

FRAMEWORK FOR FUTURE NRM PROGRAMMES

Natural Resource Management Ministerial Council November 2006

(The *Framework for Future NRM Programmes* was endorsed by the Natural Resource Management Ministerial Council on 24 November 2006, with the Victorian Government formally endorsing the Framework after the Victorian election)

Framework Rationale

This paper proposes a framework for the future development of natural resource management (NRM) programmes across Australia. This framework is based on the common understanding of jurisdictions that:

- Significantly increased public benefits will flow from improved NRM;
- Natural systems are interlinked and particular interventions must be assessed in terms of their total impact on these systems;
- Specific investments can achieve multiple NRM outcomes;
- An adaptive management approach based on continuous learning should continue to underpin the delivery of NRM services;
- Future natural resource investment portfolios should reflect the priorities placed on key assets and the threats to them;
- Improving the ability of land managers to manage risk and incorporate NRM considerations into their management decisions is essential to successful NRM programmes, and a range of approaches should be used to build this capacity;
- Providing opportunity and building capacity among Indigenous people to contribute to shared NRM objectives will yield biophysical, cultural and socio-economic dividends and opportunities for collaborative whole-of-government approaches;
- There is a need to enhance monitoring and evaluation arrangements to ensure the effectiveness of programme delivery, and measure changes to resource conditions; and that
- An effective approach to NRM entails the application of a wide range of policy and programme responses, including capacity-building initiatives, grants, on-ground works and regulation, and is likely to entail an increased emphasis on the use of market-based instruments in the future.

Australia's environmental and productive natural resources are among its most precious assets. These resources provide the basis for the productive and ecological services that are fundamental to economic and community life and for the maintenance of a sustainable environment in urban and rural Australia and in Australia's marine areas. Private and public managers and landholders manage these assets, and much good work is being done to protect, enhance and restore their quality. However, much more needs to be done across a range of issues to ensure that these assets remain sustainable. Particularly critical issues include the following:

- Terrestrial and marine species and their habitats need to be protected from critical threats, especially as the biological and economic value of these assets is likely to be increasingly important in the future;
- Salinity and water quality decline remains a major threat to land and water assets and future efforts need to capitalise on the progress already achieved to maintain an improving long-term trend;
- Coastal and peri-urban development pressures have major impacts on natural assets and, equally, catchment management practices in hinterlands directly impact on the amenity and value of these areas. The increasingly important issues generated within coastal and peri-urban areas need to be more effectively integrated into future NRM arrangements;
- The productivity of land is highly dependent on soil quality and its resilience to degrading processes - such as erosion, salinisation, acidification, soil structure decline and vegetation loss - that place the natural productivity of the Australian landscape at risk. Future NRM arrangements need to enhance our capacity to address the socio-economic impacts of these degrading processes; and
- Agriculture, biodiversity, marine, water and coastal assets all face threats from climate change and climatic variability which pose new challenges and exacerbate existing ones like invasive species and fire. Building the capacity of land and other natural asset managers to respond to these challenges and maintain sustainable production systems is an emerging and important NRM priority. The development of this capacity is closely related to the need to develop a better understanding of the impacts of climate change and climatic variability on the sustainability of biodiversity, agricultural assets, and other natural resources.

Programme Objectives

Annex A details a set of *Objectives and Principles to Guide Future NRM Programmes* endorsed by Council in April 2006. These objectives and principles can be further consolidated into specific biophysical and socio-economic objectives for the new programme, and jurisdictions support the retention of the current overarching objectives of the NHT for future NRM arrangements. These objectives are:

- **Biodiversity Conservation** - the conservation of Australia's biodiversity through the protection and restoration of terrestrial, freshwater, estuarine and marine ecosystems (including wetlands) and habitat for native plants and animals;
- **Sustainable Use of Natural Resources** - the sustainable use and management of Australia's land, water and marine resources to

maintain and improve the productivity and profitability of resource-based industries; and

- **Community Capacity Building and Institutional Change** - the continued development of sufficient support for individuals, landholders, industry and communities to enable them to acquire the skills, knowledge, information and institutional frameworks to promote effective biodiversity conservation and sustainable resource use and management.

Themes

The key themes for the future programme in relation to these objectives are outlined below. These themes provide a broad focus for investment decisions rather than a prescriptive set of directions concerning them.

