

# **Making the Most of ‘Caring for our Country’**

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## ***Introduction***

‘Caring for our Country’ commenced in July 2008, with a budget of \$2.25 billion over five years. It continues the Australian Government’s major investment in programs for conservation of land, water and biodiversity. In particular, it follows a decade of investment at a similar annual rate through two phases of the Natural Heritage Trust (NHT) and the Nation Action Plan for Salinity and Water Quality (NAP). The new program is an important evolution from these programs, with a number of differences in approach and emphasis (outlined later).

In this paper I will discuss lessons from the history of investment in NHT and NAP over the past decade, and will use these lessons to suggest ways forward for ‘Caring for our Country’ that will assist it (and subsequent programs) to achieve more valuable natural resource outcomes more cost effectively.

## ***Lessons from history***

The NHT and NAP were subjected to a number of inquiries and reviews, by the Australian National Audit Office (e.g. Auditor General, 2004, 2008), a Senate Committee (The Senate, 2006) and a House of Representatives Committee (Parliament of the Commonwealth of Australia, 2004). There were over a dozen consultants’ reviews and reports on various aspects of the programs commissioned by the relevant departments (currently named the Department of Agriculture, Fisheries and Forestry and the Department of the Environment, Water, Heritage and the Arts) (e.g. Chartres et al., 2004; SKM, 2006).

In addition, my views are informed by many discussions and meetings with national and state government policy officers, focus group discussions with Catchment Management Organisation (CMO) staff and stakeholders (Marsh et al. 2008), surveys of CMOs (Seymour et al. 2008), interviews with landholders (Wilkinson 2008), research on the economics of sustainable land management strategies (e.g. Bathgate and Pannell 2002; Kingwell et al. 2003; Nordblom et al. 2006), research into adoption of those strategies (Pannell 2001a; Pannell et al. 2006), insights from the development of decision frameworks for environmental managers (Ridley and Pannell 2005; Pannell 2008) and experience in applying those frameworks in close partnership with CMOs (Roberts and Pannell 2008).

From my reading of this diversity of evidence the following key lessons from the earlier programs emerge.

### ***1. Targeting and prioritisation***

There is a strong tendency for environmental programs to attempt to achieve too much, allocating too few resources to too many projects. Typically, some of the investments receiving funds are worthwhile, but many are not. Given that project budgets are generally very small relative to levels that would be required to manage environmental degradation comprehensively, and given the great spatial heterogeneity

of problems and circumstances, the need for tight and careful targeting of investments is obvious.

The highest priority natural resource policy investments should have at least these four characteristics: they should relate to (a) particularly valuable natural assets, (b) facing high threat or high current degradation, (c) with high feasibility of reducing that threat or degradation at reasonable cost, (d) with the required works being reasonably attractive to relevant land or water managers. When prioritising investments, if even one of these elements is neglected, there is a high risk of making poor decisions.

In the NAP and NHT, no consistent framework for planning and prioritization was provided to CMOs. Each developed its own approach and, not surprisingly, there was wide variation between regions in the approaches used. Unfortunately, most of the prioritization approaches used were comprehensive or rigorous. Although it was recognized in official inquiries that investment decisions should be “outcome focused” and “subject to a cost-benefit analysis” (The Senate, 2006, p. 221), there were hardly any assets funded under the two programs for which all four of the above essential characteristics were assessed in any depth.

Good prioritization requires good information and good analysis, which takes time. Programs need to be run with the patience to allow this to happen. In the NAP and NHT, CMOs were under severe time pressure to complete their planning processes and commence spending the money.

An essential element of good prioritisation is access to good technical information. Investment plans in the NHT and NAP did account reasonably well for threat or damage to natural assets, but with very few exceptions they did not use adequate information about the link between proposed actions and resource outcomes. For example, in external reviews it was noted that “Links between actions and resource condition change ... are often not confidently quantified” (SKM, 2006, p. 1), and that “NAP/NHT have only been partly successful in enabling the flow of scientific and technical information into the catchment management planning process” (Chartres et al. 2004, p. 4).

Another essential element is access to relevant socio-economic information. If the works or changed practices needed to protect an environmental asset require changes in behaviour by private land or water managers, investment managers need to consider whether those works will be attractive or unattractive to the people who would have to adopt them. There are many well understood reasons why conservation practices can be unattractive to land and water managers (Pannell et al., 2006). If the practices are highly unattractive in a particular case, it will be expensive and difficult to get them adopted, and the viability of investing in that natural asset will be reduced. Seymour et al. (2008) found that CMOs have little capacity in the use of social or economic information relating to landholder behaviour. At national, state and regional levels, it was generally assumed that, with sufficient effort and skill on the part of extension agents, landholders would respond on an adequate scale to extension and the payment of small, temporary grants. However, Pannell (2001b) highlighted that in many regions there was a lack of sustainable land-management practices that were highly adoptable by farmers. Pannell et al. (2006) argued that “If such innovations

cannot be identified or developed, there is no point in falling back onto communication. Promoting inferior practices will only lead to frustration for all parties” (p. 1421).

