Regional Delivery of NRM – Moving Forward

Regional Implementation Working Group
March 2005

Executive Summary

The Australian Government has committed $3 billion in the Natural Heritage Trust (NHT) and the $1.4 billion National Action Plan for Salinity and Water Quality (NAP). These programs are underpinned by a partnership between all levels of government, and regional natural resource management (NRM) organisations.

Regional NRM seeks to engender an understanding and a strategic view of regional priorities through the engagement of all interested people and organisations. This includes consideration of regional and local NRM targets in the light of National and State priorities and the best available scientific evidence.

This paper considers the recommendations from the 2004 Community Forum to NRM Ministerial Council (Attachment A) under four key headings. The paper provides illustrative "success stories" and flags some key emerging issues that will require further attention and proposes some actions for the Australian Government and States/Territories.

Integrated planning and delivery

Substantial progress has been made in the formation of regional organisations and continuous improvement in the associated institutional infrastructure. There is scope for government and stakeholder roles and responsibilities to evolve over time and there is evidence that this is happening. An overly prescriptive approach to defining roles and responsibilities would risk limiting innovation and growth by respective stakeholders.

Regional organisations have sought clarification of roles and responsibilities and many have sought greater devolution of particular functions. Devolution would see governments focusing on policy, standards and desired outcomes whilst providing more flexibility for regions to achieve those outcomes.

Governments can assist regional organisations by continuing to align Australian and State/Territory government and local/regional NRM goals and reporting arrangements so that regions are working within clear expectations.

The involvement of regional and local government interests in NRM decision-making processes such as Joint Steering Committees and in reviews of partnership arrangements should continue to be explored, taking account of existing jurisdictional arrangements and needs. This will help the two-way flow of information between government agencies and regional and local organisations and provide for greater process transparency.

States/Territories should provide guidelines on 'best practice' governance and accountability in respective jurisdictions. Regional organisations should implement best practice governance systems to provide the foundation for progressive devolution to regional organisations. This would include adopting a risk management approach to NRM issues.

Informed planning

Regional NRM plans need to be based on best available science. Despite progress in a number of areas our ability to predict landscape response to interventions is still limited, and many of the tools we might use to help decision-makers are still in development.

Regional groups need to identify knowledge gaps and build partnerships with governments and researchers to generate information relevant to the needs of the area. Groups learn effectively from each other and processes need to be actively applied to assist in the dissemination of key information for use by regional communities.

Australian/ State/Territory governments and researchers need to further examine measures for generating, disseminating and continuously improving scientific and monitoring information to meet the needs of regional organisations as well as investors.

Accounting for Performance

Both regional groups and governments are responsible and accountable for the effectiveness of investments. The objective of current programs is to maintain a reporting framework that is robust, that reports on agreed matters and that allows assessments to be made on the effectiveness of investments. While processes have been put in place to assist in reporting and accountability, there is a need to better communicate what is expected of regional organisations and the tools available to assist.

There is a need to continue to progressively refine reporting tools (indicators and data bases) and to clarify Australian/State/Territory and regional responsibilities for monitoring and reporting resource condition change and progress against management action targets.

Working with the whole community

Effective regional delivery requires the participation of all interested people and organisations. Regional organisations need to consult widely to ensure broad commitment to targets and management arrangements. Some jurisdictions are also developing service agreements to clarify the information and resources available to support regional groups.

Regional organisations have had a difficult task in keeping community groups engaged in the development of plans and investment strategies, whilst funding for projects has often been put on hold during this development phase. Many community groups have expressed dissatisfaction over what they view as a new layer of bureaucracy. In many regions increasing the uptake of more sustainable NRM practices will depend on an increase in the level of local community involvement. There were difficulties during the transition from the first phase of the Natural Heritage Trust to the new delivery model. However, there are now encouraging signs that community groups are adapting to a new role by becoming involved in developing and delivering integrated projects directed at prioritised regional targets.

Regional organisations need to continue to build ongoing relationships with interested people and organisations to ensure targets and management arrangements are adjusted in the light of ongoing analysis of landscape responses to land use and investment activities.

Scheduled training and workshopping has been established for government-funded facilitators. However, all regional staff should have the opportunity to workshop with peer groups and leading thinkers in their respective fields.

Increased expectations have resulted in the engagement of paid professionals at the regional level. The growing 'business' of NRM activity and the requirement for efficient and effective delivery along with adequate reporting and assessment has lead to a system of professional and volunteer cooperation that will need to be managed and refined as roles evolve. This will include fostering the ethic of volunteerism supported by professional expertise.

Emerging Directions

A number of key emerging directions for NRM delivery as a whole also have been identified:
- Integrating NRM delivery with other programs.
- Building the sustainable development element of NRM.
- Working towards better articulating roles and responsibilities in NRM.
- NRM in major urban and peri/urban areas

The Australian National Audit Office report on NAP delivery, tabled in Parliament on 15 December 2004, makes several observations consistent with the findings in this report. These include recommendations relating to the need for improved regional organisation learning processes and expertise based on experience and research, implementing three-year funding, implementing templates for good governance, training and information use, and, implementing an integrated approach to quality assurance.

Immediate steps that governments and regional groups can take to improve regional delivery of NRM include:
- continuing to align Australian Government and State/Territory Government policies and progressive implementation of institutional changes;
- supporting continuous improvement in regional arrangements;
- conveying a mutual understanding of the roles and responsibilities of governments and Regional Organisations, particularly with regard to monitoring and evaluation;
- assisting regions to meet governance and accountability expectations for public money;
- providing appropriate monitoring and evaluation tools for reporting progress; and
- supporting knowledge building and dissemination to facilitate planning and prioritising.

Proposed Actions

1. States/Territories to provide guidelines on 'best practice' governance and accountability in respective jurisdictions. Regional organisations to implement best practice governance systems.

2. Australian Government/States/Territories and regional organisations to confer on the development of a joint 'learning model' to assist in the generation and dissemination of information to fill knowledge and skills gaps, identified by government and community NRM partners.

3. Australian Government/States/Territories to continue to work with the National Land and Water Resources Audit and the national State of the Environment Committee to further develop standard indicators and data sets for use at local, regional, state/territory and national levels, recognising that this must take account of existing jurisdictional arrangements and needs.

4. Australian Government/States/Territories to work with regional organisations to clarify roles and responsibilities with respect to reporting against resource change and management action targets under the National Monitoring and Evaluation Framework.

5. Australian Government/States/Territories to work with regional organisations to continue to pursue further opportunities for providing funding certainty and delivering better NRM outcomes on the ground.

Experience in applying delivery arrangements for the National Action Plan and the second stage of the Natural Heritage Trust has underlined the importance of early planning to achieve a smooth transition between programs. With NAP and NHT funding concluding in 2007-08, replacement program arrangements and funding need be clear by the end of 2005-06 to maintain momentum. To allow sufficient time for policy consideration, program design and community and stakeholder consultation, governments, regional bodies and the community need to consider the shape of future NRM programs during 2005.

Introduction

Regional delivery of NRM programs has changed the manner in which a large proportion of the NRM budget is managed. The Community Forum provides an annual opportunity for Chairs of Regional Organisations to express views to the NRM Ministerial Council on issues and opportunities. This paper considers the recommendations to NRM Ministerial Council from the April 2004 Community Forum (Attachment A).

In NRM, 'regional delivery':
- varies according to the characteristics of the jurisdiction;
- is a partnership between governments (national, state, local) and the community;
- has roles that may be statutory or have less formal recognition; and
- is a dynamic concept involving the maturing of relationships over time.

Key elements of regional delivery are outlined in the Terms of Reference for the Regional Implementation Working Group (Attachment B).

Regional Delivery

The purpose of regional delivery in NRM is to involve communities and regions in the planning process to harness the capacity of those closest to the problem on the ground. Priorities can then be identified and investments put in place.

Regional arrangements focus on shared values/objectives and the delegation of decision-making within a clear accountability framework. The model is based on strategic investment in outcomes and integrated regional plans where partners exercise different 'top-down' and 'bottom-up' roles that are still evolving.

Regional delivery is one of several mechanisms, integrated with National and State/Territory institutional systems, for delivering NRM programs.

Under the regional model Australian, State/Territory, local government and regional organisation NRM processes are combined with the focus being on the strategic rather than the tactical, to purchase outcomes not projects. Monitoring, evaluation and reporting is becoming a higher priority to demonstrate progress towards resource condition targets against the investments directed towards those targets. Delegating authority to another organisation also requires trust. Trust may take time to build and will be based on experience, transparency of process and communication of outcomes that meet the needs of all parties.

The long-term durability of regional NRM plans and investment strategies is closely linked to the effectiveness of broad regional engagement methods and delivery systems. Aligning approaches and attitudes through all levels of the system, including community stakeholders, is aimed at maximising investment in and commitment to NRM outcomes.

Regional delivery has contributed to systemic changes including:
- development of landscape-wide solutions;
- integration of NRM activities through plans and investment strategies;
- formation of institutions and frameworks for delivering programs; and
- implementation of improved monitoring and evaluation programs.

It has helped generate attitudinal and social changes including:
- cultural change in acceptance of the need for catchment-wide solutions;
- target-setting and acceptance of the need to evaluate progress;
- an outcomes focus on the need for projects to contribute to overall improvements; and
- the development of local leadership and community commitment.

Regional delivery is still at an early phase in terms of refining structural changes and working through the initial round of plans and investment strategies. The process has taken longer than planned due in part to delays in negotiating bilateral agreements and the extent of institutional change required to give it effect. However, the system is progressing from a developmental phase to an investment phase as focus shifts to investing in integrated regional NRM plans and evaluating performance. By the end of 2005, regions will be implementing a full round of investments pursuant to accredited plans and utilising improved scientific knowledge and data systems for prioritising and risk management purposes. Regional organisations will have progressively introduced good governance structures, and government agencies and regions should have honed reporting procedures in line with emerging 'best practice'.

Regional Plans

- 56 regions (60 counting sub-regions) have been established covering all of mainland Australia and Tasmania.
- 23 of the 34 joint NAP/Trust regions (and sub-regions) have regional plans accredited and 19 of the 26 Trust-only regions have accredited plans (as at March 2005).
- Remaining plans are at an advanced stage and are expected to be accredited by mid-2005.

Many community groups have had difficulty in adapting from the individual project application process to a model based on integrated planning and priority setting. Maintaining and expanding community engagement within the revised arrangement remains a challenge for regional organisations.

Adaptive management has been applied at all levels. The Australian Government has supported regions in preparing plans and investment strategies. State/Territory governments have tailored infrastructure arrangements to reflect different jurisdictional perspectives. It is taking time for community attitudes to adjust to the new arrangements but there are indications of broad-based acceptance.

Three-year (rolling) funding arrangements will be largely in place for all jurisdictions by mid-2005, providing for more certainty of funding in view of the lead times in approving investment strategies. However, the issue of funding beyond 2007-08 will need to be addressed by governments.

The Australian National Audit Office report on NAP delivery, tabled in Parliament on 15 December 2004, makes several observations consistent with the findings in this report. These include the ANAO's recommendations that:

- Australian/State/Territory agencies develop measures to strengthen the access by NAP regional bodies to lessons learned and better practice NRM relevant to salinity and water quality in the NAP regions (including mechanisms to better link research providers to users and to facilitate research at the appropriate scale and in forms that can be better utilised by regional bodies).
- That the Australian/State/Territory agencies and regional bodies confer to introduce three-year funding arrangements as soon as practicable.
- That Australian/State/Territory agencies consult on developing appropriate corporate governance templates and core training/information to enhance the capacity of regional bodies to meet sound corporate governance practices.
- That Australian/State/Territory agencies consider implementing an integrated approach to quality assurance for, and the standardisation of, financial and performance data outputs across regions.

The ANAO's Executive Summary (and recommendations) and the Australian Government's response are provided at <u>Attachment C</u>.

