



# PROGRESS OF CATCHMENT ACTION PLANS

Their place in current and future  
natural resource management in  
NSW

September 2006



# PROGRESS OF CATCHMENT ACTION PLANS

Their place in current and future  
natural resource management in  
NSW

SEPTEMBER 2006

## Enquiries

Enquiries about this report should be directed to:

Claire Parkes

Phone (02) 8227 4300

E-mail [claire.parkes@nrc.nsw.gov.au](mailto:claire.parkes@nrc.nsw.gov.au)

Postal address GPO Box 4206, Sydney NSW 2001

## List of acronyms

AIP	Annual Implementation Program
CAP	Catchment Action Plan
CMA	Catchment Management Authority
DEC	Department of Environment and Conservation
DNR	Department of Natural Resources
DPI	Department of Primary Industries
IS	Investment Strategy
JSC	Australian Government and NSW Government Joint Steering Committee
MER	Monitoring, Evaluation and Reporting
NRC	Natural Resources Commission
NRM	Natural Resource Management
NSW	New South Wales

This work is copyright. The *Copyright Act 1968* permits fair dealing for study, research, news reporting, criticism and review. Selected passages, table or diagrams may be reproduced for such purposes provided acknowledgement of the source is included.

Document No. DO6/2236

ISBN: 1 921050 160

# Table of Contents

<b>1</b>	<b>Introduction and overview</b>	<b>1</b>
<b>2</b>	<b>The current model for NRM in NSW</b>	<b>3</b>
2.1	Roles and responsibilities of agencies	3
2.2	Role and scope of Catchment Action Plans	5
<b>3</b>	<b>NRC's assessment of CAPs and areas for improvement</b>	<b>7</b>
3.1	Complying with the standard and promoting state-wide targets	8
3.2	Fulfilment of other government requirements	9
3.3	Key areas for improvement	10
<b>4</b>	<b>The next stage in the evolution of CAPs</b>	<b>13</b>
4.1	CAPs as the integrating plan for action and investment in NRM	13
4.2	Consistent approach to NRM in urban and rural areas	15
4.3	Reducing the reporting burden and transaction costs	16
4.4	A whole-of-government approach to CAP approval and funding	16
4.5	Sustainable funding and attracting outside investment	18

# 1 Introduction and overview

Eight of the thirteen Catchment Management Authorities (CMAs) in NSW have completed their first Catchment Action Plan (CAP) and the remaining five are nearing completion.<sup>1</sup> These plans are a critical part of the regional model for natural resource management (NRM) in this state. Once approved by government, the CAPs will act as 10-year strategic plans or 'investment prospectuses' for NRM in each region.

These first CAPs will continue to develop over time. As they are improved, they will better integrate other NRM plans, including regional strategies, water sharing plans and regional conservation plans. They will be the vehicle for implementing action in a whole-of-government approach to achieving catchment and state-wide targets. They should become the primary vehicle for public and private investment in NRM and provide the continuity and stability needed to make investing in the natural resource assets that underpin the health of our economy, our communities and our environment mainstream.

The Natural Resources Commission (NRC) has reviewed the eight completed CAPs, and has submitted individual reports and recommendations on these plans. It has also reviewed drafts of the remaining CAPs. This overarching report explains the 'big picture' context in which the CAPs were prepared, and provides an overview of the NRC's assessment of them, the key areas for improvement, and the assistance required from government agencies. It also outlines the next stage in the evolution of CAPs, and explains how the model for NRM should be modified to better support CMAs during this stage.

The NRC has recommended that all eight of the CAPs it has reviewed be approved without amendment but that CMAs should complete a range of actions over time to continue to improve the CAPs and organisational capabilities. It considers that the CMAs have made significant progress in preparing their CAPs, given that they are relatively new organisations and many aspects of the regional model for NRM are still developing. To varying degrees, all eight CAPs comply with the *Standard for Quality Natural Resource Management* (the standard) and engender confidence that they will promote the achievement of the state-wide targets. All eight also meet (or mostly meet) the other specific requirements of NSW Government agencies and the Australian Government and NSW Government Joint Steering Committee. The Hunter-Central Rivers and Namoi CAPs particularly stand-out as good examples of strategic NRM plans.

The NRC identified a range of issues that need to be addressed to improve the next versions of the CAPs it has reviewed to date. The key common issues are:

- monitoring and evaluation – the NSW Government recently adopted a whole-of-government Monitoring, Evaluation and Reporting Strategy for NRM. It is critical that this strategy is implemented well, and that agencies and CMAs work together to generate meaningful information on resource condition and on the effectiveness of their investments in achieving targets. This will inform future policy and investment decisions and underpin adaptive management and evaluation of the success of NRM in NSW.
- improving strategic focus, prioritisation and risk management - CMAs need to improve their decision-making processes so that they can clearly justify and communicate their priorities and further increase investors' confidence that they will deliver NRM outcomes.

---

<sup>1</sup> Some of the five remaining CAPs have been submitted just prior to the completion of this report.

They also need to anticipate change and risks that will have significant impacts on achieving targets, such as climate change and social and economic change. CMAs will also need the support of agencies to make these improvements.

The NRC considers that the next, critical stage in the evolution of CAPs is for governments and all stakeholders to embrace CAPs as the integrated investment and action plans for NRM in each region. This role for CAPs is now part of the draft NSW State Plan. They need to be recognised as the vehicle for integrating priorities across different levels of government and across portfolios into concrete actions in each region. They should provide a sound and enduring basis for valuing and investing in the natural resource assets that underpin the state's economic, social and environmental health. CMAs need to use these plans to motivate all stakeholders, including industry, to coordinate their actions and investments to bring about long-term, positive natural resource outcomes. They also need to continually adapt the plans to reflect changing knowledge, experience and Government's policy settings.

The NRC has identified a range of further enhancements to the institutional framework for NRM that would assist CMAs in doing this, as well as generally improve the operation of the regional model for NRM. These changes include:

- modifying NRM legislation and policies so that they are consistent across urban/coastal areas and rural areas, and giving urban CMAs the flexibility to invest more in strategic planning and coordination and less in on-ground delivery
- reducing CMAs' reporting burden and transaction costs by negotiating more streamlined reporting and funding arrangements between the Australian and NSW Governments
- enabling the Ministers for the Environment and for Planning to provide advice before future enhancements and amendments to CAPs are approved to reflect the fact that CAPs are whole-of-government plans for NRM delivery
- improving sustainability in funding for CMAs to promote the stability and continuity that is essential for attracting investment from other sources and for achieving the 10-year state-wide targets.

