period of time, which does not always occur. I am not sure, therefore, when the time would come for this critical analysis that the Auditor-General believes should be incorporated within the annual report. But, nevertheless, we can make an effort in that regard.

Senator BOLKUS—Is it the government's intention to better resource this area, the capacity to provide better performance indicators?

Senator Hill—We resourced the states and obviously internal resources have been working on this issue now for years, and we have applied specific resources to this new team that has been set up, and so we will continue to do what is necessary in this regard.

Senator BOLKUS—What is this team?

Senator Hill—As a result of the mid-term review, the board has decided to set up a dedicated team across the two departments to address this issue of monitoring and evaluation.

Senator BOLKUS—How much funding has been allocated to that team?

Senator Hill—A half a million dollars.

Senator BOLKUS—The team has been operating since when?

Mr Beale—I think that decision was taken in December and the team was progressively put together over the succeeding months.

Senator Hill—About six months it has been going.

Senator BOLKUS—Who is on the team?

Senator Hill—It is across the two portfolios. It is supposed to be a small group of dedicated officers who will concentrate on the particular issues we have been discussing today.

Senator BOLKUS—Can you come back to us with details of who is on the team.

Senator Hill—We do not normally provide names of officials.

Senator BOLKUS—Why not?

Senator Hill—Because—

Senator BOLKUS—I thought you always did.

Senator Hill—That is unduly intrusive, with no public benefit.

Senator BOLKUS—Give it a break. You often ask for names and you get them, no matter what the portfolio and no matter what the operation.

Senator Hill—I know it is becoming more common in the way that you ask these questions, but I do not think that is really appropriate.

Senator BOLKUS—I do not think that is right, Minister. So you will not tell us who is on the team. Will you tell us how many people there are on the team?

Senator Hill—Yes, and their levels and their roles and functions.

Senator BOLKUS—We will have to settle for that if you are going to be difficult.

Senator Hill—It is not a question of being difficult.

Senator BOLKUS—How often has the team met? Does anyone know?

Mr Beale—I think it works continuously together.

Senator BOLKUS—It does not have meetings?

Mr Beale—No, it is a unit.

Senator BOLKUS—Can anyone tell us how many people are on it?

Mr Kitchell—Three.

Senator BOLKUS—How many from your department?

Mr Kitchell—Two.

Senator BOLKUS—And the other one from?

Mr Kitchell—From AFFA.

Senator BOLKUS—Does it have a budget for next year?

Senator Hill—It has recently produced some advice to government which will be considered at the next ministerial board meeting, which I think will be in a couple of weeks.

Senator BOLKUS—Has it got a budget for next year?

Mr Kitchell—As the minister indicated, the board allocated \$500,000 as an annual budget for the unit.

Senator BOLKUS—How much was spent last year? The team was set up in December. Has that money been spent? Has any of it been spent?

Mr Kitchell—No, not all that money is spent. It is an annual allocation of \$500,000. We clearly would not have spent \$500,000 in the first six months.

Senator BOLKUS—You did spend \$500,000?

Mr Kitchell—No, we clearly did not.

Senator BOLKUS—Can you tell us how much you did spend when you come back with the—

Mr Kitchell—We will have to take that on notice.

Senator BOLKUS—Sure, yes. When the ACF and National Farmers Federation report on repairing the land was released, I gather EA was asked to do an assessment of the accuracy of the report. Mr Beale, did you ask for that to be done by the department?

Mr Beale—I cannot recall, Senator Bolkus.

Senator BOLKUS—You cannot recall?

Mr Beale—No. It was some time ago.

Senator BOLKUS—It was not all that long ago.

Senator Hill—I met with the leaders of both groups, and there would have been a brief, I presume, prepared for that meeting.

Mr Beale—There was, but I cannot recall whether I requested it.

Senator Hill—But I do not know of an assessment of the accuracy of the report. That seems a bit odd.

Senator BOLKUS—Was an assessment done of the report? Delete the words ‘the accuracy’.

Senator Hill—Any input from organisations of substance obviously is taken on board and analysed. I guess the thing that was most striking was the sum of money that these two organisations said needed to be invested, and we would be interested to determine if there was any scientific basis to those estimates.

