



BUILDING FOUNDATIONS FOR NRM VIA NGOs A Submission by the Regional NRM Groups Collective

Purpose of this Paper

This submission to the Productivity Commission's enquiry into non-government organisations deals with issues relating to the natural resource management sub-sector. The submission urges the Commissioners to avoid generalising from the more prominent social welfare and charitable sub-sectors across to the natural resource sub-sector when framing their recommendations.

The submission is made on behalf of Queensland's natural resource management fraternity by the Regional Groups' Collective (RGC) in response to the Issues Paper of April 2009.

Background

'Natural resource management' (NRM) embraces programs to improve the management of land, water and biodiversity resources and cultural heritage. In this paper, it is taken to include environmental programs. 'Regional NRM bodies' are the 56 organisations established to deliver NRM Australia-wide. They have their roots in three prior movements: Landcare, a national network of now some 4000 community NGOs promoting sustainable rural production and conservation; catchment coordinating committees; and the regional NRM strategy groups such as the South West Strategy in Queensland's mulga lands. The RGC represents Queensland's 14 regional NRM bodies. In this paper, 'regional NRM' is taken to include local NRM.

So the regional NRM bodies have inherited and have further developed several complementary roles, notably:

- to represent and support the voluntary Landcare sector; to coordinate, service and underpin the work of groups and individuals working towards more sustainable management of public and private property;
- managing the knowledge system by translating knowledge between discipline-based experts and place-based generalists (notably farmers and land managers) – in other words to broker information between land, water, biodiversity, cultural heritage, environmental and agricultural portfolios; and between governments, scientists, business and the community;
- to conduct strategic and works planning on behalf of all stakeholders and craft regional policy;
- to coordinate activity, disburse grants, manage projects, build capacity and facilitate works in NRM.

The institutional arrangements in each of the States differ, particularly in the relationship of the bodies to the respective State governments. Titles vary between States: the term includes catchment management authorities, boards and councils. In New South Wales, Victoria and South Australia the bodies have statutory status and some regulatory and taxation powers. Although regional bodies were established to deliver NRM for the State and Commonwealth Governments, in Queensland they are not legally creatures of government but of the community. They are either associations incorporated under Queensland law or companies under national corporations law.

In 1996-97, the Commonwealth Government launched the Natural Heritage Trust (NHT) with an initial funding of \$1,249 m, much to be paid directly to this network of community-based regional organisations. NHT I ran from 1996-2002 and NHT II from then until June 2008, when it was replaced by Caring for our Country.

Primary Issues

The primary issues that the Collective wishes to draw to attention are six in number.

Funding security

An increasing challenge for the not for profit sector and particularly regional NRM bodies is the lack of funding security. There appears to be a lack of recognition by Government that the way they structure programs and delivery processes often place regional bodies in Queensland in situations where they face insolvency. The regional bodies have robust governance systems in place and take their corporate responsibility very seriously. To inadvertently, or otherwise, place them in situations of constantly addressing insolvency issues places an incredible strain on Boards and staff. It also distracts many from the business to which they are in place to deal with and that is to deliver NRM outcomes.

Regional NRM bodies are critical partners

A central argument in this paper is that regional NRM bodies are critically important agents in the management of Australia's natural resources, because:

- they are performing several public interest functions, especially outreach to the on-ground land managers, that are utterly indispensable in managing Australia's landscapes; but that
- have been neglected since State governments phased down their performance of these functions during the reforms of the 1990s and devolved them to regional NRM bodies, or to no-one;
- forged unique co-investment partnerships in NRM which is uncommon in the history of NRM; and that
- no other body in sight is fulfilling these roles.

For these reasons, it is critical that the Commission does not portray regional NRM bodies as lobby groups with a vested interest. Nor are they merely project contractors. Regional NRM bodies don't just distribute public moneys: they ought to be regarded as trusted partners of the State and Commonwealth Governments in fulfilling their constitutional and national responsibilities respectively.

Although regional NRM bodies were established at the Commonwealth's behest, one of their primary roles (like other not for profit organisations) is to serve as representatives of and mouthpieces for the community and to transmit their views back to the centres of policy formulation in the State capitals and Canberra. Central government needs this input if rural and regional policy is to be well grounded.