- *Biodiversity Decline*
Australia's flora and fauna are among the most diverse and unique in the world, but are also vulnerable to a wide and complex range of threats. Governments and communities will continue to have significant roles in protecting our biodiversity against threats such as invasive species, climate change and habitat loss and degradation.
- *Salinity and water quality*
Salinity remains a major threat to Australia's rural industries, communities, the environment, and built infrastructure. Significant gains have been made in addressing salinity and water quality issues. However, the scope and severity of these issues require a continued long-term commitment and action under future NRM arrangements.
- *Coastal and peri-urban areas*
Coastal regions and their hinterlands are under increasing land-use change pressure from demographic shifts, tourism and associated developments. All jurisdictions have leadership roles in encouraging linkages between NRM and local government actions, consistent with the National Framework for Integrated Coastal Zone Management. Potential approaches could include developing better alignments between non-NRM State regional plans with regional NRM plans, assisting local governments and regional NRM bodies to develop better links between local government statutory land use planning and regional NRM planning in coastal areas, and jointly addressing threats to coastal and peri-urban assets.
- *Productive and sustainable landscapes*
Farmers and other private land managers, Indigenous communities and local governments face increasingly complex operating environments and a range of biophysical and socio-economic pressures. The long-term viability of production and the environment is fundamentally dependent on managing priority threats such as climate change, salinity, water quality, surface-

groundwater interactions, weeds, feral animals, acidification and soil and wind erosion.

- *Capacity-building and Institutional Change*
Developing the skills, knowledge and institutional frameworks that support on-ground action is essential to sustain natural resource assets. Accordingly, achievement of the key biophysical themes will require investments in people and the tools they need to contribute effectively, including in the large coastal and land areas under Indigenous management.

The need to develop adaptation responses to climate change, enhanced Indigenous engagement, greater participation by local government, and actions to contain emerging NRM issues, will be major cross-cutting components of these themes. The key themes will also be addressed in the context of a continued emphasis on integrated NRM delivery at a range of geographic and investment scales and the further development of specific tools, such as market-based instruments and stewardship arrangements, for addressing these themes.

Programme Elements

NRM objectives are most efficiently achieved through an investment portfolio that encompasses national, State and Territory, regional and local investment scales, and which recognises that many issues require intervention at a combination of delivery scales. In many instances, there is a need for government NRM investment to address market failures impacting on Australia's natural resource assets. However, market-based instruments can also provide an effective tool for NRM action, and for addressing market failures.

The combined NRM programme will incorporate national, state/territory, regional and local level investment scales. Governments may invest individually, or in collaboration with any number of other jurisdictions. (However, specific allocations to particular investment levels cannot be determined until all jurisdictions finalise their budgetary processes.)

This Framework reflects the considerable stakeholder support for and confidence in the regional approach used to deliver the NHT and the NAP, and the continuing value of the regional investment approach for achieving strategic landscape scale change – with community-developed NRM plans and investment strategies at the core of this approach. Given the importance of the regional approach, other investments should, as far as possible, be designed to deliver outcomes that align with integrated regional NRM plans, which reflect national and state priorities.

In addition to these geographic investment scales, this Framework also incorporates the following proposed elements:

- A mechanism for responding to emerging NRM issues and, where appropriate, promoting prevention over rescue;

- Enhancement of the role of local governments (or local government equivalents in the Territories) in future NRM arrangements;
- Enhancing arrangements for the NRM Facilitator Network;
- An expansion of market-based instruments, stewardship arrangements and environmental management systems;
- The potential introduction of regional block funding arrangements;
- The enhancement of Monitoring and Evaluation, Standards and Targets, and Reporting arrangements; and
- Recognition of the need to develop a more cohesive and effective Communications and Investor Recognition Strategy.

National Investment Scale

National investments will focus on national NRM priorities, including those requiring a nation-wide response or which reflect Australia's international obligations and commitments. These priorities will also reflect the need to act on key cross-cutting issues such as adaptation to climate change; better industry, Indigenous community and local government engagement in NRM; the enhancement of monitoring and evaluation arrangements; and responses to new and emerging NRM issues.

Mechanisms for the delivery of national level investments, especially those requiring the participation of multiple jurisdictions, will need to be developed.