Senator BOLKUS—Can we get a copy of that assessment?

Senator Hill—I do not know that there was an assessment.

Mr Beale—And it certainly would have been brief—

Senator Hill—I do not normally table briefs, but I will take it on board.

Senator BOLKUS—Before we move on, just to clarify, the budget for this year is \$274.7. That is the total budget?

Mr Kitchell—For the trust, that is so, yes. That is for the upcoming year 2001-02.

Senator BOLKUS—And the grants component of that?

Mr Kitchell—It would be the majority, but I cannot give you a precise figure, Senator.

Senator BOLKUS—Come back to us with a figure, and allocated to specific programs.

Mr Kitchell—We can certainly do that. In fact, the allocation to the specific programs you will find in table 2.5 on page 12.

Senator BOLKUS—Sure, but the grants aspect of it.

Mr Kitchell—The grants within each of those, yes.

Senator BOLKUS—And a time line for allocation of those grants. It looks like funding for the Murray-Darling Basin Commission has been reduced. Am I reading that wrong?

Mr Kitchell—That is an AFFA line.

Senator BOLKUS—A number of programs have received funding but have had their funding terminated. Do you have any idea how many projects that might be?

Mr Kitchell—A number of Natural Heritage Trust programs?

Senator BOLKUS—Yes, a number of projects received funding for a while but have had recent applications rejected.

Mr Kitchell—There are no programs that have—

Senator BOLKUS—Sorry, not programs—projects.

Mr Kitchell—Projects certainly are rejected. Not all project applications are accepted. They go through the normal process of regional assessment panels, state assessment panels and then assessment by Commonwealth officials before they go to the board members for endorsement. Through that process not everything comes out the other end as having been approved.

Senator BOLKUS—Do you keep stats on projects that expire one way or another?

Mr Kitchell—Projects that expire? Do you mean when they come to their conclusion?

Senator BOLKUS—I suppose there are two categories: one is they have run their life expectancy, or secondly, in reapplying for grants they fail.

Mr Kitchell—If we do not keep it on our system we could generate it. There would be relatively few, but some projects which might have an expectation of continuing are not approved principally for underperformance reasons.

Senator BOLKUS—Is the National Reserve System yours, or is that AFFA as well?

Mr Kitchell—The NRS program is EA's. I am not the program manager for it.

Senator BOLKUS—What about the Cape York aspect of it?

Mr Kitchell—Cape York, yes, I can talk to that.

Senator BOLKUS—There was a promise of \$40 million for the Cape. How much of that has been spent or committed?

Senator Hill—Whilst Mr Kitchell finds the dollar amount for you, as we have said before, the \$40 million has been quarantined for that very complex set of programs. The largest allocation was to be in support of property management plans to be prepared by pastoralists in conjunction with indigenous interests and conservation interests. It is highly complex in the sense that, in consideration of a settlement of the indigenous interest, there was at least an implied understanding that there would be enhanced tenure given by the Queensland government. There are many parties to the development of these partnership agreements. Whilst it is fair to say that progress has been made, no individual property agreement has yet been concluded. Until they are concluded, as I said, a significant part of the money is quarantined. The Cape York program was broken down into a number which included feral animals, heritage issues and the like. We can give you a breakdown of our expenditure under each subpart.

Senator BOLKUS—Okay.

Senator Hill—As I said, the largest part was in support of the property agreements which are still to be concluded.

Mr Kitchell—Overall, Senator, now that I have the numbers in front of me, there has been just on \$13 million worth of projects approved out of the total of \$40 million allocated for the Cape York program.

Senator BOLKUS—If I can get a breakdown of that, what I might do is ask for a briefing further down the track, rather than take time now. If you give us those stats now we can have a session later. \$60 million was set aside for Landcare tax rebates. Last time we asked about the issue of underspend the response provided was that there was a slow uptake but you still expected the full amount would be claimed in due course. So far, out of the \$60 million \$3.8 million has been spent. When do you anticipate, and why do you anticipate, the rest of it can be spent?