Mechanical portrayal

The Issues Paper presents a rather mechanical, instrumental view of the sector. It seems to portray NGOs as primarily operational, with the following characteristics:

- are identifiable, independent or semi-autonomous organisations;
- delivering only discrete services or measurable, identifiable projects;
- that have a beginning, and have measurable outputs leading to a definable outcomes.

For many NGOs, this is not an adequate characterisation of the contribution they make to society. The NGO sector is a foundation of the fabric of society and is as much a part of its institutional infrastructure as business or government.

This point has implications for the likelihood of success of the Commission's mission. Given that many NGOs have a more systemic role than that of simply delivering projects, then measuring their contribution in a way that is not misleading becomes highly problematic, as shortly explained.

I quote from a paper written recently by a former CEO of a Queensland regional NRM body, itemising the less visible backroom functions that need to be nourished if effective front-end functions are to be delivered effectively:

- “corporate governance, general administration, contract administration
- education, cadetships, workforce planning and recruitment, housing
- engagement with the Indigenous community, facilitating participation
- mapping and GIS
- data management, library, resource monitoring
- publicity, interpretation, media, events
- Landcare advice, outreach, district liaison, two-way translation
- participation in and hosting of conferences and events
- property and catchment planning, regional strategy formulation
- input into others' planning exercises
- contribution to policy
- participation in the regional and national NRM sector
- performance evaluation
- envisioning ideas for future projects and submission-writing.

“All this is without turning a sod of an on-ground works project.”

In any competitive round of funding bids, a competitor who is *not* building local systemic capacity through these activities can undercut a body that is, and can seem to be more nimble and “efficient”.

The Caring for our Country administrators keep referring to the new program as being outcome centric, but they have focused on biophysical outcomes. They overlook that the effective engagement of communities is also (and always has been) an outcome of NRM.

Regulatory protection, not burden

At a number of places, notably in the fourth paragraph on page 30 and the fifth on page 31, the Issues Paper uses the term “regulatory burden”. This term is a misnomer. Regulation, especially for NGOs, is as much a protection as a burden. Regulation creates property rights. Regulation allows bodies to incorporate and protects them from destructive litigation. Regulation creates differential tax regimes and other concessions. Occupational health and safety legislation is a protection for workers and a source of good order and fair play in the workplace. Regulation is a brake upon aggressive commercial practices by business. By setting their bounds, regulation creates markets. Regulation and reporting are also the corollary of accountability.

The core problem that regulation presents to NGOs is not its existence, but unnecessary and overlapping administrative and grant-application procedures. It is recommended that the term “regulatory burden” be replaced by ‘regulatory protection’ or ‘regulatory provisions’, depending on the context.

Similarly, the term “tax burden” is inappropriate. Taxes are a method of raising revenue and are a price that NGOs pay to enjoy the benefits of the state.

To bring its concerns into focus, in the next report the Commission should itemise the regulations that it considers are *not* a legitimate feature of good order in a modern mixed economy.

A framework for differentiating public from private interest

To define the bounds of any program that disburses government funds, it is necessary to distinguish between public and private interest in the activities funded. In NRM, the absence of an accepted or normative benchmark in this regard is felt throughout the funding chain: each NRM body has to evaluate this aspect of individual applications on their merits; and at the national scale the risk of paying landholders for private benefit works (that they ought to be doing anyway) no doubt fuels Canberra’s reluctance to increase the size of the funding pool for on-ground works.

There is an associated need for comprehensive cost-benefit analysis of investing in NRM, including the accumulating costs of *not* investing in such preventative measures as weed control, erosion prevention and climate adaptation; and the positive leverage that can be obtained from contributing money to local groups. Studies of this kind require central intellectual and financial resources beyond the capacity of regional bodies.

A rationale for investing in NRM based on these two justifications could lead to a more robust and self-managing formula for funding NRM consistent with purpose.

Potentially misleading performance evaluation

We welcome evaluation based around realistic and flexible methodologies, but two cautions are sounded. First, in the community sector generally, performance evaluation is highly problematic, for it is never value-free. Variables include:

- the scope and boundaries of the evaluation;
- the identity and organisational role of the evaluator;
- the mindset or disciplinary skills of the evaluator;
- the sample size;
- the identity and roles of the individuals or organisations sampled;
- the method used and its appropriateness to the functions being evaluated;
- the consequences of the evaluation (such as budgetary allocations) and the likelihood of untoward pressures from one side or the other;
- the language in which the findings are expressed;
- the orientation of the publicity when the findings are publicised.