The rest of this report discusses these matters in more detail. Chapter 2 provides an overview of the current model for NRM in NSW, and outlines the roles of each agency and CAPs within this model. Chapter 3 provides a high-level view of the NRC's assessment of the eight CAPs it has reviewed to date, and identifies the key actions for CMAs and others to improve these CAPs over time. Chapter 4 describes the next stage in the evolution of CAPs and the changes required to assist CMAs and improve the operation of the model for NRM.

## 2 The current model for NRM in NSW

The current regional model for the development and delivery of integrated NRM in NSW has evolved over the last ten years, in response to developments in national and state policy and a shift to joint investment by the Australian and State Governments in regional delivery of NRM. The key elements of this model include:

- The thirteen regionally based CMAs, which are responsible for engaging with their communities to develop a strategic NRM plan – known as a CAP – and to invest in NRM in their region.
- The NRC, which is an independent body responsible (among other things) for recommending state-wide standards and targets for NRM, recommending whether CAPs be approved and auditing their effective implementation by CMAs.
- The *Standard for Quality NRM*, which is designed to promote accountability, rigour, and continuity in NRM within an adaptive management framework.
- The set of thirteen state-wide targets for NRM, which set out broad goals for improving our key natural resource assets and the priorities for managing them in ways that also contribute to economic sustainability and social well-being.
- A Monitoring, Evaluation and Reporting Strategy that is designed to generate hard data to inform investment and policy decisions, support adaptive management and inform evaluation of progress towards targets.
- NSW Government agencies – including the Departments of Natural Resources (DNR), Environment and Conservation (DEC), and Primary Industries (DPI) – which have a range of strategic roles in relation to NRM, including leading the development of state NRM policy and legislation, providing technical and scientific expertise to CMAs, developing and implementing monitoring and evaluation programs, and compliance activities to enforce regulation.
- The Joint Steering Committee (JSC) administers the NSW and Australian Governments' joint investments in CMAs' activities.

Several other organisations also play important roles in NRM in NSW, including local governments, the NSW Department of Planning, and the Australian Government NRM Team.

The following sections discuss the roles and responsibilities of each agency involved in NRM, and the role and scope of CAPs under the current model.

### 2.1 Roles and responsibilities of agencies

As indicated above, a wide range of NSW and Australian Government agencies have roles and responsibilities under the current model of NRM in NSW (Table 2.1 provides more detail on the specific roles and deliverables of each agency involved in NRM).

Within this framework, the thirteen regional CMAs play a critical role. They are responsible for bringing together the various policies and priorities of all of the agencies, as well as the priorities within their particular region, to develop a CAP, and to lead the on-ground delivery of this plan.



The NRC recommends whether CAPs should be approved based on their consistency with the standard and their promotion of state-wide targets. The NRC's review process generates information on how well each CMA's business systems support sound investment decisions and efficient delivery of NRM. This can provide confidence in the immediate term that CMAs are operating effectively and that their decisions will result in good NRM outcomes.

The NRC also audits effective implementation of CAPs and as part of this process will assess what progress has been made towards achieving catchment and state-wide targets for NRM. This enables an assessment of outcomes achieved over the medium and long term (informed by the newly adopted whole-of-government Monitoring, Evaluation and Reporting Strategy for NRM).

State government agencies should lead the development of policy and legislative frameworks for NRM. They also provide technical and scientific support to CMAs. They have the lead responsibility for implementing monitoring and evaluation programs that can be used to inform policy and investment decisions and assess progress towards the state-wide targets. In addition, they enforce compliance with relevant legislation.<sup>2</sup> DNR also administers CMAs' budgets and provides them with a range of corporate services. CMAs are required to submit Annual Implementation Programs that set out a program of works and budget to DNR.

The JSC which is made up of representatives from five NSW and Australian Government agencies, oversees these governments' joint investment decisions. The CMAs develop three-year Investment Strategies for approval by the JSC, and present detailed reports to the JSC on their achievement of milestones in the strategies. Funding is released by DNR after a CMA provides detailed justification of its expected expenses at activity and program levels to the JSC. These arrangements sit under a Bilateral Agreement between the NSW and Australian Governments that commits both to investing in NRM in NSW.

The reasons for requiring this detailed justification by the CMA include:

- the absence of good monitoring data that measure CMAs' progress and achievements
- the lag between investments and measurable outcomes which is often greater than the JSC's investment cycles
- the distribution of funds from multiple separate funding pools, which requires separate reporting lines.

Local government is a significant investor in NRM, but the relationship between it and the regional NRM delivery model is not well-defined. Currently, the level of integration of local government with the NRM model relies on the resolve of CMAs and individual local governments in their region to effectively consult and collaborate where they have joint interests.

The interactions between these agencies are complex, and can generate high transaction costs due to the number of agencies involved, the strong relationships between primary industries, planning and natural resource management, and the investment in NRM by all levels of government.

---

<sup>2</sup> For example, compliance with Property Vegetation Plans and water licence conditions.