Mr Kitchell—It is an AFFA program, the details of which we do not have.

Senator BOLKUS—Although you did provide answers last time.

Mr Kitchell—We provided those on notice after consulting with AFFA.

Senator BOLKUS—Okay. If you would take that on notice that would be good. Has a review been conducted into the scheme; what were the recommendations of the review; and can we get a copy of it?

Mr Kitchell—Certainly.

Senator BOLKUS—Also, will the eligibility criteria be changed? There has been some discussion publicly about the creation of a new natural resource management portfolio. Is that something that is under consideration, Minister?

Senator Hill—Not in an active way. Obviously there is debate from time to time as to the most effective way to administer these natural resource projects. The Natural Heritage Trust, as we have been saying, is jointly administered by the two departments and that was a first, to bring sustainable agriculture and conservation together. Some states have followed that model subsequently. People who are interested in these issues, as they relate to public administration, from time to time debate whether, at a Commonwealth level, it should be progressed one step further in the development of a broadly based natural resource portfolio.

As you are aware, the national action plan for salinity and water quality sets up a Natural Resource Management Ministerial Council across Australia which will significantly reduce the roles of the current environment ministers conference and the current agricultural ministers conference. You could argue that that is a further step towards administratively drawing the two portfolio responsibilities together. I have no doubt that, in the preparation of their briefs for an incoming government, the officials will again review and give guidance on these options.

Senator BOLKUS—You sound like you don't expect to be there.

Senator Hill—That is up to the people, isn't it. Would I be so presumptuous?

Senator BOLKUS—You have taken a few questions on notice in respect to the NHT. Can you also come back to us with the time lines for the states to provide their submissions to you. We have asked for time lines as to the process. You said it is around now, but can you—

Mr Kitchell—Is this submissions for grants for the upcoming year?

Senator BOLKUS—Yes.

Mr Kitchell—I thought I already gave those. For the one stop shop set of programs, the time line was the end of this month, the end of June. For the Coast and Clean Seas programs it is already up. The time frame expired in May.

Senator BOLKUS—There are no more rounds this year?

Mr Kitchell—No.

Senator BOLKUS—Can someone give us an update as to the implementation of the national action plan for salinity and water quality?

Mr Kitchell—Bilaterals have been now signed with a number of states.

Senator Hill—The overarching agreement has been signed.

Mr Kitchell—Sorry, the intergovernmental agreement has been signed with a number of states.

Senator BOLKUS—How many and which ones?

Mr Kitchell—The signatories are the Northern Territory, Queensland and South Australia. That is all at the moment.

Senator BOLKUS—What is your expectation as to other states?

Mr Kitchell—Indications from the other states are all positive—

Senator Hill—No, some reservations still from Western Australia.

Mr Kitchell—With the exception of Western Australia.

Senator BOLKUS—What are their reservations based on?

Senator Hill—It has taken a while to get New South Wales to the table, too.

Senator BOLKUS—How much of that \$700 million will go where? How much is administration? How much will be dedicated to works?

Senator Hill—\$700 million Commonwealth and \$700 million state.

Senator BOLKUS—Have you worked out a budget for it, how that money is going to be spent?

Mr Kitchell—We have worked out a budget across the years, but precisely on what things it will be spent will largely be determined by the content of the integrated natural resource management plans that will be developed in each of the 21 priority regions. That is where the bulk of funding will be provided for the works that those accredited plans determined are the best works.

Senator BOLKUS—When will you work that out?

Mr Kitchell—That will pretty much be determined by how quickly the plans can be brought together.

Senator BOLKUS—Who is going to administer the plan, EA or AFFA?

Mr Kitchell—It is being administered jointly, with AFFA being the portfolio through which the funds are appropriated.

Senator BOLKUS—Thank you very much. That is all.

CHAIR—With that, we conclude this section of these estimates. I thank the departmental staff for being here. I thank the minister for his presence. I thank Hansard for their assistance during the first day and a half of these hearings, and I thank the secretary. We resume again tomorrow at 9 a.m. to deal with the arts section of these estimates.

Committee adjourned at 10.17 a.m.