All these variables can be shaped by the entity doing the evaluation according to the purpose; and/or by the entity being evaluated. This is an argument against reliance upon a mechanistic or a one-size-fits-all method. Any measure should be accompanied by a disclaimer explaining what the evaluation can and cannot measure.

The second main caution is that it is exceptionally difficult to use orthodox rational methods to report against dynamic parameters in non-rational sociological and ecological systems. For example, it is well-known that it is difficult to measure the building of social capital in the community sector. The hidden danger is that the evaluator will find some proxies and then assume that they capture the sector adequately. This hazard is general but is played out in specific ways in each sub-sector.

In NRM, a major step towards national headline indicators and methods has been published recently – in April 2009 (the Natural Resource Management Monitoring, Evaluation, Reporting and Improvement Framework). Nevertheless, standard indicators of environmental condition can offer false precision, as there are numerous interlocked variables. Much of Australia's landscapes are subject to wet/dry, hot/cold extremes. Natural variability in the weather alone means that programs and projects, particularly away from the fertile coast, can take years to demonstrate results. It may be extremely problematic to quantitatively attribute deepening of a landholder's skills or an improvement in the land condition back to a causative program of capacity building. For example, a single storm can wash away years of watercourse erosion control works; even mulga trees have been killed by the recent 10-year drought; some weed invasions defy all attempts at eradication but would be worse if nothing were done – and the weed infestations that are prevented because of hygiene programs are of course not measurable.

In scientific language, ecosystems and social systems are *dynamic* systems, and simple *linear* methods of monitoring are invalid, even if data were adequate, which they aren't.

The ANAO report

In 2008 the Australian National Audit Office (ANAO) published an evaluation of regional NHT arrangements. It reported adversely on the inability of the Commonwealth to confirm whether the fund was achieving the intended purpose. In our opinions the report was inadequately conceptualised and was misinterpreted.

The Audit Office crossed between the financial and audit domain (where standard accountancy-like yardsticks are applicable), the domain of intergovernmental administrative arrangements (where best practice procedures can be specified) and the non-precise, NRM domain (where performance measurement is highly fluid).

The Audit Office's report should have led to streamlined administrative procedures in Canberra and between Canberra and the States, but was misused to favour funding projects that could demonstrate effective results within the program's lifetime, if not within each year. It has had the regressive effect that base funding for regional NRM bodies has been squeezed; and ironically it is largely base funding that the bodies have used to conduct the baseline monitoring of resource condition and trend that would allow them to demonstrate performance results as best they can.

Page by Page Commentary

In this section, responses are offered to some of the leading questions in the Issues Paper, together with incidental comments on other parts of the text.

Invitation to comment page 12: NRM sub-sector not obviously within the scope

The text in the third paragraph on page 12 and the chart on page 11 seem to allow little scope for analysis of the challenges facing the NRM sub-sector (as distinct from the social services sub-sector). Unless the Commission examines these in some depth, the usefulness of its report for the NRM sub-sector will be limited.

Use of case studies

Referring to the fourth itemised point on page 12, case studies are fine if they are used to develop a coherent theory or to strengthen the conceptual framework. There is a risk that case studies influenced by specific circumstances, if not adequately conceptualised, will lead to invalid general conclusions.

Invitation to comment page 18: Previous studies of NRM sub-sector

The regional movement has been subjected to a number of previous studies though many would now need to be qualified because the advent of the Natural Heritage Trust in 1996 brought broader responsibilities, notably in strategic and catchment planning, indigenous outreach and information management.

The *Queensland Decade of Landcare Plan Review* by Jenny Daly in 1997 found that while there had been a great deal of progress in the five years to 1995, "The current Plan does not provide measurable performance indicators to establish specific targets. In addition, there is a lack of baseline data on the extent of soil degradation, water quality, and vegetation and habitat decline." These shortcomings still beset the sector. As explained in "Primary issues" above, measuring performance in dynamic ecosystems will always be problematic, but in NRM the lack of coordinated data of a standard that is fit for that difficult purpose is chronic.