Areas that would benefit from further work

The 2004 Community Forum developed over forty recommendations under eight themes to improved regional implementation. This paper considers these themes under four categories:
1. Integrated planning and delivery – addressing the themes of: regional planning, coordinating NRM at the regional level, regional governance, administrative efficiency, investment;
2. Informed planning – addressing: administrative efficiencies, investment, information and knowledge;
3. Accounting for performance – addressing: regional governance, administrative efficiency, information and knowledge; and
4. Working with the whole community – addressing: implementing and maintaining effective partnerships, engagement, coordinating NRM at the regional level.

Integrated planning and delivery

Effective integrated delivery requires an understanding of roles and responsibilities. These cannot be absolute, so broad areas of key strengths and areas of operation are identified. Some overlap is inevitable. However, good coordination at areas of adjoining responsibilities is critical to cost-effective program delivery. Core roles, including those identified for governments and regional organisations for CoAG at the time the regional model was introduced, are summarised as follows:

Roles and Responsibilities

The Australian Government
- provides strategic leadership to achieve longer-term improvements in natural resources in the national interest
- invests in national responsibilities and encourages a national approach to nationally significant areas

State and Territory Governments
- exercise primary legislative and regulatory responsibility for NRM within their jurisdictions
- establish infrastructure and invest in sustainable management
- manage large areas of land significant for natural resource and environmental management

Local Governments
- support NRM by providing local services, infrastructure and land use planning
- manage large areas of land significant for natural resource and environmental management.

Regional Organisations
- liaise with the community to identify priorities in planning, investment strategies and targets
- coordinate investments and implement activities
- monitor and evaluate progress and report against targets at the regional scale.

Community Groups
- engage with other groups and with regional organisations in identifying priorities and negotiate pathways contributing to NRM objectives
- take action at a local level consistent with delivering broader NRM objectives
- report on local progress.

The 2004 Community Forum sought clarification of roles and responsibilities and greater devolvement of functions. Devolvement would see governments focusing on policy, standards and desired outcomes whilst providing more flexibility for regions to achieve those outcomes. Regional organisations also sought government endorsement of regions as equal partners in the relationship and that their role in engaging community interests be formally acknowledged and supported with adequate resourcing.

Progress

More prescriptive definition of roles than those identified above may be restrictive. Jurisdictions have implemented different arrangements with regional organisations reflecting their legislative and policy approaches to NRM delivery. South Australia, the Australian Government, and regional organisations have revised financial agreements to reflect developments in the three-way partnership relationship over time (refer Box).

SA Three Way Partnership Agreement

Good working relationships between the Australian Government, the South Australian Government and respective Regional Organisations, have paved the way for each party to sign regional partnership agreements for each of the eight regions in South Australia by June 2004. These agreements demonstrate the spirit and significance of the partnership and outline key areas in which the parties will work together, such as engaging and skilling up the community; establishing good governance; and applying an adaptive management approach through monitoring and evaluation.

As signatories to a partnership agreement the parties are involved in developing contract schedules and identifying opportunities to streamline processes and improve governance arrangements as NRM activities are rolled out. This provides for good communications between the parties, a common understanding of issues and a high level of transparency. Key changes made in the roll-out of activities in South Australia include a 'gap free' payment schedule, refined Investment Strategy templates, streamlined frameworks for investment strategies, contracts and reporting, and timely and inclusive communication opportunities for all parties.

A driving factor in developing the three-way agreement has been the willingness of all parties to negotiate the make-up of the agreement. It has also provided an opportunity to discuss the reasons behind particular clauses in the agreement and in so doing, refining roles and responsibilities and generating a high level of satisfaction within each of the parties.

Some jurisdictions also have sought to involve regional organisations to a greater extent in the functions of Joint Steering Committees (JSCs). However, it is recognised that this must take account of existing jurisdictional arrangements and needs. Representatives from regional groups now participate in the JSC process in Tasmania, Western Australia, New South Wales and the Northern Territory, either as members/observers on the committee or in support/advisory investment committees. In South Australia, chairs of regional organisations are briefed by the JSC the day following its meeting. Queensland regional bodies and local governments have recently agreed to a biannual meeting with the JSC to discuss issues of mutual concern. These developments provide for a more transparent process with increased opportunities for community involvement and understanding of the whole system.

At the regional level, NRM planning and implementation requires the development of a shared agenda and agreed roles and responsibilities across a broad range of stakeholders. Sector engagement is commonly uneven, with varying interests and personalities involved. A challenge for regional organisations is to apply effective systems for planning and delivery partnerships with key stakeholders and the broader regional community. The Eyre Peninsula is an example of how this has been pursued within the South Australian community framework.

Local Government engaged on the Eyre Peninsula

Local governments have key roles in land use decisions, planning and managing land under their control. Without their involvement a key player is missing from regional delivery of NRM.

Strong links with Local Government have ensured its active involvement in planning, decision-making and in activities on the Eyre Peninsula of South Australia. There are ten local government bodies that fall entirely within the Eyre Peninsula NRM Region that have been engaged at various levels including regular updates at Eyre Peninsula Local Government Association meetings, membership on the NRM Group, membership in the four sub-regional community groups and membership of all eight coastal councils on the Eyre Peninsula Coastal Council Group.

As part of its integrated approach to delivering NRM the Eyre Peninsula Group has established four sub-regions that align with one or more local government boundaries, and incorporated within those boundaries are Animal and Plant Control Boards and Soil Conservation Boards. This has fostered good working relationships between local government, the local community and the NRM Group. Each of these sub-regions and the Eyre Peninsula Coastal Council Group is responsible for determining where the highest priority and most cost effective on-ground works can be undertaken, to yield the best return on investment under NRM programs consistent with the Eyre Peninsula NRM Plan and Investment Strategy. The Eyre Peninsula Coastal Council Group is working closely with NHT-funded Coastcare Officers and with State Coastal planning to better define a coastal planning and development policy to assist councils with assessing development applications and protecting key coastal areas.

Critical to the effective engagement of local government is the direct relevance of the NRM issue to councils and an understanding of the benefits - such as clarity/certainty on planning and land use decisions - as well as the recognised benefits to their local communities of on-ground activities as a result of their involvement.

Australian and State/Territory governments have emphasised the importance of accountability, monitoring and evaluation as a precondition for greater devolvement. The regional model has flexibility for roles and responsibilities to evolve as regional capability increases and as governments become more confident that regional prioritisation is adequately aligned with high-level objectives. Informed planning and the implementation of good governance standards by regional organisations will help further progress down this path. Governments have sought to support regions in this direction with the introduction of three-year rolling investment strategies.

As a separate issue, the Community Forum proposed that Envirofund investment be required to align with regional plan priorities for the region in which the activity will take place. In practice, consistency with regional plans is a current consideration for Envirofund projects and also for projects being considered under the Regional Competitive Component of the Trust. The objectives of the Regional Competitive Component permit the discretion to fund smaller-scale projects that may have high local significance, or cross-regional projects that may not be the highest priority within a particular region but are important to several regions.

Three-year funding arrangements have essentially been implemented by all jurisdictions (to the extent that agencies can forward commit future budgets). The Community Forum has emphasised the importance to regions of having confidence in funding levels to plan and implement longer-term catchment-wide projects. Funding certainty is also essential in providing for ongoing staff engagement and organisational planning.

Three-year planning for the financial year commencing 2005-06 will take the NAP and NHT Extension through to their conclusion in 2007-08. The Community Forum has sought clarification of government intentions for these programs beyond that time. This report recognises the importance of addressing this matter but it is not within the scope of this report to propose funding arrangements beyond current programs.

Conclusions

Substantial progress has been made in infrastructure change and with the formation of regional organisations. Regions have worked hard to develop plans and investment strategies whilst consulting with community groups on the new arrangements and in developing partnerships with local government.

In establishing three-year funding arrangements for regional NRM investment, governments are helping regional organisations commit to the provision of services providing for longer-term relationships with service providers.

There is evidence that stakeholder roles and responsibilities are evolving. An overly prescriptive approach to roles and responsibilities would risk limiting innovation and growth by respective stakeholders. To a large extent the scope for diversity within jurisdictions and within regions provides for different approaches to be trialed.

The call by the Community Forum to clarify roles may be associated with the request for less micro-management by national and state/territory governments (and greater policy alignment). Progressive devolution can grow with increased confidence by governments in improved governance and accountability on the part of regional organisations. However, government responsibility to demonstrate progress against objectives will continue to require sound monitoring and evaluation at all levels.

States/Territories should provide guidelines on 'best practice' governance and accountability in respective jurisdictions. Regional organisations should implement best practice governance systems to provide the foundation for devolution to regional organisations in jurisdictions where this is supported. 'Best practice' would include adopting a risk management approach to NRM issues.

Governments can assist regional organisations by continuing to align Australian/ State/Territory NRM goals and reporting arrangements so that regions are working within clear expectations. For the most part this is occurring through the JSC process, and increased regional involvement at this level has improved regional delivery. The development of three-way partnership agreements also reflects emerging roles and provides for increased trust in achieving agreed outcomes.

It is proposed that the involvement of regional and local government interests in the JSC process and in the review of partnership agreements be continued. This will help the two-way flow of information between government agencies and regional and local organisations. At the national level it will help Canberra-based personnel keep informed of developments within regions.

Informed planning

Understanding how landscapes respond to changing management is an emerging area of study and some aspects are poorly understood. Despite progress in a number of areas our ability to predict landscape response is limited, and many of the tools we might use to help decision-makers are still in development.

Regional organisations are determining risk levels and setting targets on best available information. Whilst innovative new tools have been developed for salinity and property vegetation plans, for example, further work is needed to provide decision support tools across the full range of priority natural resources and planning issues. Regional organisations also need to ensure implementation of rigorous scientific protocols and standards if stakeholders are to have confidence in setting targets and in our ability to measure performance against agreed outcomes.

The first step requires the implementation of revised planning structures. The Tasmanian experience (Box) illustrates difficulties experienced by a number of regions with the introduction of regional NRM planning arrangements.

NRM Planning Support - Tasmania:

NRM structural change has not been an easy process in Tasmania. Tasmanian regions have had a difficult transition in adjusting from 'project-based' to 'priority-based' management. Securing skilled personnel with the knowledge and experience of NRM issues has delayed the preparation of regional plans.

The Australian Government increased financial support by $100,000 to each of the three regions during 2004 to assist them in preparing plans and investment proposals by year-end 2004. In addition, the Tasmanian Government has budgeted to provide each region with approximately $200,000 per annum to support the Regional Committee, staff and infrastructure (equates to approximately 1.5 staff per region).

The Tasmanian experience illustrates the need for flexibility and support where necessary during the progression to regional delivery. The experience also illustrates the need to provide information and technical support to regions in setting targets and establishing good data bases for measuring progress. This is a continuing need for Tasmanian and other regions.

Progress

Regional structures are now largely in place despite different rates of progress. As noted above, plans and investment strategies are expected to be in place for all regions by mid-2005. This is a major achievement on behalf of regions and states/territories. It also means that national, state/territory and regional NRM are aligned to an extent not achieved by earlier delivery systems. However, as they have become established regions have drawn attention to the need for more regional-specific information to facilitate target setting and monitoring of progress. This requirement is emerging as a major challenge to the next phase of regional delivery.

Regions have an important role in considering the interests and views of different parties, including local and higher level trade-offs over production and social impacts. Many regions cover large areas with more than one catchment. In these cases, or where landscape conditions vary substantially within a catchment, regional organisations have had to prepare plans taking account of catchments and sub-catchment characteristics.

Recent studies demonstrate that investments can be most cost effective if directed at areas with high resource impacts. Regional organisations therefore have a great need for area-specific information in setting targets, in developing investment strategies and in monitoring and reporting. Governments can provide policy and practical support for this process, as illustrated in the SA example (refer Box).

Getting the Basic Information Right – South Australia:

The South Australian Centre for Natural Resource Management was established to promote natural resource management-related research and development in South Australia to ensure regional on-ground activities are based on good science.