## ***2. Use of appropriate delivery mechanisms and policy mechanisms***

Pannell (2008) showed that policy mechanism choice needs to be sensitive to local conditions, as well as to the general characteristics of a problem. The best choice of policy tool depends on the mix of public and private net benefits from proposed changes in management or land use. In the NAP and NHT programs, the most commonly used delivery mechanisms by far were extension and small temporary grants. As argued earlier, these were often used in circumstances where they could not deliver the desired environmental outcomes, often because they were used to promote conservation practices that were not sufficiently adoptable. Investors should either have used different policy mechanisms or prioritised different natural assets.

## ***3. Setting appropriate targets***

Environmental targets should be consistent with the known bio-physical information about the asset’s response to management, the known behavioural responses of land and water managers to policy interventions, and the resources available under the program. Clearly, it is not possible to select such targets without having undertaken high-quality analyses of the investment options. In the NAP and NHT, the program required CMOs to specify targets, but did not require those targets to be realistic or based on analysis. According to the Auditor General (2008, p. 19), “80 out of the 163 resource condition targets identified in the plans [of eight regions examined] did not meet the identified criteria in terms of being measurable or having a specific timeframe”.

The high-level goals of the programs also lacked realism: “The consensus from consultations during the course of the audit, indicates that this will not be possible [to meet the program goal to stabilise or reverse salinity trends] within the eight-year timeframe originally envisaged for the NAP” (Auditor General, 2004, p. 18).

## ***4. Monitoring and evaluation linked to management***

Good evaluation is closely related to good planning. If the analysis has been done to select investments and establish high quality targets, monitoring and evaluation is relatively straightforward. It should consist largely of updating the original analysis as additional information becomes available. Results of this updated analysis can feed into ongoing management decisions.

Monitoring in NAP and NHT focused on accountability for funds spent, but neglected the achievement of environmental outcomes. This focus sent a clear message to CMOs about the government’s concerns and priorities. Weakness of monitoring was also observed at the program level: “At the present time it is not possible to report meaningfully on the extent to which these outputs contribute to the outcomes sought by government” (Auditor General, 2008, p. 16).

## ***5. Supporting and creating appropriate incentives for environmental managers***

In a program where decisions about actual investments are devolved to individuals or groups separate from the funding body, it is important for the funding arrangements to be set up in a way that provides incentives for environmental managers to seek

environmental outcomes cost effectively. Programs should also provide support to address important knowledge and skill gaps that decision makers may have. Reviews of the programs highlighted this issue. For example, “enhancing guidance to the regions must be given a higher priority” (Auditor General, 2004, p. 15). The Senate (2006) recommended that Government should “strengthen the accreditation process for regional bodies” and “ensure that funding is conditional on rigorous investment planning” (The Senate, 2006, p. 221).

### ***How is ‘Caring for our Country’ different?***

Differences in ‘Caring for our Country’ relative to previous programs include the following:

- The program aims to adopt a stronger “business approach” with “clear outcomes and priorities”. This involves the Australian Government taking greater responsibility for the setting of specific priorities, and therefore a diminution in the power of CMOs to set their own priorities. Intended outcomes from the program have been specified (Anonymous, 2008a).
- The intended outcomes encompass a somewhat different range of issues. It is structured around six theme areas, or “national priorities”: national reserve system; biodiversity and natural icons; coastal environments and critical aquatic habitats; sustainable farm practices; natural resource management in remote and northern Australia; and community skills, knowledge and engagement. Strikingly, salinity is not a priority issue – a major departure from having a major program devoted to it. For the new priority issues, spatially explicit priority regions are specified.
- A much smaller share of the budget is allocated directly to CMOs.
- Larger projects are encouraged.
- There is an emphasis on achievement on outcomes within the five-year time frame of the program.
- Bodies other than CMOs have more scope to submit proposals for funding under the program.
- A comprehensive set of assessment criteria for evaluating funding proposals has been specified (Anonymous, 2008b).