The report *Landcare in Australia: A Critical Review* by Allan Curtis in 1995 (p.47,48) identified 11 "essential elements of a practical theory of state sponsored community participation". It is fair to say that there has been no concerted effort to put these elements of community empowerment in place. The first two concerns he identified (p.52) about the Landcare program – "Limited funding unlikely to effect desired changes at landscape scale" and "Inadequate attention to the need for structural change" remain as powerful as they were then.

The ANAO report of December 2004 on the administration of the National Action Plan for Salinity and Water Quality, a program that was delivered through regional NRM bodies, makes sobering

reading. At least four of the six recommendations have not been implemented. The recommendation for a “concerted effort” to introduce three year funding has been achieved in part with a recent move to four-year guarantee for the Caring for our Country base grants. Also, arguably some progress has been made on the third (p.20, strengthening access by the bodies to lessons about best practice), progress that is now threatened by the abolition of Land and Water Australia.

ANAO commented adversely on the time taken to establish the delivery arrangements (program announced in November 2000, significant on-ground investment did not occur until 2003-04). Our society does not fund its road or sewerage infrastructure in this tardy manner. There is no reason why our social and environmental infrastructure should be subject to such appalling transaction costs. This is the reason why the Collective urges the Government to persist with the regional NRM model: staff burn out and NRM problems accelerate during the delay attendant upon any change in the institutional arrangements.

Invitation to comment page 18: Studies undertaken by the NRM movement

In 2008, the Regional Groups Collective commissioned consultants to prepare a report outlining the major environmental challenges facing the NRM sub-sector. This report, entitled *Horizons*, has not been publicly released but a copy can be made available to the Commission. The report identifies these emerging challenges:

- climate change – carbon mitigation;
- climate change – adaptation;
- future energy supplies – especially ‘peak oil’;
- global markets and commodities;
- reliance on mining and regional resilience;
- population shift and growth.

‘Horizons’ forewarns that the NRM sub-sector will face onerous responsibilities in aiding Queensland’s communities to cope with these challenges.

Invitation to comment page 21: Additional contributions by the NRM movement

The four itemised points on page 21 seem to exclude the first three of the significant roles of the NRM movement identified in the “Background” section above. These less visible roles could be summarised as ‘building social and environmental infrastructure’.

While the fourth item on page 21 does mention that the sector invests in “environmental assets”, the language seems to treat these as stand-alone assets rather than a part of the ecological fabric of the planet and the source of agricultural production. Even “Enhancing...endowment” portrays the role as being that of an operational functionary, rather than that of a strategic planner or custodian.

In other words, the foundation-building roles of NRM bodies, being comparable to the “Connecting the community” role for the social sub-sector, are not captured by the text. Similarly, these systemic roles are not adequately captured in the chart in Figure 2.

Invitation to comment page 23: Conceptual framework

A conceptual framework is essential if the Commission is to rise above aggregating anecdotes or jumping to conclusions based on pre-conceived formulae.

The sketch on page 22 is basically a flowchart. To serve as a conceptual framework, it needs an underpinning theory or philosophy, a purpose for the sector and a set of guiding principles. The philosophy that the Commission intends to apply (e.g., for NRM, one of ‘sustainability’) should be transparent and justified. The second and fourth “Primary Issues” above outline some building blocks for a conceptual framework.

Invitation to comment page 23: Methods for evaluating the sector’s contribution

The main reasons for attempting to measure the performance of NGOs are understandable. There is certainly a growing pressure on charitable and not-for-profit organisations to demonstrate value for money, in keeping with the modern enthusiasm for performance evaluation. However, it is necessary to be clear-sighted about one non-impartial driving force behind this mission.

This an attempt by an industry-funded free-market lobby group to place pressure on not-for-profit environmental and progressive organisations: the Institute of Public Affairs through Gary Johns and publications such as *Corporate Social Responsibility or Civil Society Regulation?* 2002 and *Informed Giving: Ensuring Charities Inform Donors* 2004. This source of pressure should be seen for what it is: ideological; and should be discounted by the Commission. Whether charities inform their donors is a matter for charities and their donors: a central government statutory regime is not warranted.

Invitation to comment page 25: Have existing measures informed policy?