The Centre's activities are governed by an Investment Advisory Board, which includes three of the NRM regional chairs, Australian and South Australian Government officials and representatives from a range of key institutions.

The Centre will facilitate and encourage collaborations between researchers, regional communities, business and industry so that the research community can deliver better outcomes which are relevant. These outcomes would then be adopted by the community and result in worthwhile social, environmental, conservation and economic outcomes.

The Centre's focus is on addressing causes of natural resource degradation, and in assessing symptoms and developing indicators for salinity and water quality. Priorities are identified at a regional level through the Centre, with researchers working with regional contacts to develop programs that provide 'local solutions to local problems'. This will assist regional organisations in determining priorities and setting targets for their regions.

The formation of the Centre provides for integrated NRM research focused on priority needs agreed by all parties (NRM investors, regional organisations and community stakeholders). The concept also seeks to minimise duplication in research by involving research providers, building expertise in research areas required and creating an exchange of knowledge between researchers and the community.

Forging closer working partnerships between NRM agencies and research providers, as demonstrated by the South Australian approach, also helps identify resourcing requirements necessary to meet commitments. There is a need to foster higher-level science, modelling and spatial analysis skills to develop tools for NRM managers. These need to be built over time.

This issue is being tackled in a variety of ways across Australia. In New South Wales for example, a Knowledge Strategy - currently being developed by the Science and Information Board - will prioritise strategic investment in data, tools and skills, and in particular, in the field of spatial data and spatial analysis. The strategy will establish a framework for identifying requirements for skills, decision-support tools, data and derived knowledge products, including catchment health indicators that will be measured across New South Wales and used for reporting against catchment targets, management targets and NAP/NHT2 agreements. It will also include data capture, storage and retrieval strategies.
The generation of good information is not sufficient on its own; it must be relevant, useful and made available to those who need it. Partnerships need to be formed between community and regional groups and research bodies to generate information relevant to the needs of the area. 'Learning circles' created through the formation of technical advisory groups across several regions to focus on catchment-wide priorities (eg. salt, biodiversity and river restoration) would help bring together researchers/technical personnel with relevant regional and community personnel to review how each is managing the issue.

Conclusions
In formulating regional plans and investment strategies, regional organisations need to suggest actions in investment strategies for addressing identified knowledge gaps. Australian/ state/territory governments and researchers need to further examine measures for generating and disseminating scientific information to meet the needs of regional organisations as well as investors (including private investors in pursuit of commercial returns).

High-end skill development also needs to be encouraged to support the information requirements of those in the field. This includes supporting the provision of science, modelling and spatial analysis skills and staff skill development needed for NRM purposes. This would include further developing partnership arrangements with research organisations.

Groups tend to learn from each other and active processes need to be applied to assist in the dissemination of key information for use by regional communities. Partners in regional delivery should consider developing a joint learning model for NRM to help this process. The model will need to take account of time pressures on volunteers and consider the level of professional support required to acquire and disseminate technical information.

Accounting for Performance

Regional organisations have expressed a sense of frustration over what they perceive as unreasonable monitoring and evaluation reporting requirements. They feel they are under pressure to measure and report on progress without the tools to do so. The Community Forum seeks containment of administrative and reporting costs. Regional organisations also seek that reporting be relevant to both governments and the community to avoid the need for dual reporting arrangements.

Regional bodies are concerned they are expected to monitor resource condition change with insufficient resources or databases. In some cases they have expressed uncertainty about what role the State/Territory data custodians have in providing baseline and monitoring support for regional target-setting and monitoring.

Concern is focused mainly on resource condition monitoring. Reporting of standard outputs was introduced for the 2003-04 Regional Programs Report. Reporting progress towards management action targets and resource condition targets will commence in the 2004-05 financial year where investment strategies have been approved. Planning and communication about this process have commenced.

Progress
NRM Ministerial Council agreed the National M&E Framework in August 2002. The Framework is being established through Bilateral Agreements between the Australian and State/Territory Governments. Monitoring and Evaluation Implementation Plans have been finalised for Queensland, New South Wales, Victoria and Western Australia. Draft Implementation Plans are currently being considered by the Northern Territory, the Australian Capital Territory and South Australia. Tasmania is currently developing its Plan.

The *Funding Principles for Monitoring, Evaluating and Reporting Activities under the NAP and the Trust* under the National M&E Framework agreed by NRM Standing Committee, September 2002 (refer Box), require regions to establish targets using existing State/Territory datasets or, where these do not exist, to develop monitoring programs ensuring that these are suitable to State/Territory datasets. While regions are responsible for identifying monitoring processes and ensuring ongoing reporting of progress, regions are not directly accountable for changes in resource condition where there is a lack of major scientific certainty or there are significant external factors over which the participants have little or no control. However, regions are accountable for the implementation and delivery of programs for which funding has been provided and are required to report progress against management action targets with continued investment linked to the achievement of these targets. The collective effect of meeting management action targets should be a contribution to resource condition change.

Funding Principles for Monitoring, Evaluation and Reporting Activities under the NAP and NHT
- Investment proposals which address resource condition targets must include a monitoring evaluation and reporting component;
- The monitoring and reporting component must utilise existing monitoring wherever possible. Investment by the program could support new and additional monitoring requirements which, following consideration of an appropriate cost/benefit analysis, would be fully funded as part of the investment proposal.
- Monitoring and reporting components of investment proposals must be consistent with the State/Territory requirements for the relevant core indicator;
- Each State/Territory would aim to have a medium to long term strategy for the maintenance and development of the indicators in the core set.
- In the development or review of its strategy for the maintenance and development of the indicators in the core set, each State/Territory would consult with the NLWRA and make best endeavours to

> ensure that the proposed plan or strategy is consistent with the data requirements for reporting on the core set of natural resource management indicators.

The *Funding Principles for Monitoring, Evaluation and Reporting Activities under NAP and the Trust* place significant emphasis on existing State/Territory monitoring systems as the primary source of data and advice for regions. To support this, the principles also require each State/Territory to have a medium to long-term strategy for the maintenance and development of the indicators in the core data set, and that in developing or reviewing the strategy they would consult with NLWRA to ensure the strategy was consistent with national data requirements.

Each M&E Implementation Plan establishes a review of existing data holdings to identify relevant monitoring programs to support this process and help achieve regional targets. This has been undertaken in Queensland and is currently underway in Tasmania, South Australia and Western Australia. The Australian Capital Territory and Northern Territory will commence activity after agreement of the M&E Implementation Plan. Discussions are being held with Victoria on the status of this review.

NLWRA is currently conducting a series of trials to examine the availability of data for reporting commitments. The project is expected to further support the review of data holdings and their availability to regions for target-setting.

NLWRA – Monitoring and Evaluation Trials

NLWRA has the task of coordinating the collation of resource condition data consistent with the National Monitoring and Evaluation Framework. As a first step NLWRA is coordinating a series of trials in selected regions in partnership with States and the Northern Territory.

Phase 1, (completed) sought to test the National Monitoring and Evaluation Framework for application at the regional scale, especially in relation to matters for targets, indicators and proposed methods. It also sought to assess the availability of data to report against the framework. Phase 1 results include:

- Matters for target and a high proportion of the indicators would be relevant for regions.
- There is low compatibility with the recommended methods.
- Some key regional issues are not covered by the indicators (eg acid soils, water use / availability).
- Adequacy of existing data to report against the indicators is low.
- There is generally better data available to describe distribution and extent (eg vegetation or wetland extent) rather than the more complex/composite indicators such as resource condition.
- Data availability is dependent on State systems and agency monitoring priorities, which is therefore limited in spatial and temporal extent according to those priorities.
- There is a severe lack of trend type data and special limitations with baseline data.
- There is ongoing confusion over the roles and responsibilities for monitoring and reporting (especially between regional groups and State agencies).

Phase 1 identified indicators with the greatest capacity to be adopted by regions (in-stream salinity, native vegetation extent and distribution, and river nutrient condition). It also identified indicators with the least capacity to be implemented by regions (wetland ecosystem condition, river physical structure and river habitat condition, and soil carbon content condition).

Phase 2, which commenced in October 2004, will test the capacity of State (and if possible, regional) data systems to report on the data and information identified in Phase 1, with a view to contributing to an improvement in those systems over time. It will assist NLWRA in compiling data from across the country in a consistent way to give a national picture. Phase 2 should also help the States and regions to streamline various reporting arrangements and provide accessible information to the regional scale to inform management and investment decisions. In addition, Phase 2 aims to:

- Investigate and report on the capacity of information systems to deliver regional data used to report progress towards the matters for target under the national framework.
- Report on the relevance of national data sets identified by NLWRA's national data trawl.
- Start building examples of the Audit's proposed regional report card.

Community Forum comments suggest these processes have not been adequately communicated to most regions. This may have caused regions to assume, incorrectly, that they are solely responsible for establishing and conducting monitoring programs for resource condition change relevant to their approved investment strategies and based on their accredited regional plans.

Regions are responsible for managing contract commitments with service providers as well as in meeting their reporting commitments under partnership agreements. Different approaches to these obligations and measures for streamlining reporting systems are outlined in the New South Wales and Victoria examples.

Accountability Questions – The National Monitoring and Evaluation (M&E) Framework

The emphasis on outcome reporting for program investments should proceed on two fronts in parallel, according to Australian Government M&E managers, namely:

- Promote the use of nationally agreed indicators and protocols that have been demonstrated to be practicable; and

- Pose to regions on an annual basis the open question "What evidence can you show of progress in achieving targets?". This will encourage the use of other indicators, proxies and contextual information which in any case will be necessary to augment national data to give an indication of the extent to which program investments are 'making a difference'.

Most attention to date has been placed on the monitoring dimension of the framework although the 'annual question' to regions evokes the need for evaluation and reporting as further elements in the assessment.

The Framework provides for evaluations to be conducted at national, state and regional level based on agreed valuation questions. The questions should address key matters of effectiveness and efficiency not only to meet broad accountability expectations but also to include the lessons of experience so improvements can be made to current program efforts and to the design of future programs.

The Australian Government is developing its views on evaluation questions at the national level to assist it to meet its accountability responsibilities. Agreement and cooperation across all jurisdictions will lead to more efficient and effective evaluation effort. National evaluations are currently being developed for implementation through Steering Committees that will involve membership from the states/territories. Discussions have commenced to develop evaluation schedules as part of the M&E implementation plan for each jurisdiction.

New South Wales has chosen to adopt a catchment and management targets based approach, under which it presents a small number of large regional programs, each based on a management target, for Ministerial approval for each region (refer Box) based on purchasing outcomes.

Emerging Financial and Performance Reporting Requirements in NSW

New South Wales has revised its approach to the requirement for reporting to be undertaken in a strategic and professional manner accountable to the key stakeholders. New catchment and natural resources legislation provides a direction for systems to focus on developing necessary information for investors and stakeholder interests, with an emphasis on streamlined reporting against measurable NRM outputs.

Key elements are:

- Combining activities into manageable programs, each based on a management target, for consideration and approval by Ministers. Previously individual activities and their budgets were approved by Ministers. The revised approach of larger programs allows greater operational flexibility for regions to manage implementation in the light of prevailing climatic, market and social conditions. This will be developed to more clearly link activities and outputs to specific catchment targets, and provide clearer specification about outcomes.
- Reduction in 'red tape' through:
  - separation of the financial reporting from performance reporting;
  - differentiating between information flows to report on what has actually been produced (six monthly reports of investment outputs against standard categories which provide a capacity to intervene by exception) and information for control (contract deliverables/milestones); and
  - moving contract 'control points' to twelve monthly intervals.
- Moving to express the 12-monthly contract deliverables in terms of progress towards or achievement of management targets rather than project outputs.
- Providing funding to an agreed schedule of quarterly payments within the 12-month period in response to quarterly financial reports.
- Providing for some independent field auditing of reporting, possibly managed by the New South Wales Natural Resources Commission.