**Table 2.1: Agency roles in NRM and key deliverables**

Agency	Roles and functions	Key deliverables
Department of Natural Resources	<ul style="list-style-type: none"> <li>Vegetation management</li> <li>Water management</li> <li>Administer CMA funding</li> </ul>	<ul style="list-style-type: none"> <li>Corporate services for CMAs (DNR only)</li> <li>Policy and legislation (all 3 agencies)</li> </ul>
Department of Environment and Conservation	<ul style="list-style-type: none"> <li>Biodiversity conservation including threatened species (terrestrial)</li> </ul>	<ul style="list-style-type: none"> <li>Technical and scientific support for CMAs (all 3 agencies)</li> <li>Monitoring and evaluation (all 3 agencies)</li> </ul>
Department of Primary Industries	<ul style="list-style-type: none"> <li>Sustainable primary industries</li> <li>Biodiversity conservation including threatened species (aquatic)</li> </ul>	<ul style="list-style-type: none"> <li>Compliance (all 3 agencies)</li> </ul>
Catchment Management Authorities	<ul style="list-style-type: none"> <li>Regional delivery of joint government (NSW and Australian) NRM</li> </ul>	<ul style="list-style-type: none"> <li>CAPs – ten year strategic plans</li> <li>Community interface and delivery</li> <li>Integration of legislation, policies and other natural resource plans in CAPs</li> </ul>
Natural Resources Commission	<ul style="list-style-type: none"> <li>Independent assessment of effective implementation of CAPs</li> <li>Independent advice on complex issues</li> </ul>	<ul style="list-style-type: none"> <li>Recommended state-wide standard and targets</li> <li>Recommendations on approval of CAPs</li> <li>Audits of effective implementation of CAPs</li> </ul>
Department of Planning	<ul style="list-style-type: none"> <li>Land use planning (focus on urban areas)</li> </ul>	<ul style="list-style-type: none"> <li>Regional strategies</li> </ul>
Local Government	<ul style="list-style-type: none"> <li>Urban sustainability</li> </ul>	<ul style="list-style-type: none"> <li>Local environmental planning and regulation</li> </ul>
Australian Government NRM Team	<ul style="list-style-type: none"> <li>Provides advice on national investment in NRM</li> </ul>	<ul style="list-style-type: none"> <li>Policy</li> <li>National scale monitoring and evaluation</li> </ul>
Joint Steering Committee	<ul style="list-style-type: none"> <li>Oversees joint NSW and Australian Government investment in NRM delivery</li> </ul>	<ul style="list-style-type: none"> <li>Approval of 3-year investment strategies</li> </ul>

## 2.2 Role and scope of Catchment Action Plans

As noted above, CAPs are generally considered to be ten year strategic plans for delivering NRM. They have been (or are being) developed by CMAs using a consultative approach. This approach involves identifying regional NRM priorities and integrating these with state and national priorities to develop a plan for NRM in their regions. CAPs help to implement natural resource and planning legislation and must be consistent with it but they are not legislative instruments themselves.

The eight CAPs that have been completed and drafts of the remaining five indicate that CMAs have adopted a variety of approaches as to the scope and role of their first CAPs. Some have

explicitly taken a broad perspective, and have developed plans that aim to coordinate and integrate all NRM investment by various stakeholders in their region. Others have attempted this but have been less successful in achieving the same level of integration. Some CMAs have narrowed the scope to targets and those actions that the CMA and its known collaborators can fund and implement.

CMAs whose regions include large urban areas have generally faced more challenges in identifying the appropriate scope for their CAP, due to the strong influence of development pressures, the large number of stakeholders who impact natural resources and the many different planning instruments that affect achieving NRM outcomes.

CAPs should inform two other key documents – Annual Implementation Plans (AIPs) and Investment Strategies (ISs). CMAs submit AIPs to DNR. These set out their annual program of works and budget to support delivery of their CAP. ISs are used by the JSC as three year contracts for the delivery of NRM outputs by CMAs. These are re-negotiated annually. The strategic context provided by CAPs for both of these documents is critical to government because the outcomes of investment in NRM are often not realised within one and three year investment horizons. Links to the CAP are needed to assess the value of shorter term investments in the context of long term outcomes. The relationships between the documents are summarised in Table 2.2.

**Table 2.2 Relationships between CAPs, AIPs and ISs**

Document	Description
Catchment Action Plan	Strategic NRM plan
	<ul style="list-style-type: none"> <li>▪ comprehensive 10 year vision for region</li> <li>▪ galvanises all stakeholders/investors</li> <li>▪ improved as CMAs adaptively manage</li> </ul>
	A contract with two specific investors (Australian Government and NSW Government)
Investment Strategy	<ul style="list-style-type: none"> <li>▪ 3 yearly to meet investor’s investment horizon</li> <li>▪ clearly specifies what investors are purchasing</li> <li>▪ CAP provides strategic context</li> <li>▪ verified by monitoring and reporting</li> <li>▪ varied by agreement when required</li> </ul>
	Annual program of works with budget
	<ul style="list-style-type: none"> <li>▪ sets our funding from all investors for coming year’s works</li> <li>▪ supports delivery of CAP</li> </ul>

Once CAPs are in place, it will be possible to strengthen the links with AIPs and ISs. DNR and JSC have required that past AIPs and ISs be developed using detailed project and activity level prescriptions. CAPs should allow the JSC and DNR to step back from this form of input regulation and rely increasingly on a strategic review of how the CMA does business as shown in its CAP, and on the outputs it delivers that clearly link to longer term targets.

### 3 NRC's assessment of CAPs and areas for improvement

To date, the NRC has completed its review of eight CAPs, including those submitted by the Border Rivers Gwydir, Central West, Southern Rivers, Northern Rivers, Hunter-Central Rivers, Lachlan, Namoi and Western CMAs.<sup>3</sup> It has recommended that all these CAPs be approved by the Minister for Natural Resources without amendment, but subject to the CMAs undertaking actions that will ensure that these CMAs continue to refine and improve their CAPs, targets and organisational capabilities.

The NRC used a rigorous review process that it developed in consultation with NSW and Australian Government agencies, and which was endorsed by the CMA chairs. This process included (among other things):

- reviewing each CMA's business systems to identify what changes to these systems were needed to comply with the standard, and providing follow-up support to make or plan these changes
- evaluating a draft version of the CAP and supporting documents for compliance with the standard, likelihood of promoting achievement of the state-wide targets, and fulfilment of NSW legislative requirements and other government requirements
- discussing its initial findings and recommendation with the CMA and relevant government agencies, then evaluating the final CAP, supporting documents and plans for improvement, in consultation with relevant government agencies.

In undertaking these evaluations and formulating its advice, the NRC took into account that the CMAs are relatively new organisations, and that many aspects of the new model for NRM are still developing. It focused on CMAs' systems and quality assurance processes, recognising that the CMA had limited time to adjust these systems and processes to the requirements of the standard and that there was limited baseline data to properly inform the development of all of the targets in CAPs. In future audits of implementation of CAPs, the NRC will increasingly focus on the progress CMAs make towards achieving targets and will expect that targets are more tightly linked to measured resource condition.

The NRC also took into account that the model for NRM promotes regional decision-making and allows flexibility and innovation, and that each CMA is at a different stage of organisational development. Given this, it assessed each CAP with regard to the CMA's unique characteristics and current stage of development. Over time, application of the standard should underpin continuous improvement in all CMAs and their CAPs.

The following sections provide an overview of the NRC's key findings on the CAPs' compliance with the standard and likelihood of promoting achievement of the state-wide targets, fulfilment of other government requirements, and key areas for improvement.