In relation to NRM, the short answer is comprehensively, No. Two instances are presented in evidence. First, previous reviews of Landcare and NRM have concluded that the single ingredient most critical to success is stability in funding and institutional arrangements so that it can plan, write contracts and employ staff with confidence. This has been repeatedly denied to the sub-sector. The uncertainty around the financial year end in June-July 2008 is an example, although the situation in May 2009 is slightly eased as the (parsimonious) base grants have been guaranteed for four years.

Second, innumerable government and scientific publications indicate that the condition of Queensland’s and Australia’s natural resources and oceans are continuing to decline (although not uniformly). The prudent policy response would be to examine the abundant literature relating to what methods work and what do not work; and to apply policy instruments with matching resources accordingly. Yet this is not happening. Certainly, there are strategic plans such as the Great Barrier Reef Water Quality Protection Plan, regional NRM plans and the Lake Eyre Basin Agreement. But there is rarely any systematic application of the resources and tools available towards solutions, there is no pooling of capacities, no methodical implementation. In short, there is no feasible path to implement the existing plans.

There is no obvious nexus between the numerous plans, strategies, parliamentary reports and other analyses with the pre-eminent instrument of national policy – the federal budget and no visible feasible path for implementing the plans and submissions that regional bodies and others prepare. The comment below on page 26’s “Pre-requisites for success” pursues this line of reasoning.

Invitation to comment page 26: Experience with attracting workers

Regional NRM bodies in regional communities are continually challenged to recruit and retain skilled staff. The single most powerful inhibitor against developing a skilled corps and against offering portability between regional bodies is the lack of security of funding.

The three itemised points on page 26 are valid ingredients of a successful organisation. At present the second is difficult because the sub-sector cannot offer career progression for experienced senior officers; and the third cannot be achieved in regional NRM because there is no security of funding – the same reason.

Invitation to comment page 26: Pre-requisites for success

It is recommended that the Commission pursue this line of investigation and accord it a primary place in the report.

Rather than focus on just the deficiencies and strengths in the present arrangements, the Commission could spell out the ingredients of a successful NGO or network of NGOs. This exercise would give a good guide to the statutory, fiscal and policy settings that governments should put in place to encourage the sector. Governments tend not to formulate policy in this objective-led manner and to produce a model by which it may be achieved would be a considerable service.

This exercise deserves much more thorough consideration than can be given in this submission, but a couple of pre-requisites for an effective NGO are suggested:

- *a clear rationale or purpose*, including a clear relationship with other NGOs and government entities and a non-contested geographic territory / scale;
- *alignment of resources, powers and skills* of the NGO with those of its government partners, matching responsibilities with both accountability and funding on a *stable* basis;
- subjection to *simple administrative procedures* such as common forms, insurance protection and standardised funding application procedures.

By working down from these preconditions to finer levels of detail, governments could identify steps that they can take to facilitate these ingredients of success. A major weakness in NRM and presumably other sub-sectors is that one looks in vain to find a locus where legal power, practical authority, skills and funds are all assembled in the one centre of activity.

Taxation and fund-raising

On page 27, the Commission dips its toe into the water of taxation and concessions. It is recommended that if this subject be dealt with at all, it be done much more systematically and thoroughly by examining the perverse incentives through taxation and other subsidies which work against successful operation of NGOs. Many programs run by NGOs are directed towards ameliorating perverse incentives. For example, regional NRM bodies through farm extension and on-ground works endeavour to patch up some of the perverse consequences of drought aid subsidies which encourage landholders to retain stock on their properties during extended drought.

Invitation to comment page 27: Institutional arrangements and regulations

The reference to regulations in this paragraph is a straw man. The problem more commonly is the lack of a confidently defined niche in relation to the machinery of government. Perhaps the writer is using “regulation” as a generic term for activity by government, but if so it is sloppy expression.

As an example, since their establishment the regional NRM bodies have picked up a number of functions that were formerly performed by the State: such as Landcare administration, integrated catchment management, active weed and vermin control programs, strategic NRM planning and farm extension. However, there was no formal memorandum of agreement with the bodies; no line

of funding either as a block grant or tied to delivery of specified functions; and no clear division of roles between the Commonwealth and the State to which the regional bodies could relate. This situation is still the case today. This is not an argument for statutory recognition, which the regional NRM bodies in Queensland do not desire; rather a plea for role definition by the State and Commonwealth backed up by a commitment to fund the functions which regional NRM bodies are best positioned to deliver.