The emerging arrangements provide for a higher level of responsibility to be exercised by the catchment authorities in terms of managing and monitoring their performance, whilst ensuring thorough national and state program management and the timely release of funds to meet regional needs.

Victorian regions have adopted the approach of defining both large and smaller project-based activities in investment strategies and linking them to outcomes to be purchased (refer Box).

Accounting for Performance - Victoria

Investors purchase outcomes rather than measure inputs in a performance-based investment program. Victorian investment strategies outline the resource condition and management action targets being addressed. Investment decisions include consideration of the estimated contribution to resource condition and management action targets being made by the proposed investments. The contribution of all proposed activities to these outcomes is combined for each resource condition target. Acknowledging the difficulties in defining the contribution to outcomes with incomplete data sets and targets under development, a hierarchy of means of describing the contribution to targets was agreed, ranging from quantified contributions where possible, to qualitative contributions where data was less precise. This information was used to assist investment decisions.

Victorian regions provide quarterly progress reports against agreed outputs and milestones to account for performance on an ongoing basis. These progress reports are used as the basis for payment decisions made by the Joint Steering Committee. Six-monthly reports will be provided to the Joint Steering Committee showing progress against annual outputs as agreed in the financial agreement between the Australian Government and the State.

In addition, a risk-based audit project has been implemented to audit both the financial management of NAP/NHT funds by regional bodies, and on-ground performance against contracted outputs and outcomes of selected projects. A manual to assist future performance audits will be developed from this work.

The move to six-monthly reporting to the Joint Steering Committee of progress against annual outputs in Victoria reflects the progression across jurisdictions towards acceptance of reduced reporting.

The above examples identify evolving approaches to reporting performance. With regard to what should be reported on, the importance of community engagement would warrant that it be formally recognised as core NRM business by being defined as a management action target. Methods would need to be developed for assessing social, human and economic capital for NRM purposes. Evaluation of progress would provide direction to regional organisations on the requirements for governance, human resource management and career development, information generation and management.

Conclusions

Two key issues are prominent in relation to accounting for performance. The first is the need to continue to progressively refine reporting tools (indicators and data bases). The second is to clarify national/state/territory and regional responsibilities for monitoring and reporting resource condition change and progress against management action targets.

It is important that states/territories continue to provide monitoring services and maintain databases for use for reporting, and for use by regions where the information may be useful to regional investments.

It appears there is a need to better communicate what is expected of regional organisations. There may be some confusion over what NLWRA may deliver from its current pilots and how this will support the work of regions.

There is a need for further work to improve regional understanding of tools and databases available under catchment and national reporting arrangements, and what services (through States/Territories and NLWRA) are available for identifying regional priorities. The Australian and State/Territory governments should improve how they communicate standards and expectations to regions as M&E plans are implemented for each jurisdiction.

Working with the whole community

Some groups and individuals in the community have expressed dissatisfaction with the transition to regional delivery. These people feel left out of the regional process and are disenchanted with the lack of funding available for on-ground activities. Some community groups have perceived regional organisations as just another level of bureaucracy remote from the 'real' community. They also are dissatisfied with having to compete for funds at the community level rather than having their project proposals considered directly.

Regional organisations have had a difficult task in keeping community groups engaged in the development of plans and investment strategies, whilst funding for projects has often been put on hold. Regions also have had to realign local groups to regional processes and priorities. Nevertheless, regions cannot afford to alienate the same community groups they will be relying on to develop project proposals and to implement programs. In particular, they need to work successfully with community groups to attract funding for regional priorities.

In many regions, increasing the uptake of NRM practices will require an increase in the level of local community involvement. Greater community engagement includes being able to convince non-participants of the commercial, personal and community value of coming on board. Regional organisations will need good information and good programs to keep current participants engaged and to interest current non-participants to become involved.

For their part, regional organisations have drawn attention to the capacity of community volunteers to undertake governance and implementation roles as industry becomes more professional, and as regions become responsible for larger budgets and are subjected to greater scrutiny and accountability requirements.

Progress

Regional organisations have identified the need to provide training to ensure their boards and management/staff possess appropriate skill levels. Credibility within the local community will be influenced by the ability to set and achieve targets, to negotiate support (both local community and from funding agencies), to implement good programs, to achieve outputs and to maintain community momentum and commitment.

Service Level Agreements are being developed between some State/Territory government agencies and regional organisations to provide clarity about the information, resources and services being provided to support them.

In return regional organisations are required to establish community engagement strategies. These aim to ensure community sectors are involved in identifying priorities, developing projects to address those priorities and have buy-on with accredited plans and investment strategies.

Some states also have produced guides for these processes and propose to conduct audits of current analytical, decision support and data management skills.

Governments have established a comprehensive network of NRM Facilitators to support regional organisations in building community knowledge, including:
- Securing attitudinal change through the dissemination of 'good information'
- Building the skills of land managers to make necessary changes on site.

These pathways are also important in building government agency awareness of knowledge gaps. Facilitators seek to support regions, and the stakeholders in those regions, in defining risks and identifying new approaches to addressing regional priorities.

In some jurisdictions agency personnel with project management and technical skills are being encouraged to join regional organisations. Agencies are also increasing their focus on strategic planning and evaluation. Jurisdictions need to ensure that regions are adequately resourced with evaluation skills necessary for reporting against program commitments.

Regional organisations have adopted different approaches to community engagement depending on stakeholder interest and commitment. In the Northern Agricultural Region of Western Australia for example (refer Box) Facilitators have trialled measures to increase general awareness and understanding of NRM.

Northern Agricultural Region in Western Australia

The Northern Agricultural Region in Western Australia has developed and implemented an innovative community engagement plan.

The region employed a Strategy Facilitator to guide the community engagement process. The Strategy Facilitator trained the local level Facilitators through a series of skill-building activities. These included mock interview processes and the development of a manual in relation to the strategy development process so that everyone had the same information. The local Facilitators were then able to go into the community with confidence in conducting activities such as:

Photo language project - local Facilitators provided regional groups with disposable cameras to take photos of natural resources that are significant to the community. Groups then came together to talk about the photos and what they value in their region. This activity assisted those who took a more visual approach to , and encouraged people to listen to each other.

Bus trip series –bus trips helped people out of their own sub-regions and see NRM issues in different environments in the region. They also encouraged people to share perspectives on 'whole of region' issues and opportunities.

Compass series –self-guided workshops were held to get people to explore the links between some of the issues impacting on sustainability in the region. The first half of the workshop explored themes and the second developed ideas to address issues identified in the first.

You DECIDE Workshops - held in each sub-region. People were asked to consider targets in order of importance to them. The results helped indicate where funding should be allocated in the investment phase.

This strategy demonstrates the value of providing a range of activities to pique the interest of different community members.   The approach has value in raising the awareness of those with limited or no commitment to NRM but whose views are important in encouraging attitudinal change.

There are encouraging signs that community stakeholders are adapting to a new role in integrated NRM planning and implementation. Whilst regional funding for 'individual' or 'free standing' projects has been replaced under the NHT Extension with regional arrangements, community groups are responding to the need for better targeted, integrated results. In the following example (refer Box) an industry sector has taken the initiative to translate catchment-wide NRM plans into on-farm action.

Bridging the Gap – A 'Dairy Australia' Example

Dairy Australia has sought the assistance of professional researchers to help close the gap between regional NRM plans and land managers.

Dairy Australia examined why farm management practices may not align with regional targets through its 'Dairying for Tomorrow' program. It found 'end of the valley' environmental targets did not readily translate into on-farm actions for individual dairy farmers. Dairy farmers are familiar with good practice concepts for dealing with nutrient and sediment run-off and the benefits of riparian vegetation measures etc. However an economic assessment by the Resource Economics Unit (Perth) found the link was missing which determined what was the most appropriate action to be taken by each farmer in addressing problems for their area.

Dairy Australia found regional action targets needed to be converted into something more meaningful, like adoption targets for farm management practices. Different parts of a catchment have different impacts on regional health. Contributions to environmental problems may be triggered by different factors, such as local land management practices, or by episodic events such as large storms.

A study funded by the National Landcare Program in 2004 created a draft approach which was trialled through eight dairy Regional Development Programs. The revised approach contained the following steps:
- Identify the current contribution of the industry group to catchment impacts and the sub-catchments contributing most (eg where does most of the sediment come from and what percentage of sediment comes from dairy lands)
- Assess targets for catchment health and determine the proportion of change that could be reasonably expected of the particular industry group;
- Determine which changes to management practices in which areas would make the most contribution;
- Consider the capacity of dairy farmers in the area to make the changes;
- Consider what assistance may be required or warranted to help farmers make the changes; and
- Reassess the amount of change expected to result, monitor changes and revisit targets or programs as necessary.

The system can be used by other commodity groups and should result in better alignment of farm practice with (realistic) regional targets, focused programs and targeted incentives, increased communication between catchment management authorities, industry and governments; and improved catchment health and community regard for primary industries.

Indigenous groups own or manage some 16 per cent of Australia's landmass and are a significant social group within regional communities. Their ownership and input to

management of land will continue to increase due to commercial purchases by the Indigenous Land Corporation and Land Councils, native title outcomes, management arrangements pertaining to national parks/state forests and the development of cultural heritage agreements.

Indigenous groups are seeking that NRM matters be addressed in an integrated manner with other issues impacting on quality of life (education, health, employment). They also are seeking that their cultural perspectives to the land be recognised in the overall planning framework (refer Box).

Queensland approaches to Indigenous engagement

Queensland has adopted a regional approach to Indigenous engagement based on the premise that natural resources and cultural issues are interconnected in Traditional Owner society. The *Aboriginal Cultural and Natural Resource Management Plan* developed in the Wet Tropics, commissioned by the regional NRM body (FNQ NRM) and undertaken in collaboration with the Rainforest CRC, seeks to identify issues where future NRM investments can have multiple benefits for both land management and the enhancement of cultural integrity.

The Plan has taken almost two years to complete due to the need to engage the large number of traditional owners within the Wet Tropics, and the need to take a culturally sensitive approach to negotiations and discussions. This approach was based on two key learnings - firstly that the process cannot be rushed to meet external deadlines and secondly that one or two members of the Indigenous community cannot speak for the collective views of the Traditional Owner community. The result has been that a range of Traditional Owners have been actively engaged in shaping the NRM planning outcomes.

A different but equally useful approach has been used in the Burdekin Dry Tropics NRM Region as an adjunct to the broader indigenous engagement strategy. GIS technologies have been employed to map sites and areas of significance to Traditional Owners from a NRM perspective, as well as to link stories (including traditional management techniques for 'country') to defined geographic areas. This approach has been successfully trialled in pilot studies and is expected to be extended as part of the investment strategy for the Burdekin as a whole. This project is not simply collecting traditional knowledge for its own sake but provides a mechanism for making the use of traditional knowledge as part of mainstream NRM planning.

In both regions the setting up of Traditional Owner advisory committees or forums has been most beneficial, providing direct advice to the Regional NRM bodies on matters of significance to Traditional Owners. In many ways this is a much more effective means of canvassing Indigenous issues and possible solutions than relying solely on the one or two Indigenous representatives on NRM Boards. Recognising that these representatives often find it difficult to represent the collective views of the wider Traditional Owner community has been a key starting point for developing a culturally appropriate engagement strategy.

The above examples indicate that regions need to be adequately resourced and capable of undertaking effective engagement in winning community credibility and support. The examples also show the support governments at all levels, and industry or special interest groups, can provide to regions in implementing cross-regional programs.

The Dairy Australia example demonstrates the benefit of regional organisations having an ongoing interactive relationship with community stakeholders to ensure targets and management arrangements are adjusted in the light of ongoing analysis of landscape responses to land use and investment activities.

Conclusions

Regional organisations are seeking time to consolidate their activities within approved planning frameworks. Attitude change is a progressive process which includes involving wider sectors of the local community such as landholders and other industry stakeholders not

currently engaged. Nevertheless, regional organisations will need to implement engagement strategies to ensure that they have community involvement and support for planning and monitoring.