State and Territory Investment Scale

Some NRM issues are most effectively addressed at a State or Territory level, especially where these issues are associated with jurisdictional priorities that are clearly distinct from those of other jurisdictions or national priorities. To be fully effective, NRM arrangements will need to build on the partnerships established between the Australian Government and other jurisdictions, and balance broader priorities (such as cross-jurisdictional issues) with those of individual jurisdictions.

Regional Investment Scale

The common biophysical characteristics of Australian regions endow the regional level of NRM programmes delivery with a high potential for achieving good landscape-scale outcomes. Strategic landscape-scale change is most effectively achieved where communities have a sense of ownership over planning and investment decisions, and will therefore make the investments of time, resources and better practices that are needed to achieve better NRM outcomes. The community-ownership principle, especially at the regional level, reinforces the biophysical importance of the region as a basic unit for NRM programme delivery. This in turn reinforces the importance of regional NRM plans and investment strategies for marrying community (regional), jurisdictional and national priorities.

Local Investment Scale

Local investments provide the most direct means of addressing the NRM concerns of individual communities and a good mechanism for rapidly responding to urgent NRM issues. The local delivery of NRM investments will be retained under the future NRM programme, although there will also be an increased emphasis on the alignment of local investment priorities with those addressed by other delivery streams.

Mechanism for Responding to Emerging NRM Issues

The establishment of an Emerging Issues Response Element will provide jurisdictions with the capacity to collaborate on unanticipated and emerging issues, including climate change adaptation, or investment gaps, without distorting established priorities. This will allow more cost-effective actions that intercept emerging pressures before damaging processes are entrenched. The investment rules and purpose for this element, and the circumstances governing its use, will need to be carefully considered, so that it is applied to issues of genuine importance, value and urgency.

- a) For emerging issues where participation is determined as voluntary at a jurisdiction-by-jurisdiction level, sign-off would be at Joint Steering Committee level; and
- b) For national actions where participation is determined as essential for all jurisdictions, policy approval would be required at NRPPC, Standing Committee or Ministerial Council level, as appropriate.

Approval to allocate and expend funding would be established through bilateral agreements.

Role of Local Government

Recent reviews have highlighted the need to better engage local government in regional NRM activities. Future programs will include initiatives to develop better partnerships between local governments ((or local government equivalents in the Territories)) and regional NRM bodies to build improved partnerships. These initiatives will reflect the particular circumstances of jurisdictions, individual local governments and regional NRM bodies.

These initiatives could be assisted by the development of agreements between state governments, regional NRM bodies and local government, outlining partnership arrangements and demonstrating a willingness to work together to achieve better NRM outcomes.

Enhancing the Facilitator Network

The continuity of facilitator employment is essential to cost-effectively engaging the community in NRM planning and investment, particularly in working with Indigenous communities and in remote regions more generally. Linking employment contracts to three-year rolling investment strategies could provide a major contribution to addressing this issue.

Market Based Instruments (MBIs), Stewardship Arrangements and Environmental Management Systems (EMS) approaches

Evidence to date indicates that, where appropriately applied, these instruments can efficiently achieve highest-value individual or multiple environmental outcomes that exceed minimal legislative requirements. This evidence also indicates that, to be fully effective, MBIs and associated measures need to be underpinned by effective regulatory arrangements. Some instruments, such as biodiversity auctions and some 'green offsets', have consistently demonstrated their value in a number of jurisdictions to deliver better NRM outcomes. Others are still experimental in nature and require further development.

Future investment may include further phased and broader implementation of MBI approaches to the purchase of environmental goods and services, building on experience from the National MBI Pilot Programme. A particular emphasis could be placed on ways of both facilitating consistency in their application across regions and jurisdictions, and ensuring they retain sufficient flexibility to cope with the particular circumstances of individual regions and jurisdictions.

EMS approaches (also known as Farm Management Systems and Property Management Systems) offer a high but still under-developed potential for achieving good environmental outcomes on private land. Future efforts will continue to focus on making environmental management an integral part of overall good business management, on incorporating adaptation to climate change into existing EMS approaches, and refining operational arrangements.

Block funding Arrangements

The 'block funding' of regional investments has been raised in recent reviews of NRM arrangements, and is supported in principle by most jurisdictions. In broad terms, this approach could entail the provision of funding *en bloc* to regions, with streamlined and reduced reporting obligations where regions demonstrate they have established robust governance standards and behaviours, and achieved outputs and outcomes expected in previous years. The effectiveness of block funding could be enhanced through incentives such as changes to the accreditation standards needed to attract block funding, and access to additional government funding directed to government priorities. This approach would seek to achieve a convergence between regional and government priorities.