Invitation to comment page 28: Knowledge management

The regional NRM secretariat based in the Commonwealth department in Canberra has been in the best position to disseminate capacity-building support to regional NRM bodies and hence to Landcare and catchment groups throughout Australia. However, this systemic role of the Commonwealth seems to have been down-emphasised during the latest Caring for our Country restructure. For example, the Knowledge Management program sponsored by Land and Water Australia now seems to be ineligible for support. This seems partly a consequence of the emphasis on performance management. The spreading of knowledge amongst NGOs on how to manage their organisations is at risk under any program that requires outcomes to be measured. Indeed, Land & Water Australia itself is to be de-funded, as announced early in May 2009.

Also, organisational capacity building by the regional bodies themselves does not seem to be eligible for project funding under Caring for our Country and must be covered by the (shrinking) base funds.

Comment on partnership with universities

It is very easy to find good research projects that would have beneficial results for both NGO partners and universities. The problem is that neither side is adequately funded to take advantage of the potential. The procedures for securing funds from the Australian Research Council are drawn out and competition for the pool is fierce. Universities will readily embrace industry partners who can contribute funding (even if only a small proportion of a project) to support their cases before ARC and other funders; but research is unattractive to regional NRM bodies, partly because research is long term and does not usually demonstrate tangible outputs within a year-by-year timeframe. The time frames of delivery have traditionally been short for NRM which is not highly desirable for universities.

Invitation to comment page 30: Are current incentives sufficient?

Most community organisations do not need financial incentives in order to apply their best endeavours to operate efficiently and effectively and to give value for money to their funders. They are naturally motivated to achieve the best possible results in their field and are staffed by people who commonly have committed their careers to this mission. However it has also been well documented that incentives will accelerate change and present the required change needs to be accelerated.

Comment on inconsistencies across jurisdictions

Australia is a vast continent with a vast range of natural habitats, from searing deserts to snow-covered alps, from tropical monsoonal savannahs to cool temperate rainforests. The Commission should not make too much of inconsistencies across jurisdictions. There is a direct contradiction between a desire for national consistency; and a desire for innovation and creativity. With State-based regimes, there are eight loci for innovation, embedded within eight very different sets of governmental machinery administering eight geographically very different territories.

National consistency would require greater centralisation, greater subservience to a single set of policy objectives presumably set in Canberra, greater remoteness of decision-makers from landholders and weaker lines of communication. National consistency is an issue primarily for only the NGOs managing operations across Australia, whereas the horizons of most NGOs are local or regional or at most State-wide.

National consistency inherently implies that the States will be sidelined. As the States are the primary supplier of community services, any regime that weakens their role will tend to allow them to reduce their level of interest and their capacity and this can become self-reinforcing. It would help if the Commission were to establish some normative criteria for differentiating between functions that are best delivered nationally (such as universal health insurance) from functions that are most appropriately delivered through State governments (such as NRM).

The intrusion by the Commonwealth into the States' constitutional responsibilities for NRM has the effect of weakening accountability. Ironically, the advocates of performance measurement are demanding accountability from the NGO sector, but overlook the greater muddles in accountability of the levels of government.

The net effect of poorly managed federalism is increased duplication, transaction costs and overheads in gaining consensus on any program between the two parties, and increasing separation between the on-ground decision-making and the funding and policy and strategic decisions (shifting from the State capital to Canberra). In the social, education and health sub-sectors, this duplication has long been seen as a burden upon all parties involved, not least the governments themselves. In NRM, it ought to be avoidable, as the constitutional responsibility of the States is very plain. The new trend is the Commonwealth's increasing use of its budget power to influence functions such as NRM outside its constitutional role. However, the Commonwealth's funds have been too meagre to tackle the challenges head on; and have simply allowed the States to cost-shift and withdraw.

Invitation to comment page 31: Is the national reform agenda adequate?