Service level agreements between each state/territory and their respective regions should become standard practice to provide clarity about what each jurisdiction is providing to support regional organisations. Similarly, the development of standards and guidelines for 'best practice' across jurisdictions combined with audits of process would underpin progress in this field.

Attracting and retaining skilled practitioners is a critical issue for regional NRM groups. It is essential also that those with the task of distributing good information and engaging the community have the skills and means to do so. Regional organisations also have drawn attention to the need to be sufficiently resourced to engage trained staff for higher-level governance and accountability tasks beyond the scope and preparedness of volunteers to undertake. They have flagged the shortage of skilled personnel, the limited resourcing for engaging personnel and the limitations of volunteer support for specialised and technical tasks.

Scheduled training and workshopping has been established for government-funded facilitators. However, all regional staff should have the opportunity to workshop with peer groups and leading thinkers in their field. In addition, consideration should be given to workforce development initiatives to enhance skills, such as mentoring, inter-regional staff exchange, study tours or visits between jurisdictions. National, State/Territory Governments and regional bodies should establish guidelines for providing training opportunities to personnel in the field.

Peer group interaction and training includes tailoring contact to the needs of special interest groups, such as Indigenous communities and land managers of all persuasions. It would also include providing support for cross-regional and industry-wide programs to assist regions in engaging local stakeholders on all aspects of NRM delivery.

Emerging Directions

Key Identified factors

A number of key emerging directions for NRM delivery also are identified:
- Integrating NRM delivery with other programs;
- Building the sustainable development element of NRM;
- Working towards better articulating roles and responsibilities in NRM; and
- NRM in major urban and peri/urban areas.

Integrating NRM delivery with other programs

Australian and State/Territory Governments have made a substantial investment in establishing the regional framework. Nevertheless, the regional framework is one of several delivery mechanisms for NRM programs (refer Box). NRM programs are assessed at different levels and managed by different agencies depending on the intended coverage, purpose or recipient. State/Territory Governments similarly use regional delivery mechanisms or direct funding arrangements according to the purpose.

State/Territories have delivered NRM programs through state and regional institutional frameworks prior to the introduction of formalised regional organisations. Formalised regional arrangements provide for joint State/Territory and Australian Government steering committees with provision for Australian Government funding to be channelled directly into NRM investments delivered through the regional organisation. This is broadly consistent with established States/Territories institutional frameworks that in many instances are integrated with the formalised regional structures. For example, state agricultural agency offices in regional locations continue to operate and provide rural services, and in many cases are engaged by regional organisations to undertake NRM projects.

National NRM Delivery – Different Pathways

Mechanisms for delivering Australian Government programs include:
- national component priorities delivered through Australian Government agencies
- Envirofund delivered as smaller on-ground projects through direct application to the Australian Government;
- more recently the Water Wise Communities for the Community program, to be delivered along similar lines to the Envirofund;
- the Community Support Component of Landcare is administered through the Australian Government Department of Agriculture, Fisheries and Forestry but delivered through the regional framework; and
- recent Australian Government funding announcements for funding for Biodiversity Hotspots and the National Weeds Strategy, will to be administered directly through existing Australian Government agency frameworks.

Different delivery mechanisms ensure that the diversity of NRM issues, and the requirements (and contributions) of a range of community participants, are adequately addressed. Regional plans provide a common thread for the alignment of investment expenditure across programs. A prerequisite for funding under most area-specific programs is that the proposal be consistent with, and contributes to the pursuit of, regional plan priorities. Many national programs (eg. the National Competitive Component of the Natural Heritage Trust) are required to contribute to the advancement or implementation of regional plans and investment strategies.

The regional mechanism provides for economies-of-scale to be realised as more NRM programs are delivered through the framework. It provides a common monitoring and evaluation base as well as a community engagement and information network. Databases maintained by states/territories in conjunction with NLWRA and the State of the Environment Committee provide a common information system for assessment. There is also the potential for a wider range of whole-of-government programs to be delivered through this mechanism.

Conclusions
The Australian and State/Territory Governments have made a substantial investment in establishing the regional delivery mechanism. The framework has commenced delivery of on-ground outcomes in the more advanced regions and there is now substantial buy-on to the system. This framework provides a foundation for economies of scale through greater use of regional infrastructure for integrated program delivery. The framework also provides for consistency of program delivery where projects undertaken at national and state level can be considered against their contribution to regional targets and conversely, where regional targets can take account of national and state goals in pursuit of such matters as biodiversity and land use sustainability.

Build the sustainable development element of NRM

Regional delivery to date has mainly comprised government, community and private investment to protect or improve the resource base and valued assets. Government funds and private funds are limited. Identifying commercial incentives that encourage self-sustaining and broader participation would put NRM programs on a firmer footing. Such programs may help align private investment that is made in land use activities with public benefit goals. Market-driven opportunities, including technological development, hold the promise of delivering social, economic and environmental outcomes in the most efficient way.

Property managers who develop individual land use plans consistent with regional plans and investment strategies may benefit from wider community acknowledgement of their contribution to NRM. An identifiable and immediate 'payoff' for producer involvement in NRM may be in securing ongoing resource access. An impediment is the lack of, or limited, profitable land uses that address key NRM issues (such as salinity).

Tailoring Programs to fit the Problem

Studies by the School of Agricultural Resource Economics, Western Australia, have examined the range of options between voluntary and regulatory approaches for dealing with such issues as dryland salinity.

Private economic costs and benefits of environmental practices are a key influence on whether land managers will participate in a scheme, especially where land use change is desired on a large scale. Who should pay comes down to the question of rights and fairness, best determined in the political arena. Measures to be promoted for adoption are best determined after looking at landscape characteristics and the action required, and should be selected on a performance-based assessment, i.e. the most cost-effective measures.

Performance-based measures are directly targeted at the desired outcomes and take account of relative costs and expected benefits (private and public). This includes taking account of on-ground and management costs. There is evidence the particular mechanism used to deliver the scheme (e.g. tender, direct incentives, subsidies or regulatory controls) can make a big difference to the performance of the scheme. On the whole, policy mechanisms to directly influence on-ground schemes should be limited to high-priority locations, not the whole landscape. Not all land can be protected from salinisation and the options used for selecting what action should be adopted in what location are vital.

The study concluded that technology development (including engineering and crop performance) has a much greater role than it has been given in the past, especially for tackling large, expensive problems like dryland salinity. Based partly on the success of production-orientated R&D for agriculture, there are strong grounds for optimism about the potential for technology to contribute to the environment. For example, scientists believe substantial improvements in the range and scope of profitable perennials are achievable. The current lack of profitable perennials reflects a low investment in their development historically rather than in the difficulty of the task.

Professor David J Pannell, School of Agricultural and Resource Economics, University of Western Australia, and CRC for Plant-Based Management of Dryland Salinity – Someone has to pay…any volunteers? Voluntary versus regulatory approaches to environmental protection in agricultural landscapes of Australia http://www.general.uwa.edu.au/u/dpannell/dp0406.htm.

Landholders require solutions that are commercially viable to achieve lasting and sustainable natural resource management. Progress in this area includes:
- Research and development into new commercially viable land uses;
- The NAP's $5 million National Market Based Instruments (MBI) Pilots Program is trialling eleven MBIs, which can provide an innovative commercial incentive; and
- CoAG water reforms since 1994 have improved the market framework so water usage is commercially more efficient and environmentally more sustainable.

Progress has been made with tools to address non-commercial drivers eg. resource access, market access and easing community and regulatory pressure. This includes:

- The development of voluntary environmental management systems - funded under the national component of the NHT - allowing landholders and industries to demonstrate their environmental credentials;
- At a broader scale the Signposts for Australian Agriculture project (National Land and Water Resources Audit) aims to measure and report on the contribution of agriculture to ecologically sustainable development; and
- Landholders are being encouraged to have approved property management plans consistent with regional catchment plans. The plans give landholders greater freedom to pursue individual commercial solutions within the boundaries of their particular natural resource challenges (refer Box).

Property Vegetation Plans for Landholders – A NSW approach

The New South Wales government has sought to generate longer-term certainty for land managers through the introduction of Property Vegetation Plans (PVPs). A PVP is a voluntary but legally binding agreement between the landholder and the local catchment management authority. Plans clarify what can be done with native vegetation on a property and give certainty the agreement will continue for the period of the plan. Plans incorporate a map of the property and an agreed native vegetation use agreement prepared by the landholder with assistance from a Catchment Management Authority officer.

It is anticipated that amendments to state threatened species legislation will allow PVPs to avoid the need for separate approvals under that legislation. It is also an alternative to a development application to clear any remnant native vegetation or protected regrowth that is not exempt under the state *Native Vegetation Act 2003*.

A computer-based tool incorporating natural resource information will be used to assess proposals by property managers for incentive funding to 'score' the environmental benefits of the proposed actions. These can then be compared to the catchment management authority's priorities as set out in their catchment action plan. The New South Wales government has set aside funds over four years to assist farmers to protect and repair the landscape.

While progress has been made there are still challenges to be addressed:

- New sustainable land uses need to be developed as the current options (such as lucerne) are not commercially viable in some parts of the country;
- Presently there are many restrictions on trade in native flora and fauna; and
- A 2004 Productivity Commission report on native vegetation and biodiversity regulations showed that costs incurred by landholders from less effective regulations reduce the likelihood of longer-term commercial solutions. Part of the solution will be the development of clearer property rights.

Conclusions

Long-term, large-scale, private investment in land use change will be driven by the commercial imperative. Developments providing for increased returns or reduced operator costs from investing in NRM actions may offer the greatest benefits for broad-based changes in landholder practice. Priorities identified under regional delivery will help in the selection of NRM actions according to landscape characteristics and community-developed targets. They also will help identify areas in which research, technological solutions and incentives programs can be most productive.

Working towards better articulating roles and responsibilities in NRM.

Roles and responsibilities for respective partners in the regional model have been defined (refer Box on p4). In practice those roles will vary with emerging regional organisational capabilities and as governments continue to implement institutional change. Regional organisations will provide a foundation for further change as they implement good governance standards, gain expertise and confidence and establish more productive engagement practices. Similarly government agencies are seeking to identify the roles they need retain and the roles to be delegated, contracted or dispensed with in evolving circumstances.

At the regional level, organisations have drawn attention to the limits of what can reasonably be expected of community volunteers to undertake increasingly specialised and demanding functions. Increasing expectations to meet governance requirements, to build specialist expertise (in financial, management and technical fields), to liaise and disseminate information and to meet the needs of regional responsibilities, may exceed the capacity of volunteer resources. There is a sense that the 'NRM business' has become too big for volunteers alone in support of NRM boards and in implementing multi-million activities. Increased demands may overload existing participants resulting in a possible reduction in the volunteer base.

National and State/Territory funding has enabled many regional specialist functions to be undertaken or supported by paid professional appointments in the form of facilitators and management staff within regional organisations. This in itself has raised issues of the availability of suitably qualified and experienced personnel to undertake these functions. The rapidly introduced regional system and the limited pool of professional personnel in more remote regions have resulted in at least short-to-medium term deficiencies.

Conclusions
It is proposed that parties to regional delivery encourage a longer-term, continuous improvement approach in which roles are built on trust and experience, good process, transparency and emerging capability. Regional delivery should continue to be assessed for its contribution to efficient and effective NRM program delivery, including the ability to galvanise community involvement and contribution. In doing so, government agencies will need to adjust practices and functions as regional organisations prove capable of assuming greater responsibility.

Core professional tasks in relation to governance, reporting, liaison and technical capabilities in support of NRM regional boards and in implementing and monitoring approved investment activities, are not being met from NRM volunteers. Current trends will see a continued mix of professional and volunteer positions working side-by-side at the regional level. Funding professional positions will continue to be a sensitive issue where the intention is to maximise investment in on-ground improvements. However, the emerging emphasis on ensuring effective and efficient program delivery, along with appropriate measurement and assessment of results, will necessitate the use of some paid professional contribution to program delivery.