### ***Are the changes sufficient?***

Although the program is only in its early stages, it is possible to provide some assessment of whether it is on track to overcome the weaknesses of past programs. Overall, in my view, the changes are not yet sufficient. Program design and development was extremely rushed, as the Departments attempted to meet an unrealistic politically imposed timeline. Intended outcomes should not only be clearly articulated – they should be based on sound and comprehensive analysis considering asset value, levels and timing of environmental damage, the technical and socio-economic feasibility of reducing damage, and costs. This analysis could not occur in the available time. As a result, some of the stated intended outcomes are not achievable and some of them cannot be achieved cost-effectively. Some are still expressed as activities, rather than outcomes.

The project assessment criteria published in the program’s 2009-2010 Business Plan are excellent. If these were to be implemented, they would substantially improve the portfolio of projects that receive funding. Unfortunately, the current template for project proposals will not provide sufficiently comprehensive or clear information to

decision makers to allow them to apply the assessment criteria adequately. The criteria should also be applied to investments other than those coming from competitive project applications.

### ***Specific suggestions for improved effectiveness of the program***

An immediate priority should be to develop systems and processes to allow the stated assessment criteria to be applied to the assessment of potential investments. The proposal template needs to be redesigned to make this possible. The revised form should require a Specific, Measurable, Achievable, Relevant, Time-bound (SMART) goal or target, and should emphasise the need to demonstrate the technical and socio-economic feasibility of achieving that goal, and to present the evidence on which claims of feasibility are based. In the assessment of socio-economic feasibility, there is a need for a more hard-nosed and realistic view of what behaviour change is likely to result from projects that rely on extension as their front-line delivery mechanism.

As part of the project assessment process, there needs to be a stage of expert review, examining whether sufficient evidence has been provided to give confidence that the claimed project outcomes are realistic. It is probably only administratively feasible for this to be done for projects above a certain size.

Related to this, although there has been a move towards funding larger projects, this should be taken further. It would be better for the program to aim to do fewer things but to do them very well. A priority should be to fund some projects about which there is very high confidence that they will *really* achieve important environmental outcomes. This will help to demonstrate success, and may help to influence further evolution of future programs.

For projects above a certain scale, it should be a requirement for there to be a phase of goal clarification and feasibility assessment (both technical and socio-economic) as the first phase of the project (except for the very few natural assets where this has already been done). This is routine practice in areas of private industry, but is rarely practiced in natural resource management. There needs to be a willingness to cease funding for projects that fall short in that first phase.

There is still a strong reliance on CMOs in the new program, with \$636 million (28% of the total program budget) to be provided to them as secure base funding over the five-year life of the program. In addition, they are expected to win a substantial portion of the program's competitively available funding. However, the program has not addressed a number of serious problems in the regional CMO system that were apparent in the previous programs. These include an in-built tension between meeting community expectations and achieving natural resource outcomes, a tendency to pursue broad community involvement for its own sake and to share resources thinly among many small projects to achieve this, a lack of strong evidence behind many funding decisions, and low capacity to deal with technical and socioeconomic information or to integrate information for decision making.

There is a need for strong guidance, support and training of CMOs to begin to change their culture, mindset and capacity to pursue cost-effective natural resource outcomes. As part of this, there is a need for CMOs to use a standard investment framework (or frameworks) to develop and evaluate their projects. INFFER (Investment Framework

For Environmental Resources – [www.inffer.org](http://www.inffer.org)) has been developed in close partnership with CMOs, and might form part of a package of tools that CMOs are encouraged and supported to use. This interacts with the requirement to improve the program's project assessment template, so that projects that have been well developed based on strong evidence and analysis can be distinguished from those which have not.

The new emphasis in the program on outcomes is positive, but the requirement for them to be achieved within five years is not. Few worthwhile natural resource outcomes can actually be achieved on such a short time frame. Many (perhaps most) worthwhile natural resource investments would require ongoing investment, well beyond the current five-year time frame. This reality affects the design of a sound monitoring and evaluation framework. If the framework is limited to the five-year time frame, this it must focus mainly on activity, rather than outcomes, compromising the outcome focus of the program. An outcome-focused monitoring and evaluation framework needs a stronger emphasis on quantitative estimation of likely natural resource outcomes, probably based primarily on modelling in many cases. As noted earlier, it should have much in common with the initial analysis that demonstrated the cost-effectiveness of a project, effectively being an update of that analysis. This approach will better embed a learning and adaptive management approach into the program.

Looking forwards to future programs, there is a need to commence the analysis of investment options years in advance of the completion of the current program, so that sound priorities can be specified when the next program is being developed. I suggest that a special unit be established by DAFF and DEWHA to develop the technical skills, tools and databases to undertake this task. The unit should be provided with funds to invest in research (e.g. in cause and effect relationships, in the adoptability of sustainable land management practices).

Overall, the program has taken steps in a positive direction, but significant further changes are required. The suggestions above should help the 'Caring for our Country' program to move closer to its stated intent.

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