---

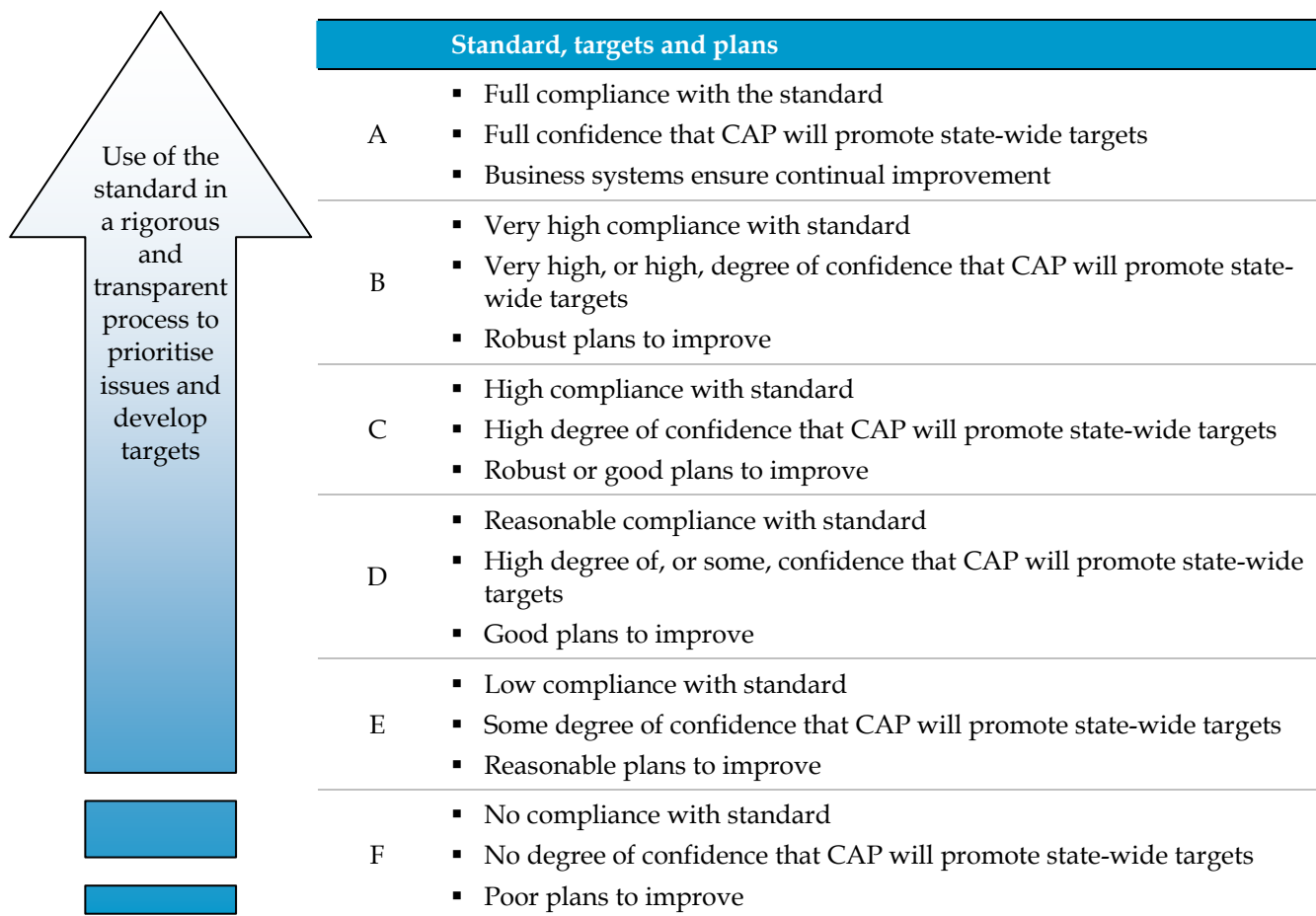
<sup>3</sup> The NRC has not completed its reviews of the Hawkesbury Nepean, Lower Murray Darling, Murray, Murrumbidgee and Sydney Metro CAPs, because these CMAs have either not submitted their final CAPs, or submitted them only recently.

### 3.1 Complying with the standard and promoting state-wide targets

The NRC found that, to varying degrees, all eight of the CAPs it has reviewed comply with the standard and are likely to promote the achievement of state-wide targets. Figure 3.1 shows a scale that represents the variations in compliance with the standard and promotion of targets.<sup>4</sup> The NRC’s evaluation was that two of these CAPs fall within band B, two in band C, and four in band D.

In evaluating the CAPs, the NRC reviewed what was in the CAP and what plans the CMA has in place to improve their business systems. Many of these plans were included within the CAPs, so that they are clear to investors and the broader community. Others were explained to the NRC during the CAP review process. The NRC regards these ‘plans to improve’ as critical to CMAs’ ongoing development of CAPs and their effective implementation.

**Figure 3.1: Scale of compliance with the standard and promotion of targets**



<sup>4</sup> Information about specific CAPs can be found in the individual recommendation reports for each CAP.

The NRC identified several common features in the CAPs that demonstrate their level of compliance with the standard and likelihood of promoting achievement of the state-wide targets. These include that all the eight CAPs:

- were developed from structured processes that used expert panels to develop new targets or refine targets derived from Catchment Blueprints
- describe how stakeholder and community consultation occurred
- show that community engagement and collaborative partnerships will be important for successful implementation of the CAP
- contain some supporting information to justify the relevance and achievability of targets
- acknowledge that baseline data on resource condition is lacking and propose measures to improve information
- identify risks to implementation of the CAP, or risks to achieving the CAP targets
- describe how CMAs will develop monitoring, evaluation and reporting programs
- contain key elements of a good strategic plan.<sup>5</sup>

The NRC considers that two CAPs particularly stand out as good strategic NRM plans for their catchments: the Hunter-Central Rivers and Namoi CAPs. Both these CAPs were developed using rigorous and transparent processes that integrated most components of the standard. Both were also based on a fresh assessment of natural resource issues in the catchment. In addition, these CAPs clearly explain how the CMAs identified priorities and determined targets. Even though the Hunter-Central Rivers and Namoi CMAs' approaches to CAP development varied, and the resulting CAPs look quite different, both demonstrate very high compliance with the standard for this stage in the CMAs' development and the evolution of the NSW regional model.