A challenge for all stakeholders will be to obtain the most appropriate mix of paid/volunteer engagement, to foster the volunteer ethic and to provide for flexibility and adaptability as well as high standards of professionalism within regional arrangements.

Building a nationally consistent eduction framework for integrated natural resource managers would assist in the development of effective regional planning systems in the medium to longer-term.

NRM in major urban and peri/urban areas

Urban and peri-urban areas have had, and will continue to have, major impacts on natural resources in and adjacent to them. In some cases natural resources in these areas have experienced dramatic population growth and development pressures. Growth areas, including many coastal townships and regional centres are experiencing management issues somewhat different from those in less populated areas. This includes increased pressure on sensitive environments, demand for water, waste disposal, transport and other utilities, clearing of native vegetation, wetlands and swamps with impacts on highly dependent species, and competition for high value natural resource assets (such as water and coastal areas) for recreation.

Local government, infrastructure and utility budgets in many urban and peri-urban areas are far larger than NRM funding. Statutory planning arrangements at state and regional level may give priority to local planning issues. Given the significance of planning agencies and local governments in these areas, a different approach to NRM issues has merit. This includes regional organisations adopting a supportive and planning role rather than a leading role. Large local governments and planning agencies may have considerable expertise in considering resource impact issues. Regional bodies could provide a specialist NRM planning and prioritising function, along with NRM reporting within a broader planning framework. This would provide a means of involving the community and helping to deliver programs within an agreed NRM context.

Conclusions

Relationships with local government and major water and utility authorities will become increasingly important in influencing decision-making in urban, coastal and regional inland growth centres. Regional organisations in these areas should seek to establish formal cooperative arrangements with local governments in which local infrastructure requirements are considered within a wider NRM framework.

State/territory governments should consider the development of 'template' Memorandum of Understanding that regions and local government (and utility agencies) could enter into to ensure a cooperative planning approach. Outcomes should be expressed as either expected changes (or trends) in asset values, or as management action targets. This would provide a basis for integration across local government and regional organisations where goal setting varies according to respective functions.

Conclusions

Regional delivery has significantly changed national NRM program implementation:
- compared to the initial arrangements under NHT1, in less than four years the planning and infrastructure approach to NRM funding under NHT 1 has been radically improved;
- the system now provides for consistency across programs; integrated planning and investment; and the involvement of community stakeholders in NRM planning and implementation;
- NRM programs now have a consistent national system for prioritising actions, setting targets and for assessing progress, whilst still allowing for jurisdictional and regional differences; and
- substantial progress has been made by regional organisations in developing NRM plans and in developing and implementing investment strategies.

Regional delivery has not been smooth sailing:
- the process has taken longer than expected;
- there is still a long way to go in achieving a wider base of community engagement;
- many of the problems encountered were in part due to a difficult transition from previous program arrangements, information and skill gaps in program management at all levels, and delays in getting projects on the ground;
- regional organisations are experiencing difficulties relying on volunteer support to deliver an increasingly technical regional program requiring significant administrative input;
- generating substantive changes in resource condition trends will take time and continued effort and be most noticed through continued monitoring and assessment.

Regional delivery could be improved by:
- continuing to align Australian Government and State/Territory Government policies and progressive implementation of institutional changes;
- supporting continuous improvement in regional arrangements;
- conveying a mutual understanding of the roles and responsibilities of governments and Regional Organisations, particularly with regard to monitoring and evaluation;
- assisting regions to meet governance and accountability expectations for public money;
- providing appropriate monitoring and evaluation tools for reporting progress; and
- supporting knowledge building and dissemination to facilitate planning and prioritising.

Proposed Actions

6. States/Territories to provide guidelines on 'best practice' governance and accountability in respective jurisdictions. Regional organisations to implement best practice governance systems.

7. Australian Government/States/Territories and Regions to confer on the development of a joint 'learning model' to assist in the generation and dissemination of information to fill knowledge and skills gaps, identified by government and community NRM partners.

8. Australian Government/States/Territories to continue to work with the National Land and Water Audit and the national State of the Environment Committee to further develop standard indicators and data sets for use at local, regional, state/territory and national levels, recognising that this must take account of existing jurisdictional arrangements and needs.

9. Australian Government/States/Territories to work with regional organisations to clarify roles and responsibilities with respect to reporting against resource change and management action targets under the National Monitoring and Evaluation Framework.

10. Australian Government/States/Territories to work with regions to continue to pursue further opportunities for providing funding certainty and delivering better NRM outcomes on the ground.

Experience in applying delivery arrangements for the National Action Plan and the second stage of the Natural Heritage Trust has underlined the importance of early planning to achieve a smooth transition between programs. With NAP and NHT funding concluding in 2007-08, replacement program arrangements and funding need be clear by the end of 2005-06 to maintain momentum. To allow sufficient time for policy consideration, program design and community and stakeholder consultation, governments, regional bodies and the community need to consider the shape of future NRM programs during 2005.

Issues for the Future – Beyond Accreditation
April 2004 Community Forum

Recommendations to NRM Ministerial Council

1. Regional Planning

1(a) Prioritisation
- That Australian and State/Territory Governments articulate a shared NRM Vision for Australia by December 2004.
- Ministerial Council recognise that NRM regional bodies are in the best position to negotiate sector interests (eg Community, State, Industry) and be empowered to do so.
- That the funding of Australian and State/Territory Government priorities (eg. World Heritage Areas and Threatened Species) align with regional investment processes but not be funded out of the regional allocation.
- A marketing campaign be undertaken to engage the broader community (including urban) to assist them in understanding regional NRM priorities.
- Key campaign messages to be developed in consultation with regional bodies.
- Establish Australia wide standards and coverage in NRM planning and investment to achieve good NRM outcomes. (The Shared Vision referred to earlier should underpin these standards and remove duplication of effort.)

1(b) Capacity Building
- That the Ministerial Council re-confirm their commitment to investment in Capacity Building.

1(c) Consistency of Guidelines
- That a national standard apply for Monitoring and Evaluation. The standard be based upon catchment indicators or catchment report cards, and enable NRM investment decisions to be made.
- Continuity and timeliness of funding cycles to ensure delivery of on-ground outcomes and to assist in managing workloads.

2. Coordinating NRM at the Regional Level

2(a) Parallel NRM agendas / processes
- State agencies and other funding sources be required to consider regional plan priorities.
- State and Local Government regulatory and planning frameworks/mechanisms recognise the legitimacy of regional plans.
- In the establishment of environmental flows, collaborative approaches between States and regions must be utilised given the importance to regional NRM targets.
- Better linkages between national/state approaches to weed management with regional plans.
- Identify mechanisms/approaches to integrate urban communities into NRM.

2(b) Envirofund
- Envirofund investments to align with regional plan priorities where plans have been finalised.
- Regions to continue to recognise the importance of Envirofund in engaging their local communities.

2(c) Facilitator support
- Improve position security for facilitators through 3-year rolling regional investment strategies.
- States/Territories to provide adequate resources for regional plan development to ensure facilitators can concentrate on community engagement.
- Further clarification and communication of the roles of all levels of facilitators to the community.
- Future Australian Government investment in additional facilitators should not advantage some regions over others

3. Implementing & Maintaining Effective Partnerships

3(a) To ensure effective relationships at a regional level (between Regional Bodies and Target Groups and Regional Communities) , the Ministers are asked to support the following principles:
- Regional bodies have key responsibility for communication with partners in the region and be adequately resourced and have capacity to do this
- Communication is effective, transparent and consistent
- Regions have responsibility to ensure partnerships are successful
- Accept that partnerships are built not arranged and take time to develop, and unrealistic expectations should not be placed on regional bodies

3(b) To ensure effective relationships at a regional level (between Regional Bodies and Target Groups and Regional Communities), the Ministers are asked to support the following protocols:
- Enquiries in relation to partnerships be directed to the regional bodies in the first instance.
- Target groups be encouraged to engage with regional bodies.

3(c) In line with the 2003 commitment to devolved decision making to ensure effective regional delivery of NRM outcomes, Ministers are asked to:
- Endorse a move away from micro-management and project level approval by the State and Australian Governments.
- Recognise regions as equal partners and engage in three-way discussions to determine appropriate levels of devolution.
- Clearly delineate responsibility - State & Australian Governments be responsible for determining funding allocations for the regions, based on their accredited plans. Regional bodies be responsible for delivering a suite of outcomes within that allocation, and for meeting agreed accountability and reporting arrangements.

4. Regional Governance

4(a) To maintain good governance, capacity building is required to ensure continuity of strong membership and quality staffing through resourcing of:
- Training and induction of regional body members
- Regional body members remuneration and costs, and
- Succession mentoring
- Secure and appropriate remuneration to attract/retain staff

4(b) Constituting of regional bodies
- Funding of non statutory regional bodies needs to take account of insurance costs

5. Administrative Efficiencies

5(a) Administrative Costs
- Investment Strategies (and projects) and reporting from regions should be limited to addressing key resource condition targets and the major supporting management actions required to meet those targets. Administration and reporting costs need to be contained.
- Develop nationally standardised, simple contracts with flexibility for amendment to reflect regional conditions.
- Ensure consistency in capability, experience and advice of Australian Government representatives supporting the regions.

5(b) Timeframes/Workloads
- With reference to the timeframes outlined in Appendix C of the Red Tape Reduction Taskforce Report, the following timeframe is recommended for the funding of regional and all national programs:
  - Rolling 3 year Investment Strategy submitted by December 1st each year
  - Approved by Ministers 31 March following year
  - Funds delivered to Regional Bodies by 15 May
- Greater support be given to regions still developing investment strategies to continue community and staff engagement to address volunteer and community disenchantment and the loss of professional staff.
- The Australian Government and States agree on a Master Insurance Policy funded through NAP/NHT to cover Landcare/Coastcare and other groups (in proportion to numbers of groups per state).
- Any request for more/better community consultation must recognise the need for a balance between community consultation and raising expectations that are unable to be met

5(c) Red Tape Reduction Task Force
- We ask that within 3 months of this forum the NRM Ministerial Council provide examples of the implementation of actions (1.2, 3.1, 5.1 & 5.2) identified in the Red Tape Reduction Taskforce Report.

6. Investment

6(a) Funding streams:
- To reduce inefficiencies caused by multiple investment programs with different requirements which prescribe inputs, investors should:
  - Purchase agreed outcomes without prescription
  - Allow regions to determine how they deliver the outcomes (in keeping with the commitment to devolved-decision making)
  - Deliver all investment through a single investment process
  - Provide block funding not project funding
  - Expect full recognition of their contribution

6(b) For regions to properly validate State matching contributions, the following needs to occur:
- Establish a standard for in-kind contributions.
- An independent auditor undertakes the function of validating matching contributions

6(c) Security & continuity of funding:
- To address uncertainty in base/core funding, Governments are asked to commit in principle to a longer term regional approach to NRM

- To address short term funding fluctuations resulting in difficulties in managing investment programs, Governments are asked to:
    - provide rolling 3 year funding; and
    - agree to flexibility in financial management consistent with devolved decision-making

6(d) Investment sources:
- To identify opportunities to secure alternative/additional corporate funding, Governments are asked to progress the work commenced by the Allen Consulting Group in the paper 'Leveraging Private Investment'.

7 Engagement

7(a) To support the continuity of engagement, provide greater funding certainty

7(b) Engagement toolkit and processes
- Through the NRM web-site, provide regional bodies with access to the range of engagement toolkits.

7(c) Targeted audiences
- To support indigenous engagement in regional NRM, a National NRM indigenous engagement advisory group be formed

8. Information and Knowledge

8(a) Knowledge brokers
- Knowledge brokers to link regional bodies and the scientific community are a high priority and the responsibilities of the Australian Government facilitators should be realigned to achieve this end.