By "national reform agenda" presumably is meant the agenda of micro-economic and pro-competition reforms advocated by the Commission and put in place under COAG. At its heart, a great many of these reforms were aimed at (or resulted in) reducing costs to business and in removing unnecessary economic and other regulation. Commonly, this amounts to forcing producers such as rural farmers to reduce their costs and government departments to commercialise functions and to squeeze budgets. This would not matter so much, if some other entity were funded to supply the public goods that are otherwise abandoned in the name of cost-cutting. Regional and local NRM groups have not been commissioned systematically to pick up this slack, though they do so in part and have the potential to do so more. The Commission might recommend that whenever the national economic reform agenda causes public good and social responsibilities to be passed on from business or government in the name of removing cross-subsidies, an NGO is *systemically* funded to fulfil those responsibilities.

Invitation to comment page 32: Are governments excluding smaller NGOs?

In NRM, under the Natural Heritage Trust, much of the Commonwealth's funding for local NRM was channelled through regional NRM bodies, who were the "lead" providers at the regional scale. This policy had the advantage of subjecting local grants to strategic regional plans; placing programs of local works under oversight by representative regional bodies; coordinating between

the government portfolios and cross-partnering between all stakeholders and all technical disciplines. The region has proved to be a suitable locus for meshing local knowledge and local representation with broader State-wide and national policy and priorities.

Not all Commonwealth funding units took advantage of this capability. Envirofund was a program of on-ground works administered from Canberra through Regional Facilitators. A measure of coordination with other programs and priorities was achieved where the Regional Facilitators were housed in the regional NRM bodies; but the funding criteria and administrative procedures were independent and the regional NRM plans were largely disregarded.

Under Caring for our Country, the advantages of subjecting local projects to the strategic priorities encapsulated in the regional NRM plans have been down-played, as any organisation may apply for grants from the discretionary pool. This increases the prospect that money will be wasted by funding local enthusiasms that may not have broader support. It increases the risk of funding local or remote groups who may lack the institutional capacity to see complex projects through to a conclusion. Regional NRM bodies, once the base costs are covered, can offer economies of scale as regional project managers and, if they are sidelined, it becomes more likely that other grantees will need to duplicate those capabilities.

Regional NRM plans have been prepared in part precisely to allow practical works to be prioritised in a strategic context. They are prepared consultatively with State and federal agencies and are intended to crystallise the best contemporary knowledge of NRM into a form that can serve to guide the policies, works programs and budgets of all stakeholders, including the State and federal authorities.

Invitation to comment page 32: Enhancing the advocacy role

As a matter of basic courtesy, any organisation receiving funds is under a good-faith obligation not to be overly publicly critical of the donor. However, regional NRM bodies are spokespeople for the communities they represent and serve a valuable role in bringing policy advice to State and Commonwealth Governments – in a measured and non-partisan manner. It is vital that the conditions of grants do not formally constrain recipients from advocacy.

The best method of enhancing the advocacy role is to secure independent funding; but this is difficult as most of the services that regional NRM bodies provide are public goods and ultimately rely on public funding. Constructive advocacy would be enhanced by a regular national workshop at which a small number of policy-savvy representatives met to assist the Commonwealth in their policy formulation. At present, Caring for our Country seems to be emanating from a black box which is opaque to (at least most of) the NGOs, who have not been afforded a structured opportunity to bring their extensive corporate memory to the policy table.

Invitation to comment page 33: Distinguishing general support from service delivery

In NRM, making this distinction should be relatively simple. Given the existence of regional NRM bodies, it would be appropriate to make funds available in three main modes:

- an untied, base, annual grant, secure for at least five years in advance in a rolling manner, to cover basic office overheads, development of a critical mass of skilled staff, knowledge management and other systemic functions identified earlier, with sufficient margin to allow the body to experiment and innovate;

- a tied allocation to distribute in the form of a devolved grant program according to criteria determined consultatively by the investor authority but administered regionally; given that regional NRM bodies are geographically anchored without overlap, the diseconomies of competitive bidding can be avoided;
- a pool of special project funds for which regional NRM bodies can submit bids.

The first item would be by way of “general support”, the second would be an allocation for delivery of a service and the third would be opportunistic. From the first item, the regional bodies would build local capacity and human and environmental capital.

This model closely resembles that recommended by the Industry Commission in its 1995 report on Charitable Organisations page XXX (also XXVII): funding agreements should be of two kinds: for service delivery (second item above) and “programs where outputs and outcomes cannot be clearly defined, for example community development...should be based on achieving jointly-negotiated and agreed objectives, and payments should fund (or part fund) overheads and staff salaries” (first item above).