The NRC's high level of confidence that the Hunter-Central Rivers and Namoi CAPs are likely to promote the state-wide targets is largely because the quality of the CAP development process demonstrates that the targets are relevant and achievable. Where targets do not provide a good basis for assessing progress at this stage (that is, where they do not have timeframes, units of measure, clear target levels, and/or performance indicators), the CAP describes how this will be improved in the future. The strength of these CMAs' business systems also engender confidence in their abilities to improve.

### **3.2 Fulfilment of other government requirements**

The NRC found that most of the eight CAPs it reviewed fulfilled all legislative and most other specific requirements nominated by the NSW Government agencies and the Joint Steering Committee. In particular, all these CAPs were suitable for maintenance of Biodiversity Certification.

While some of the CAPs did not meet all the other government requirements, these requirements will be addressed through the actions the NRC has recommended the Minister for Natural Resources require of each CMA to improve its CAP over time.

---

<sup>5</sup> These include for example, identification of the natural resource issues in the catchment, risk assessment and targets.

### 3.3 Key areas for improvement

The NRC found that all eight of the CMAs have good plans and processes in place to improve their CAPs and compliance with the standard. In addition, the NRC has recommended actions be undertaken by each CMA to ensure ongoing improvement. The combination of the CMAs' own plans for improvement, the NRC's recommended actions, and the NRC's approach to reviewing progress will ensure that the CMAs continue to refine and improve their CAPs, targets and organisational capabilities over time.

Table 3.1 outlines the key areas for improvement that are common to most, if not all, of the eight CAPs reviewed to date. The CMAs will require support from government agencies, the NRC and other stakeholders to make the required improvements in these areas. Table 3.1 also lists the support that will be needed.

The NRC considers that two key areas are particularly critical to the future success of NRM in NSW and could be improved in all CAPs. Improvement in these areas will require collaborative efforts from agencies and CMAs. These areas include:

- **Monitoring and evaluation.** The NSW Government has recently adopted a whole-of-government Monitoring, Evaluation and Reporting Strategy for NRM. It is critical that this strategy is implemented well, and that agencies and CMAs work together to generate meaningful information on resource condition and on the effectiveness of their investments in achieving targets. This will inform future policy and investment decisions and underpin adaptive management and evaluation of the success of NRM in NSW.
- **Improving strategic focus, prioritisation and risk management.** CMAs need to improve their decision-making processes so that they can clearly justify and communicate their priorities and further increase investors' confidence that they will deliver NRM outcomes. They also need to anticipate change and risks that will have significant impacts on achieving targets, such as climate change and social and economic change. CMAs will also need the support of agencies to make these improvements.

The NRC intends to closely monitor progress in both these areas.

**Table 3.1: Key areas for improvement of CAPs and how others can help**

How can CAPs be improved?	What should CMAs do?	Who can help CMAs?
<b>Improving strategic focus and determination of scale</b>		
<p>All CMAs have developed CAPs from structured planning processes. However, there is scope for all to improve the strategic focus of their CAPs. This should help CMAs to clearly justify and communicate decisions about priorities they have identified at all levels, such as priority issues, targets, management actions, investment regions and approaches to investment delivery.</p>	<ul style="list-style-type: none"> <li>▪ Develop priority-setting frameworks that incorporate information from the application of the standard into a structured, rigorous and transparent decision-making process.</li> <li>▪ Build on existing strategic and investment planning processes and ensure better balancing of environmental, economic and social priorities across regional, state and national scales.</li> <li>▪ Consider the range of existing tools and collaborate with other CMAs, state agencies and research organisations to determine the best options.</li> </ul>	<p>Agencies should support CMAs to develop priority-setting frameworks.</p> <p>Agencies should give support in providing information required to set priorities including:</p> <ul style="list-style-type: none"> <li>- social and economic information</li> <li>- resource condition knowledge</li> <li>- information on how they might address more challenging NRM issues such as marine issues, biodiversity issues and climate change.</li> </ul>
<b>Developing monitoring and evaluation programs</b>		
<p>Most CAPs do not include specific details about how progress towards targets will be monitored and evaluated. However, many explain the steps towards developing effective MER programs. These programs will enable the CMAs to obtain the information they need to refine targets, make them more measurable and help demonstrate that they are relevant and achievable, thereby improving promotion of state-wide targets.</p>	<ul style="list-style-type: none"> <li>▪ Continue to develop MER programs that map the catchment priorities, the catchment and management targets that deliver on these priorities, the relationships and assumptions between these targets, and the M&amp;E required to show progress.</li> <li>▪ If necessary, review and revise CAPs following analysis of the 'logic pathway' between actions and outcomes, and following determination of appropriate performance indicators and monitoring programs.</li> <li>▪ Stocktake the M&amp;E activities of other organisations to make best use of available information.</li> </ul>	<p>Agencies should begin to implement the NSW Monitoring, Evaluation and Reporting Strategy for NRM, which will produce a set of state-wide resource condition data sets, and clarify responsibilities for monitoring.</p> <p>Agencies should provide support to CMAs as they develop their MER programs so that CMAs are able to develop integrated programs that meet multiple needs.</p>
<b>Integrating risk management into all aspects of NRM planning and implementation</b>		
<p>Most CAPs identify risks to successful implementation and/or risks to achieving targets. However, there is scope for CMAs to take a more strategic and broader approach to risk management. Outputs of</p>	<ul style="list-style-type: none"> <li>▪ Continue to develop risk management strategies and processes so that all types of risks and impacts (including strategic level risks, operational level risks, project level risks) are identified, assessed, managed/ minimised and reviewed.</li> <li>▪ Ensure risk management frameworks encompass all risks listed in</li> </ul>	<p>Agencies should support CMAs by providing information required to undertake strategic risk assessment, especially social and economic information (including future trends), knowledge of resource condition, and tools and</p>