8(b) Monitoring and Evaluation
- Be given high priority in each regional plan and Investment Strategy
- Be adequately funded.
- To ensure consistency in M&E at the regional level, each State/Territory, by end of June 2004, is asked to demonstrate that its monitoring and evaluation strategy is adequate to measure progress towards the resource condition targets. Examples include index of stream condition, river health index and other similar indices to which communities relate.

8(c) Data/intellectual property
- By December 2004, data/intellectual property, including data sharing arrangements, be made freely available by States/Territories in a readily accessible form for regional bodies to support good NRM decision-making.

Attachment B

Terms of Reference

Regional Implementation Working Group for NRM
- Reporting to Natural Resource Policies and Programs Committee

Context

In November 2000 COAG decided to adopt a regional model for the delivery of the National Action Plan for Salinity and Water Quality (the NAP). The NRM Ministerial Council decided to adopt a similar model for the delivery of the regional component of the Natural Heritage Trust Extension (the Trust). Key elements of regional delivery include:

- Establishing national standards and targets for natural resource management (NRM) to provide direction for investment in natural resource management and a benchmark for monitoring progress through a comprehensive monitoring and evaluation framework;

- Using regional bodies to develop integrated NRM plans that would form the basis for strategic investment by governments, the community and other stakeholders – such as industry – in action to improve management of natural resource and the environment. The NRM plans would address targets and standards agreed by governments and communities in partnership. The plans would be accredited by governments for strategic content, proposed targets and outcomes, accountability and performance monitoring and reporting;

- A greater level of accountability and decision-making at regional level and a shift to investment focusing on outcomes to be delivered;

- Providing capacity building for communities and technical and scientific support to assist them to develop and implement integrated plans;

- To improve the governance framework for natural resource management; and

- To clearly articulate a framework for the Commonwealth, State/Territory and local government and community roles in delivering and monitoring program delivery and resource management improvement.

Issues to be Examined

At its meeting on 30 July 2004, Natural Resource Policies and Programs Committee agreed to form a working group to examine regional delivery. The Working Group will consider progress in implementing regional delivery and identify options for more effectively implementing the regional approach. In particular the Working Group will:

1. Identify lessons learned from experience to date of regional delivery within and across jurisdictions, and how it can be improved, with particular reference to issues raised through the Community Forum. This includes community and organisational engagement; good governance, monitoring and reporting; information generation and dissemination; and integration across jurisdictions and service providers.

2. Identify examples of good practice and provide options and recommendations for improved program delivery.

The task is not to examine national NRM programs themselves, rather to identify opportunities for improved delivery. The Working Group will provide a concise report to the 5 November 2004 meeting of the Natural Resource Policies and Programs Committee.

Membership

The Working Group will comprise:
- Australian Government (Chair)
- State/Territory joint chair of each Joint Steering Committee
- Australian Government joint chair of each Joint Steering Committee
- Chair of a Regional Organisation from each jurisdiction
- Australian Local Government Association
- Invited specialists (as agreed)

Secretariat: Australian Government NRM Team

ANAO Report Outcomes

This document contains the Executive Summary for the ANAO performance audit of the administration of the National Action Plan for Salinity and Water Quality (Part 1); a summary of the ANAO report's recommendations and the DAFF/DEH responses to them (Part 2); and a more detailed presentation of these responses (Part 3).

Part 1: Executive Summary

Background

Salinity is one of Australia's most complex and costly environmental issues causing damage to roads, buildings, agricultural production, biodiversity, rivers and water supplies. The cost of land and water degradation alone has been estimated at $3.5 billion per annum in economic terms. [1]

The National Action Plan for Salinity and Water Quality (NAP) was agreed in November 2000 as a joint initiative between the Australian Government and State and Territory Governments, involving expenditure of $1.4 billion over the next seven years. The Australian Government contribution was estimated at up to $700 million over this period with the States/Territories matching this contribution. The NAP is delivered jointly with the States/Territories through regional bodies who are responsible for the natural resource management plans and investment strategies.

The goal of the NAP is to motivate and enable regional communities to use coordinated and targeted action to prevent, stabilise and reverse trends in dryland salinity affecting the sustainability of production[2], the conservation of biological diversity and the viability of infrastructure; and improve water quality and secure reliable allocations for human uses, industry and the environment. The NAP forms part of a suite of natural resource management programs that include water reforms, the Natural Heritage Trust and the National Landcare Program.

The objective of the Australian National Audit Office (ANAO) audit was to examine and report on the planning and corporate governance for the new regional delivery model of the NAP program, jointly administered by the Department of Agricultural, Fisheries and Forestry and the Department of the Environment and Heritage (the Agencies).

Key findings

Planning for results (Chapter 2)

Planning is the cornerstone of an economic, efficient and effective program and is vital to provide a degree of assurance that the program will achieve its objectives.

The design of the NAP was based on a clear need to address the identified salinity and water quality challenges. The evidence at the time indicated substantial threats to Australia's agricultural regions and water quality from salinity. The threats were also likely to intensify in the foreseeable future. Nevertheless, the NAP goal is ambitious and technically challenging given the scale and diversity of the salinity and water quality problem and the range of private

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[1] Council of Australian Governments, *Our Vital Resources: A National Action Plan for Salinity and Water Quality,* November 2000, p.1.

[2] Production refers to agriculture, fisheries and forestry.

and public interests involved. There is also credible evidence to suggest that once established, dryland salinity is very difficult to contain or reverse in key regions.

At the national level, a risk management plan was developed by the agencies in 2003-04. The plan identified some of the key challenges in realising the intended outcomes of the NAP. However, there remain substantial technical and information challenges that need to be addressed as part of the ongoing management of risks. In particular, the challenges in targeting cost effective action and the limited availability of commercially attractive treatment options for regions are key risks that require careful management. Encouragingly, recent research by the Bureau of Rural Sciences has highlighted the potential for better targeting of management action in some regions in eastern Australia, due to the localised nature of salt in the landscape.[3]

The intergovernmental and bilateral agreements formed the basis of policy and administrative arrangements for the NAP. They were well designed and included standards and targets for salinity and water quality action, and clear timeframes for program implementation. The agreements have contributed to important policy changes in natural resource management. While there were significant delays in reaching agreement, the reasons for this varied across each of the States/Territories. In general, reasons for delay related to policy and funding matters. Agencies have indicated that they were seeking to achieve a longer-term natural resource policy outcome and, consequently, there was little scope for compromise on the fundamentals of the agreements. However, the delays have had a flow-on effect for the NAP for the remaining years of the program.

The introduction of a new regional delivery model has been an evolving process that has built on some of the lessons learned from earlier programs. The regional delivery model involved significant institutional reform and a major shift in program delivery with new challenges and emerging risks. However, there have been significant delays in the rollout flowing from intergovernmental tensions and the institutional changes required. That said, from a survey of the NAP regional bodies, 77 per cent of respondents indicated that they strongly agreed or simply agreed with the statement that the NAP is a well-designed program and that it is appropriate to meet a recognised need in their region.

The design of the performance information framework was underpinned by intermediate measures, including management action targets, covering a one to five year timeframe. This is a significant improvement on the implementation of the original Natural Heritage Trust program (that involved the same agencies delivering similar projects). This should enable the agencies to measure and report on progress in implementing the NAP, which has much longer-term outcomes.

The ANAO recognises that significant progress has been made in reaching agreements between governments and setting in place a new regional delivery model. However this has taken almost four years to achieve. Outcomes for salinity and water quality are longer-term (that is, over a 10-20 year time horizon). If these are to be achieved, there are remaining risks for the program requiring careful management. For the remaining four years of the program, close attention must be paid to building on recent research initiatives and actively encouraging regions to put in place measures that are well targeted and appropriate for the formidable challenges being presented to the NAP regions of Australia.

The delivery of the program (Chapter 3)
Under the NAP, regional bodies are required to develop and implement integrated natural resource management plans as a basis for Government funding. These plans encompass catchment-wide activities to address a range of natural resource management issues in

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3   Bureau of Rural Sciences, *Science for decision makers: five steps to tackling salinity,* BRS, 2003, p.4.

addition to salinity and water quality, and include programs such as the Natural Heritage Trust.

Agencies have made efforts to disseminate information to regional bodies via various publications, tool-kits, an annual community forum and the employment of facilitators at the regional level. However, the ability of some regions to access adequate data and analysis at a useable scale on key issues has hindered the progress of quality planning for these NAP regions. A key area for improvement is the need to implement measures to further strengthen coordination and ongoing dissemination of lessons learned as well as better practice amongst regions. In addition, enhancing guidance to the regions must be given a higher priority. This should include clearer advice in relation to consistency with national water quality guidelines and compliance with relevant legislation.

The process of accreditation of the regional plans was intended to be an important mechanism for quality control. However, as a result of delays earlier in the program, as at 1 October 2004, only 62 per cent of the 34 regional bodies had accredited plans in place. These regional plans are varied in quality, with a recent report to the Ministerial Council highlighting that it was doubtful that the targets in some plans were 'sufficiently robust to arrest or reverse the decline in some catchments'. The ANAO notes that agencies have sought to improve the quality of the process as new issues have emerged. However, the implementation of a quality assurance process involving a regular, routine review of a sample of plans, in the light of the best available science and economic analysis, would assist in improving the substance of the plans. This would provide a degree of quality assurance within the adaptive management approach, without further delaying progress.

Once regional plans are accredited, regional bodies are required to develop investment strategies as a basis for government funding. As at 1 October 2004, 19 regional bodies had investment strategies in place. The structure and content of advice to Ministers on the investment strategies are reasonable given progress under the program. However, appraisal could be further strengthened through: more explicitly indicating the extent to which risks have been addressed; comments on whether or not the package represents value for money; and the extent to which the strategy is likely to contribute to the program objective.

From the survey conducted by the ANAO of regional bodies, only eight per cent of regions agreed with the statement that 'decisions on funding for regional plans and investment strategies are timely and address the needs of the regions'. The process has not been assisted by the fact that investment strategies have generally been for only 12–18 month periods. While this has been in response to requests from various States and regions, the large scale of the projects, the five to ten year time frame for natural resource management plans, and the even longer time frame for outcomes, suggests that three-year investment strategies are more appropriate. While noting the recent progress in establishing three-year agreements in some States, there is now scope for seeking a commitment from the remaining States/Territories and regions for three-year investment cycles. This should help to strengthen the strategic focus of the investment process and lessen the transactional costs of the program.

Managing and reporting performance (Chapter 4)
The management of the NAP has involved joint arrangements between the Department of Agriculture, Fisheries and Forestry and the Department of the Environment and Heritage as well as joint arrangements between the Australian Government and those of the States/Territories. The joint delivery approach between Australian Government agencies has been an innovative and efficient response to program delivery and has demonstrated the advantages of simplifying the 'face of government' to clients.

The architecture of the governance arrangements has included a Ministerial Council, joint Australian Government/State Steering Committees and a national monitoring and evaluation

framework. Regions are responsible for the on-ground delivery of the program, the achievement of milestones and for reporting on performance. However, the capacity of regions to deliver the program introduces new risks and challenges. In particular, evidence from a recent Victorian Auditor-General report has highlighted some of the risks from the significant increase in Australian Government funding for regional bodies.[4]

While recognising the efforts to implement training and enhance accounting systems for regions, it is essential to scale up corporate governance arrangements so that financial and project management systems and procedures match the level of risk—particularly in terms of managing potential conflicts of interest, and in improving the quality and consistency of output reporting. Evidence from the ANAO survey of the regions was that four regions in particular would benefit from improved training for board members on their responsibilities and potential liabilities.

Expenditure under the program has been substantially below that originally intended and appropriated. Delays in the planning stage of the NAP, combined with the technical challenges in completing regional plans have been particular constraints. The NAP has only commenced significant investment in the 2003-04 financial year. Delays in funds reaching the regions have also been noted following approval and payment into the State accounts. Moving towards a focus on three-year funding agreements across all States/Territories should assist in expediting the program and removing some of the bottlenecks in decision-making and program expenditure.