Invitation to comment page 35: Outsourcing, neutrality, economies of scale

One reason for the decline in State funds for rural extension since the early 1990s has been the State’s apparent belief that farms, being commercial undertakings, could obtain whatever specialist information they needed from private consultants. This view was erroneous, because while farmers tend to be prepared to engage accountants or agribusiness consultants to advise on their commercial operations, they are much less likely to pay professional fees for advice about the management of non-commercial public goods. Knowledge is not a commodity and there is a widely acknowledged market failure in its provision. To this day, there is little overlap between commercial consultants and regional NRM bodies. Consultants tend to handle the private-good statutory applications and personal property management planning, while regional bodies tend to handle the public good functions.

There are standard procedures of financial and probity audit and all regional bodies are subject to the audit regime applicable to their constitutional form, as a matter of course.

The ‘costs saved’ by competitive tendering are ‘investments not made’ in the region of the bidding body. For example, for \$5000 a disabled lad in a remote town could be given a job photocopying documents or running errands; and dignity besides. Commercial bidders cannot afford to carry such commercial liabilities.

It is easy for funding agencies to focus on cost cutting and forget that the *purpose* of their programs is not to save the government money but to solve problems.

Comment on governance and accountability – page 37, 38

Inherently, the process of competitive bidding for delivery of services engenders arms-length legalism rather than partnership in trust. It can also impose huge administrative burdens upon NGOs. While some functions do lend themselves to delivery as contracts, some are better as partnerships.

Most treatments of accountability talk of the accountability of NGOs for the expenditure of public moneys granted or entrusted to them. Rarely do they speak of the reverse-direction accountability of the governmental agency to communities that invest the time and efforts of their people in trying to make the government's specified organisational arrangements work effectively. When a government de-funds a program or changes the rules or delays signing a MOU, energy and momentum are wasted, opportunity costs and start-up costs rise, people burn out and the weeds and erosion gather pace. It has taken a decade for regional NRM bodies to settle in and this capital will be lost if the model is allowed to wither.

Also, a form of accountability resides in program design. If regional NRM has failed to satisfy the Minister, culpability may well belong at home.

Trends and Developments

There are a number of trends relevant to the NRM movement that are not identified in the list. These include:

Climate change. This trend, accelerating during the past 10 years, has added to the stress upon natural systems. There is a prospect that some farming will migrate northwards towards the more reliable monsoonal rains. The landholders and irrigators who remain are going to require increasing support to maintain their natural assets.

Relentless decline in environmental condition, as evidenced by the State of Environment reports. The deterioration is widespread, serious and poses a significant threat to the State's economy and liveability.

The uncertain outlook for farming commodities. The average farmer in the inland Queensland is aged in the vicinity of 60 years. This has consequences for the vitality of the on-ground managers of natural resources; and their ability to assimilate information, particularly through new techniques such as the Internet. Trusted translators are needed and trust takes time to build.

Peak oil. Global production of petroleum seems to have peaked in 2008. When as seems certain this is translated into high fuel prices, there will be significant consequences for NRM (and all other sectors of the economy). To mention just two aspects, there is likely to be an increase in numbers of city dwellers seeking to take up hobby farms and a likely intensifying of cost pressures on farmers.

Conclusions

1. That while some characteristics will be common to NGOs in all sub-sectors, the content of the work that each does is unique. The Commission should avoid sweeping generalisations that do not recognise the unique role that NGOs play, such as the role the NRM sub-sector plays in maintaining the planet's life support systems.
2. That the Commission should avoid applying a simplistic model that portrays NGOs in the NRM sub-sector as mere service deliverers conducting self-contained projects that lend themselves to rationalistic performance measurement.
3. That the Commission highlight the need for greater ecological and sociological literacy within the national policy community to improve understanding of NRM and environmental issues.

The Collective does not argue that because regional NRM bodies exist, they must always exist. Rather it argues that there is no alternative model for delivering the Government's own proclaimed NRM objectives, so it is incumbent upon the Government to either put in place the long-recognised essential pre-conditions to make it work effectively, or else convince those who labour to make it work that a feasible alternative model is in train.

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