How can CAPs be improved?	What should CMAs do?	Who can help CMAs?
<p>risk management processes will help CMAs make better planning decisions, improve the likelihood of successfully implementing the CAP and provide confidence in CAPs to the community, stakeholders and investors.</p>	<p>the CAP, and ensure that these are managed and reviewed.</p> <ul style="list-style-type: none"> <li>▪ Anticipate changing trends in the catchment and put in place measures to mitigate their impacts or adapt to them as they occur, particularly climate change and future social, economic and industry trends.</li> </ul>	<p>knowledge to enable CMAs to adapt to issues such as climate change.</p>
<p><b>Understanding and evaluating opportunities for collaboration</b></p>		
<p>Most CAPs were developed using collaborative approaches and all CAPs recognise the importance of partnerships to achieve targets. However, there is opportunity for many CMAs to share the costs of CAP implementation, and avoid the risk of ineffective partnerships, by taking a more strategic approach to collaboration.</p>	<ul style="list-style-type: none"> <li>▪ Improve understanding of the characteristics of a wide range of stakeholders (for example through a stakeholder analysis) and use this understanding to proactively target partnership opportunities.</li> <li>▪ Evaluate potential partnerships on the basis of likely risks, costs and benefits, and use this information to inform decisions.</li> <li>▪ Improve collaboration between CMAs, especially with neighbouring CMAs on cross-border issues.</li> </ul>	<p>Agencies and local government should assist CMAs in coordinating effort and achieving the targets, especially in institutionally complex urban and coastal catchments.</p> <p>Partnership agreements should clearly define and allocate roles and responsibilities, and these agreements should be monitored.</p>
<p><b>Building systems for knowledge and information management and use</b></p>		
<p>Many CAPs demonstrate the need for improved knowledge and information management and better documentation of how best available knowledge and science has been used in decision-making. This will assist CMAs to satisfy accountability and transparency requirements.</p>	<ul style="list-style-type: none"> <li>▪ Develop systematic ways of identifying and integrating knowledge at all levels of operations (including strategic and project level).</li> <li>▪ Continue to develop systems for knowledge and information sharing within the organisation.</li> <li>▪ Broaden scope of expert knowledge and skills accessed in planning and review processes, beyond existing relationships.</li> </ul>	<p>Agencies should enhance corporate services provision to CMAs so that CMAs can improve their internal knowledge and information management systems.</p> <p>Agencies and the JSC should provide coordinated and consistent messages about their NRM priorities well before future CAP reviews and should streamline reporting arrangements so that information generated meaningfully informs investment decisions.</p>

Note: The NRC considers that these areas for improvement are also common to the five CAPs that have not completed final reviews.

## 4 The next stage in the evolution of CAPs

The CMAs and agencies have implemented major changes to NRM delivery over the last two and a half years. All CMAs have completed or are nearing completion of their first CAPs. And both CAPs and the state-wide targets for NRM are now included as key elements of the draft State Plan, which signals their importance in the state's priorities.

The next stage in the evolution of CAPs is for government and all stakeholders to embrace these plans as the single, integrated whole-of-government plan for NRM action and investment in each region. To help support CMAs in making this happen, and to improve the operation of the regional model for NRM, the NRC believes this model should be changed in the following ways:

- modifying NRM legislation and policies so that they are consistent across urban/coastal areas and rural areas, and giving urban CMAs the flexibility to engage and invest more in strategic planning and coordination and less in on-ground delivery
- reducing CMAs' reporting burden and transaction costs by negotiating more streamlined reporting and funding arrangements with the Australian and NSW Governments
- enabling the Ministers for the Environment and for Planning to provide advice before future enhancements and amendments to CAPs are approved to reflect the fact that CAPs are whole-of-government plans for NRM delivery
- increasing transparency about longer term government investment to CMAs, to promote the stability and continuity that is essential for attracting investment from other sources and for achieving the ten year state-wide targets.

### 4.1 CAPs as the integrating plan for action and investment in NRM

The NRC believes that the next, critical stage in the evolution of CAPs and NRM in NSW is for the approved CAPs to be embraced by government and others as the single, integrated plan for NRM in each region, and to be effectively implemented. CMAs need to use these plans to motivate all stakeholders, including industry, to coordinate action and investment to bring about long-term, positive natural resource outcomes. They also need to continually adapt the CAPs to respond to changing knowledge and experience.

For CAPs to effectively fulfil their intended role in the model of NRM in this state they need to:

- be the integrated investment and action prospectus for government, industry and others by:
  - integrating NRM components of other plans including regional strategies, water sharing plans and regional conservation plans
  - linking CAPs closely with AIPs and ISs.
- balance regional issues and needs with state and national needs
- identify priority natural resource assets
- describe the priority natural resource issues in a region
- spell out ways these issues should be managed
- set targets to focus and guide NRM in the region

- direct the management of the 'big' issues of native vegetation management and water sharing
- inform and help implement land-use planning decisions made at local, regional and state levels.

The draft State Plan identifies one of the key challenges of its Environment for Living theme as "implementing the catchment action plans for thirteen Catchment Management Authorities that integrate regional strategies, local government aims and government agency goals across catchments to deliver State targets".<sup>6</sup> While some CMAs have tried to achieve this integration in their first CAPs, others have chosen not to attempt this at this stage. None of the eight CMAs have been able to successfully and fully integrate their first CAP with all other NRM plans and priorities in their region, partly because other government stakeholders have not yet embraced the integrating role of CAPs. Therefore, this integration will be an important goal for CMAs as they continue to refine their CAPs over time.