The monitoring and reporting framework for the NAP is generally sound. However, to date, as with most stages of the program, there have been delays in establishing the framework. Performance reporting has been based on estimates rather actual performance. Greater attention to ensuring a consistent quality of actual performance outputs should be a high priority for the remainder of the program. It will be particularly important to report over time on the extent to which concentrated action under the program has lead to significant land or water use change.

Overall audit conclusion

The ANAO concluded that the administration of the National Action Plan for Salinity and Water Quality has been characterised by delays that have had flow-on effects for all stages of program implementation. It is only since 2003-04 that substantial investment in on-ground initiatives has occurred.

The reasons for the delays related largely to intergovernmental tensions over policy and funding matters. Agencies have indicated that they were seeking to achieve longer-term natural resource policy outcomes and that, consequently, there was little scope for compromise on the fundamentals of the agreements. However, further delays were then experienced at all stages of the rollout of the program.

To date, the program has achieved significant institutional change and facilitated planning and specific management action in identified NAP regions. This action will take some years to complete, but it should be possible to determine whether the results are likely to be cost effective and appropriately targeted by the end of the current program. Assessing the achievement of targets concerned with 'preventing, stabilising and reversing trends in salinity and improving water quality' is a long-term exercise. The consensus from consultations during the course of the audit, indicates that this will not be possible within the eight-year timeframe originally envisaged for the NAP. Consequently, to maximise program impact, the dissemination of information relating to good practices and lessons learned on a national basis, will be a crucial part of the process over the remaining years of the program.

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[4] Victorian Auditor General, *Report on Public Sector Agencies*, November 2003, pp. 193 –223.

The delivery of the program through regional bodies is a new and evolving process for agencies. High-level risks and corporate governance arrangements have been considered by agencies and the joint delivery approach between the two Australian Government agencies has demonstrated the advantages of simplifying the face of government to clients. The architecture of the governance arrangements has been specifically designed to reflect the challenging and unique characteristics of natural resource management.

However, at the regional level, strong and concerted action by all stakeholders is required if the program risks are to be effectively managed. In particular, there are substantial residual risks in small, newly established, community-based bodies having primary responsibility for delivering challenging outcomes and managing substantial allocations of Australian Government funds.

The ANAO intends to conduct a follow-up audit prior to the current NAP completion date of 2008 to provide Parliament with an assessment of the administrative effectiveness of the program.

Part 2: Recommendations and the response by the departments of Agriculture, Fisheries and Forestry and the Environment and Heritage to the ANAO's Report on the National Action Plan for Salinity and Water Quality (15 December 2004)

Following is the Joint Department response, with the ANAO's recommendations in italics.

The Departments of Agriculture, Fisheries and Forestry and the Environment and Heritage agree with the recommendations and consider that they provide a basis for improving program delivery.

The report acknowledges that the NAP is pioneering a new approach to natural resource management (NRM) as part of a suite of Australian Government NRM programs that address particular NRM issues. For the first time, communities and regions across the continent are developing and implementing a consistent and integrated NRM regional planning regime for landscape change. The plans are developed using technical, scientific and governance support. Government investment is longer-term and targeted at outcomes identified in the regional plans. The NAP has contributed to significant institutional and policy reforms in the States / Territories which complement the on-ground investments made.

Additionally, strategies to sustainably manage surface and ground water systems are part of the regional planning process. The land and water changes outlined under the Inter-Governmental Agreement are given effect through bilateral agreements with the States / Territories.

The design of the program recognises that NRM change is a long-term process, involving cultural and institutional change and complex cause and effect relationships in the natural environment. As such, the NAP is managed adaptively using feedback mechanisms such as the science-based National Monitoring and Evaluation Framework, the Community Forum (involving the chairs of all the regional bodies), the regular scientific report from CSIRO / Bureau of Meteorology commissioned by the Australian Government and States / Territories and the National Land and Water Resources Audit.

The adaptive management is coupled with a governance structure including: an Inter Governmental Agreement; bilateral agreements with the States / Territories; the Joint Steering Committees and the joint delivery by the Departments. Regional governance is maturing in some states, such as Victoria and NSW and the experiences of formal governance training and structured accountability will be used to promote good governance to all regions.

Knowledge management is central to the complex delivery arrangements for a program addressing two portfolio objectives and a partnership with States, Territories and regions. The knowledge framework encourages communities and governments to act on the best available information and to respond to new information. Effective information exchange between regions and with research organisations and governments is a priority for development.

Delays in expenditure in the early years arose from the time required to engage and build capacity of communities, and negotiations with some states to secure the institutional reforms. With the maturation of the program, regions are now submitting plans and investment strategies to achieve the short-term goals of the NAP. Due to the nature of the complex NRM

problems, the full impact of the NAP is not expected to be realised within the life of the program. However, the institutional and policy reforms are expected to address the root cause of many salinity issues and the regional structures and program measures, which have now been established throughout Australia, will continue to implement and monitor measures to prevent, reduce or live with salinity.

The report has identified areas for improvement, which are instructive at this stage of implementing such a landmark approach to natural resource management and Departments are addressing each recommendation.

Recommendation No. 1

*The ANAO **recommends** that the Departments of Agriculture, Fisheries and Forestry and Environment and Heritage ensure that, in all future policy processes involving the allocation of public funds to selected regions or areas of need, analysis is documented to demonstrate the comparative assessment of needs as a basis of policy decisions.*

Response: Agreed

The report notes that regions were selected on the basis of iterative and contentious negotiations with the States / Territories. Additionally the ANAO survey of regions highlighted that the majority of regions considered that their boundaries were appropriate and reflected coherent districts with common problems and potential solutions. The report also notes that decisions on regions for the NAP were based on scientific assessments of salinity hazard. Other factors considered in the selection of regions include the value of assets affected and likelihood of preventing or addressing problems. The views of the States / Territories were also taken into account in the final selection of regions. Natural resources information is frequently complex, commonly updated as new information or techniques become available based on new information and experience. Recognising this complexity, Departments will ensure that where resources are allocated between regions, a comparative analysis will be produced to demonstrate the basis upon which decisions are being made. Information to underpin such analyses will be built into the Departments' knowledge management framework reflected in joint Policy and Procedures Manuals.

Recommendation No. 2

*The ANAO **recommends** that the Departments of Agriculture, Fisheries and Forestry and Environment and Heritage, as part of the quarterly update of the risk management plan, give priority to:*
> *(a) facilitating the documentation and management of key risks at the regional level, through the guidance of the joint steering committees; and*
> *(b) ensuring that all significant risks to the objectives of the program emerging from research and practice are documented and considered within the ongoing implementation of the program.*

Response: Agreed

The Departments currently include risks to regional delivery in the joint risk management plan. As a part of the Monitoring and Evaluation Framework annual evaluations, in 2004-05

Departments are reviewing current governance arrangements, including documenting and managing risk at the regional level. Some regions are developing a risk management plan at the regional level and discussions have commenced with Victoria about a "whole-of-State" approach to managing risk at the regional level. Experience with these 'pilots' will be used to extend the risk management approach.

Departments, in conjunction with States / Territories and regional bodies, will explore options to identify and respond to these risks using the monitoring and evaluation mechanisms currently in place. The risk management strategies will be updated as necessary.

Additionally, Departments, in conjunction with the States / Territories and regions, will monitor new knowledge from salinity research and program experience and document the risks and opportunities so that they can be built into future program development and project implementation at the regional level. The forward program of evaluations under the NAP and Natural Heritage Trust includes a review of the salinity responses from the programs.

Recommendation No. 3

*The ANAO **recommends** that the Departments of Agriculture, Fisheries and Forestry and Environment and Heritage in consultation with other service providers (including State and Territory agencies and national level research providers) develop measures to strengthen the access by NAP regional bodies to lessons learned and better practice NRM relevant to salinity and water quality in the NAP priority regions. These measures may include mechanisms to better link research providers to users and facilitate research at the appropriate scale and in forms that can be better utilised by regional bodies.*

Response: Agreed

Promoting the outcomes of recent research on salinity in the regions is a priority for program improvement that is currently being pursued with the States / Territories. As experience with salinity management grows at the regional level it will be important that this information is shared between regions as well as the science community.

Opportunities to share learnings and extend scientific knowledge include:
- science forums at the annual Community Forum for chairs of regional bodies;
- making greater use of NRM facilitators and coordinators as information brokers;
- continuing to develop the NRM website (www.nrm.gov.au) as a comprehensive regional information source; and
- using the South Australian Centre for Natural Resource Management as a trial for promoting and brokering natural resource management-related research and development through researcher, regional, government and industry partnerships.

The National Land and Water Resources Audit is also conducting a monitoring and evaluation trial in most States / Territories to assess the accessibility to data and analysis by regions and the usefulness and relevance of the available data. The outcomes of this work will also help target information provision.

The 2004 annual CSIRO / Bureau of Meteorology report, jointly commissioned by the Australian Government and States / Territories, identified the importance of access to and use

of scientific data and analysis to ensure regional NRM plans are science based. This evaluation will be conducted regularly to monitor progress with this element of the NAP.

Recommendation No. 4

*The ANAO **recommends** that the Departments of Agriculture, Fisheries and Forestry and Environment and Heritage, consult with the relevant State and Territory agencies, and regional bodies, as part of a concerted effort to introduce three year funding arrangements (as originally proposed) as soon as practicable.*

Response: Agreed

Three year funding arrangements were intended in the original design of the NAP. To develop the financial and governance capacity of the regional bodies, a staged approach was adopted, including the introduction of one year funding agreements.

The initial lack of uptake of three year funding cycles occurred due to regions requesting increased financial and governance capacity and the need for increased stability of regional body arrangements before being expected to manage large funds over extended periods of time.

As noted by the report, several regions have recently received approval for three-year investment strategies. Two NSW regions have had three year investment strategies approved and the remainder in NSW are being developed. Five regions in Victoria also have had three year investment strategies approved. All eight South Australian regions are now developing three year investment strategies to commence in 2005-06. The Departments will continue to work with States / Territories to encourage regions to focus on longer term planning and a move to three year investment strategies being applied more widely.

Recommendation No. 5

*The ANAO **recommends** that the Departments of Agriculture, Fisheries and Forestry and Environment and Heritage consult with State and Territory agencies about developing appropriate corporate governance templates and core training/information to enhance the capacity of regional bodies to meet sound corporate governance practices.*

Response: Agreed

Departments will review current governance arrangements, including:
- the current level of skills and capacity within regions for financial management and management systems;
- the project management structures and processes; and
- the potential for conflicts of interest and the capacity for regions to manage this risk.

In states where regional bodies are statutory organisations, such as NSW, Tasmania, Victoria and South Australia, the regional bodies are required to comply with the state governance arrangements. For example, in NSW the general managers and board members of each region have received training on their corporate governance responsibilities. In Victoria, a person

has been specifically appointed to oversee the corporate governance arrangements in the regions.

The Australian Government has established a project through the National Landcare Program, one of the suite of Australian Government NRM Programs, to provide workshops for landcare groups / volunteers, facilitators and coordinators and members of regional bodies on risk management, public liability obligations and duty of care for community volunteers. At the end of this project a written report will be provided on the key issues for managing landcare groups and options on how to address the issues raised at the workshops.

Recommendation No. 6

*The ANAO **recommends** that the Departments of Agriculture, Fisheries and Forestry and Environment and Heritage in consultation with other service providers (including State/Territory agencies) consider implementing an integrated approach to quality assurance for, and the standardisation of, financial and performance data outputs across regions.*

Response: Agreed

The Departments agree that consistency of data is important for monitoring and evaluation of regional delivery. The review of current governance arrangements, mentioned in response to recommendations 2 and 5, will also examine the quality of financial and performance data and the capacity of the regions to provide appropriate reports.

In conjunction with States / Territories, the Australian Government is developing an information system for data access and management at the regional level. This data system will enable information to be aggregated from the regions into an annual progress report on the NAP and Natural Heritage Trust for the Natural Resource Management Ministerial Council. The information system will link State and Territory information banks with the Australian Government data system.