It should be emphasised that block funding approaches will require effective accountability arrangements and these will need to reflect the particular circumstances of individual jurisdictions and regions.

Monitoring and Evaluation, Standards and Targets, and Reporting

There is a general recognition that monitoring and evaluation practices need to be enhanced under future NRM arrangements, despite the significant

progress achieved in a number of areas. Critical aspects requiring enhancement include the following:

The better integration of scientific and socio-economic information into regional planning and investment review to ensure that investments are better calibrated towards delivering strategic outcomes, and providing better measurements of these outcomes;

- The development of better linkages between NRM monitoring and evaluation arrangements and related processes under the National Land and Water Resources Audit and State of the Environment reporting under the aegis of the Environment Protection & Heritage Council. These linkages would be developed with the intention of generally streamlining natural resource condition trend reporting;
- Improved data systems that provide for simplified and multi-purpose reporting, that present performance information in a useful spatial way, and in a form that is useful to the community;
- Strengthened resource condition monitoring to cover gaps and gather data that is useful to regional organisations;
- Where possible, streamline programme performance information, including the designation of standards and targets, and ensure that this information is presented in a more accessible form; and
- Providing for more systematic review processes of programme performance information, and engaging regional bodies and Joint Steering Committees in this task. These processes would entail detailed risk management analysis of selected investments with a focus on particular areas of interest and/or high risk rather than a recurrent comprehensive audit.

Approaches for achieving these outcomes will be developed between late 2006 and December 2007.

Research and Development

Research and development actions will continue to focus on the delivery of better scientific and other technical information to NRM practitioners. Efforts will focus, in particular, on developing a more cohesive and useful research and development framework, and on enhancing the capacity of the NRM knowledge system to deliver tailored knowledge products to particular NRM regions and other practitioners. Approaches for achieving these outcomes will be developed between late 2006 and December 2007.

Communications

The focus of the communications and investor recognition strategy for the NRM programme will be on more coherently communicating to the public the scale and nature of the NRM issues Australia faces, and the efforts of governments and other investors to address these problems. Approaches for achieving these outcomes will be developed between late 2006 and December 2007.

Objectives and Principles to Guide Future Natural Resource Management Programs

Endorsed by the Natural Resource Management Ministerial Council April 2006

The current funding arrangements for the Natural Heritage Trust and the National Action Plan for Salinity and Water Quality will conclude in June 2008. As a part of our continuous improvement approach, the Australian and State and Territory governments are considering arrangements for any future natural resource management programs. To ensure we build on the strengths of the partnership model, a Working Group of officials from State, Territory and Australian Governments, and the Australian Local Government Association, have developed the following set of principles and objectives to guide the development of future NRM. These principles and objectives are designed to establish broadly indicative but useful guidelines rather than to establish prescriptive 'rules' for future NRM arrangements.

Principles

Future NRM arrangements should be based on:

1. Maximising investment return, especially in relation to demonstrable, positive and strategic NRM outcomes;
2. Recognising that it is more cost-effective to prevent damage than repair it;
3. A program architecture that addresses strategic NRM concerns in an integrated manner and that is sufficiently flexible to accommodate regional variability; and
4. Identifying, protecting and rehabilitating high value NRM assets; and
5. Addressing areas of high and emerging demand for NRM action (such as climate change and urban and peri-urban issues); and
6. The establishment of decision-making processes and structures that are informed by the best available scientific and socio-economic information and advice, and that provide for the timely review of this information and advice.

Objectives

1. The establishment of cost-sharing arrangements that take account of the interests of, and benefits flowing to, all parties;
2. Continued support for a regional investment element that effectively integrates regional, multi-regional, State and national NRM objectives;
3. The establishment of mechanisms to address cross-regional issues, recognising that there are practical limits on the extent to which individual regions can contribute to extra-regional outcomes;

4. Encouraging integrated landscape management, including through removal of barriers to investment in strategic NRM priorities;
5. The development of arrangements that provide for the maximum practicable community engagement in NRM;
6. The development of arrangements that encourage industry, including primary industry, to be involved in private investment in NRM in partnership with all levels of government;
7. The development of arrangements to further engage and encourage participation of Indigenous communities in NRM programs;
8. The development of arrangements that draw on the operational experience of current and previous NRM models.