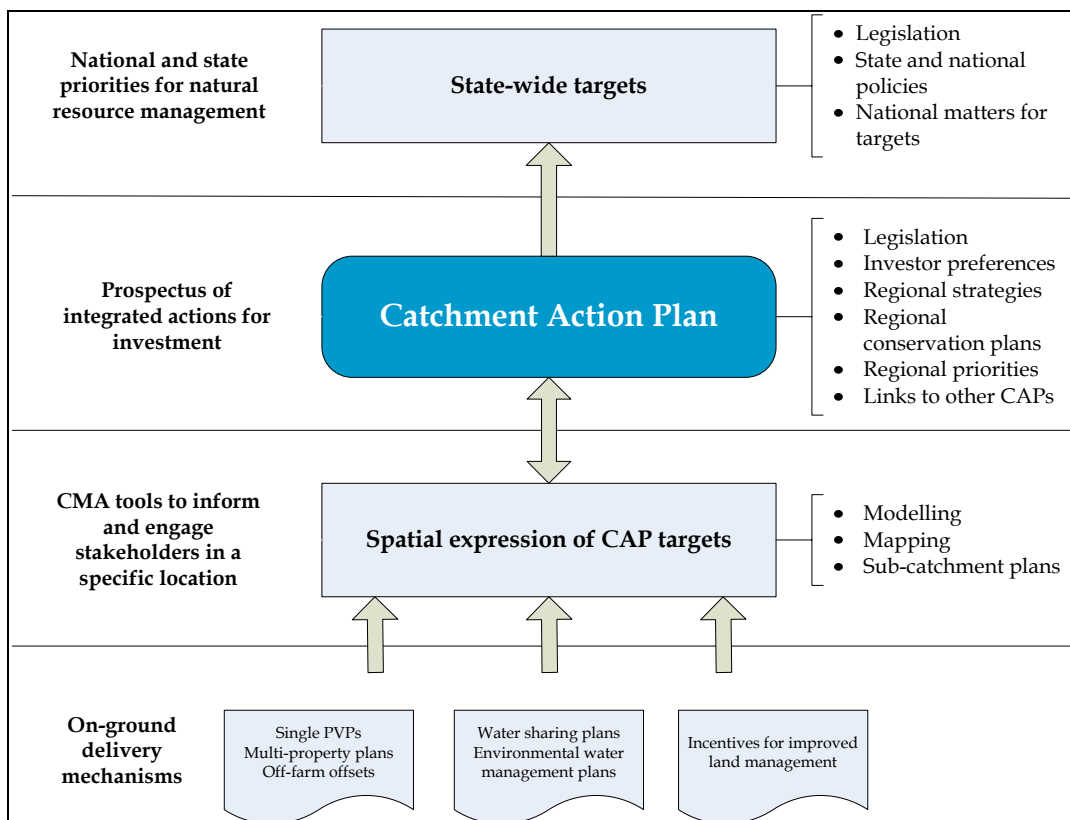
It will also be important that CMAs effectively translate the targets and priorities listed in their CAPs into on-ground actions and investments. As a key step, they should link the targets and priorities in their CAPs to the range of mechanisms that are being/will be used to deliver on-ground action and investment through spatial mapping to express their catchment targets at a sub-catchment scale. Currently, there are only weak links between delivery mechanisms such as Property Vegetation Plans, Water Sharing Plans and CAPs and targets.

Figure 4.1 provides an overview of the NRC's vision for CAPs.

---

<sup>6</sup> *A New Direction for NSW, State Plan, Draft for Consultation*. Released 8 August 2006 and available at [www.nsw.gov.au](http://www.nsw.gov.au).

**Figure 4.1: CAPs as an integrated prospectus for NRM**



## 4.2 Consistent approach to NRM in urban and rural areas

The thirteen CMA regions cover the whole of NSW, and the NRC believes the role of CAPs and CMAs in leading the integration and delivery of NRM should be the same in each region. However, under the current model, the approach to NRM in urban areas (mainly along the coast) can differ from the approach in rural areas. This is due to the different application of land-use planning instruments and legislation in these areas.<sup>7</sup> This situation has the potential to create divisions between rural and urban landholders, perceptions of inequity, and challenging conflicts that must be resolved between and within CMA regions. Ultimately, it could also result in poorer natural resource outcomes in urban areas. Therefore, it is important that urban CMAs are empowered to have the same leading role as rural CMAs in developing an integrated plan for their region and leading coordinated delivery of NRM in that region.

In addition, notwithstanding their similar roles, urban CMAs should have the flexibility to invest relatively less in on-ground works than rural CMAs. For example, this may be justified where on-ground delivery of programs is a less effective use of relatively small urban CMA budgets than investment in collaborative efforts with many stakeholders to develop an integrated investment and action prospectus for the region.

One of the potential advantages that urban CMAs have is that there is much greater total investment in NRM by other stakeholders – including local government, utilities, industry and developers – in their regions than in rural regions. In addition, urban CMAs have a greater

<sup>7</sup> For example, the *Native Vegetation Act 2003* does not apply in urban areas and DEC's proposal for Biobanking could not be used to offset clearing in rural areas.

capacity to generate investment using levies because of higher and denser populations. However, they also have added complexity, due to the number of statutory plans that address NRM issues including regional and metropolitan strategies, water strategies and local government plans.

The NSW Government can help urban CMAs leverage the investment and work of other stakeholders by:

- changing legislation and equipping CMAs with NRM tools that are consistent, at least in principle, with those in rural areas (for example, the tools available for vegetation management)
- promoting recognition by key stakeholders (such as state and local government planners, policy makers, large water utilities) of the integrating role of CAPs as described in the draft State Plan
- increasing urban CMAs' flexibility in prioritising investments.

### **4.3 Reducing the reporting burden and transaction costs**

To date, the introduction of the standard and targets framework has added to, rather than replaced, existing accountability arrangements. However, this framework generates meaningful information that could meet investor requirements without also requiring the existing detailed reporting. In addition, application of the standard also provides CMAs with a rigorous and accountable framework for prioritising investment towards actions that present the best value. But their ability to achieve the best possible outcomes is constrained by the use of many separate pools of government funds for CMA activities, each with their own prescriptive conditions.

The NRC believes the NSW Government should negotiate streamlined reporting and funding arrangements between the Australian and NSW Government. Under these arrangements, the JSC should use the information generated by independent NRC audits of CMAs to inform investment. This model could be equally applicable to agreements between the Australian Government and other state governments. It will give the Australian and NSW Governments:

- immediate assurance that CMAs are investing in the highest priority actions that will deliver the best possible outcomes (without imposing many constraints through the use of separate funding pools)
- medium- and long-term demonstration of results underpinned by implementation of the state's Monitoring, Evaluation and Reporting Strategy for NRM.

### **4.4 A whole-of-government approach to CAP approval and funding**

Through their CAPs, CMAs are responsible for leading the planning and delivery of a whole-of-government approach to achieving catchment and state-wide targets for NRM in NSW. The NRC believes that CMAs' accountability and administration of their funding should reflect this role.

CMAs are directly accountable to the Minister for Natural Resources. Being legally accountable to a single Minister provides for clear governance and efficient administration. The NRC believes this existing arrangement should be maintained. However, it is also important that

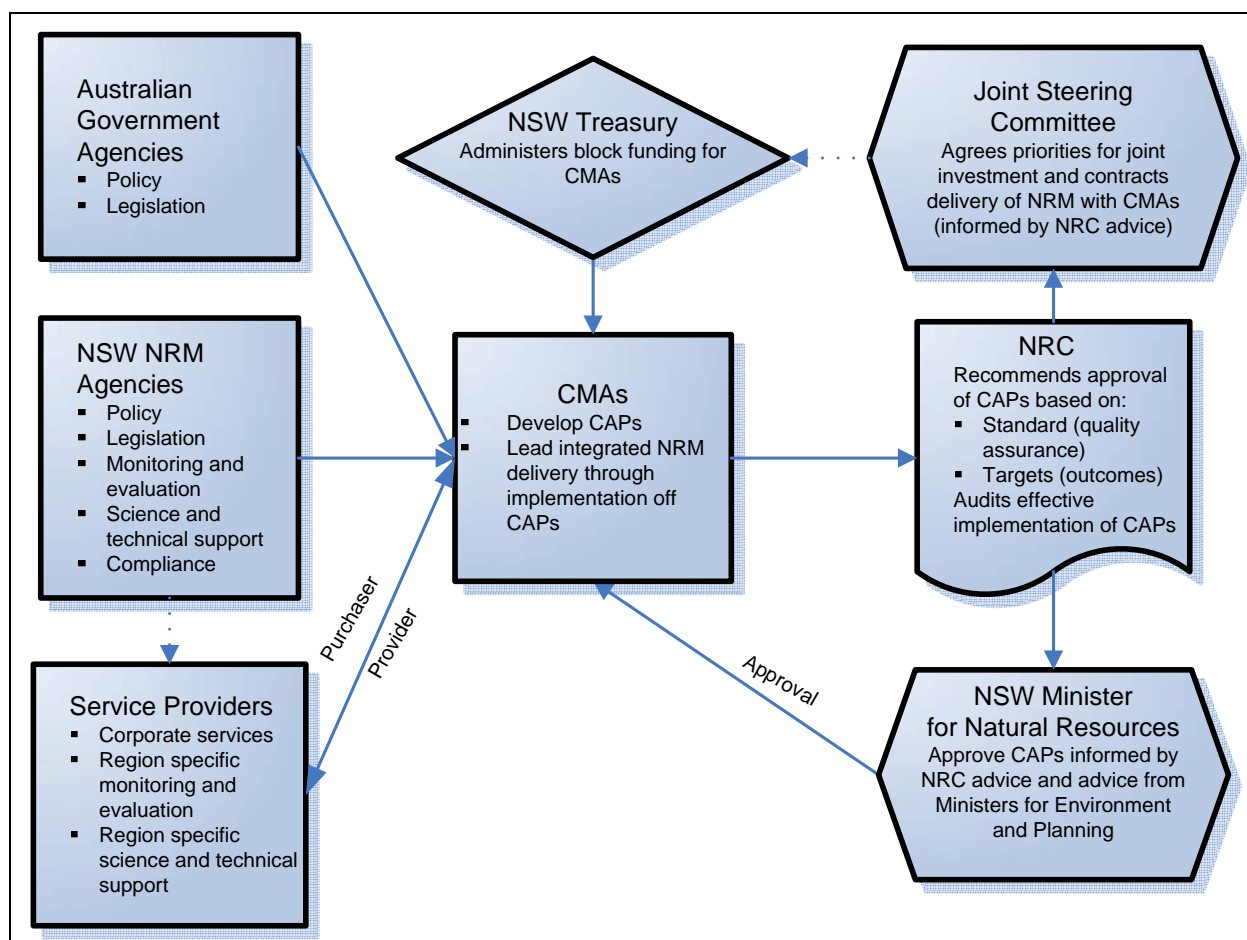
CAPs are endorsed broadly by government and that key CMA reports are considered across relevant government portfolios. This can be achieved by:

- enabling the Ministers for the Environment and for Planning to provide advice before future enhancements and amendments to CAPs are approved, to reflect the fact that CAPs are whole-of-government plans for NRM delivery – the NRC could provide its independent advice on whether they be approved to all three Ministers
- providing the Ministers for the Environment and for Planning with key CMA reports such as their annual reports.

In addition, CMAs' funds are administered and released by DNR net of its costs. These arrangements contribute to a perception that CMAs are an 'extension arm' of DNR, rather than deliverers of a whole-of-government approach to NRM. The administration of CMA budgets by DNR also creates a conflict because DNR is a major supplier of support services to CMAs, and charges for some of these services. In addition, DNR and CMAs have found their administrative systems are not well-aligned and do not enable efficient and timely processing of financial information, partly because of the detailed level of reporting the JSC requires. This could be addressed by transferring the administration of CMA budgets from DNR to NSW Treasury. This would remove the conflict between DNR's administration of funding and service provision and could help streamline reporting to levels consistent with requirements of other NSW agencies.

Figure 4.2 provides an overview of the proposed realigned accountability and funding arrangements.

**Figure 4.2: Re-aligned funding and accountability arrangements**



## 4.5 Sustainable funding and attracting outside investment

Our natural resource assets are fundamental to the ongoing health of the economy, our communities and the environment. The inclusion of the ten year natural resource targets in the draft State Plan shows that maintaining and improving these assets is a core part of government's service delivery. To achieve these targets ongoing investment is needed from a range of sources.

Currently, funding for the CMAs' operational costs and investment programs is not committed beyond 2007/08, despite significant government investment in establishing these organisations over the last two and a half years.

Sustainability of future government funding for CMAs and their investment programs is important for creating the stability and continuity needed to achieve long term change and to give organisations like CMAs the confidence to develop innovative approaches that will last. For example, it will better enable CMAs to develop sound and enduring market mechanisms to attract sustainable investment from other sources. This will build certainty and attract investment from other sources that:

- responds to clear market signals that NRM underpins business and the health of the economy
- recognises CAPs as a sound investment framework for corporate sustainability

- capitalises on accumulated goodwill and expertise
- maximises returns on every dollar invested.

Landholders continue to demonstrate their commitment to managing natural resources by investing in management and conservation practices that contribute to natural resource outcomes. Other sources of income that can be explored by CMAs include:

- **Catchment levies** – these could be used by some CMAs in a limited way to increase their capacity to respond to local opportunities (for private benefits or local public goods). Levies are used effectively in this way by the Hunter Central Rivers CMA, and previously, by the Upper Parramatta Catchment Trust.
- **'Green markets' income** – CMAs could engage with existing natural resource markets to generate additional investment income, such as by generating Greenhouse Gas Abatement Certificates, providing environmental services, generating salinity credits and counter-cyclical trading of environmental water.

In the longer term, a broader set of stable and effective market mechanisms will help to attract more substantial private investment in NRM delivery.





