

*Pathways to good practice in regional NRM governance*

# **Governance Standard and Assessment Framework for Australian Natural Resource Management**

**Michael Lockwood  
Julie Davidson  
Rod Griffith  
Allan Curtis  
Elaine Stratford**



**GOVERNANCE STANDARD AND ASSESSMENT  
FRAMEWORK FOR  
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## ***Pathways to good practice in regional NRM governance***

This Governance Standard and Assessment Framework is an outcome from the Land & Water Australia funded project *Pathways to good practice in regional NRM governance*. This interdisciplinary and collaborative project was conceived to assess the effectiveness of regional NRM governance and to develop a standard for good-practice NRM governance. The developmental work focussed on nine regions, located in: Tasmania (Cradle Coast, South), Victoria (Corangamite, North Central, Goulburn-Broken) and NSW (Central West, Murray, Lachlan, Northern Rivers), as well as the state jurisdictions of NSW, Victoria and Tasmania and the national level.

The project objectives were:

1. To establish a theoretically robust understanding of good regional NRM governance
2. To develop a set of principles for good regional NRM governance
3. To describe regional NRM governance arrangements and structures, with particular reference to our nine partner regions
4. To assess the quality of NRM governance in our nine partner regions, as well as the state and national levels, against our governance principles and related themes
5. To identify aspects of regional NRM governance in our nine partner regions as well as the state and national levels, that should be targeted for improvement
6. To develop a standard for good regional NRM governance that can be used to benchmark and track governance performance.

This Governance Standard and Assessment Framework addresses Objective 6.

### **Principal Researchers**

- Michael Lockwood (School of Geography & Environmental Studies, University of Tasmania)
- Allan Curtis (Institute for Land, Water & Society, Charles Sturt University)
- Elaine Stratford (School of Geography & Environmental Studies, University of Tasmania)

### **Research Fellows**

- Julie Davidson (School of Geography & Environmental Studies, University of Tasmania)
- Rod Griffith (Institute for Land, Water & Society, Charles Sturt University)

### **Land and Water Australia**

- Noel Beynon and Tracy Henderson

### **Regional Partners**

- Don Forsyth and Peter Codd (Corangamite CMA)
- Gavin Hanlon and Chris Hain (North Central CMA)
- Bill O’Kane and Megan McFarlane (Goulburn-Broken CMA)
- Anthony Couroupis and Emmo Willinck (Murray CMA)
- Chris Glennon and Kate Lorimer-Ward (Lachlan CMA)
- Tim Ferraro (Central West CMA)
- Michael Pitt (Northern Rivers CMA)
- David McCormack (Cradle Coast NRM)
- Vanessa Elwell-Gavins (NRM South)

### **Assisting Region**

- Catherine Murdoch (NRM North)

### **State Government Partners**

- Peter Andrew (DSE, Victoria)
- Tom Grosskopf and Jim Booth (DECC, NSW)
- Alan Haig and John Whittington (DPIW, Tasmania)

### **Australian Government Partners**

- Peter Creaser and Debbie Langford (Australian Government NRM)

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# 1. INTRODUCTION

In 1997, the Australian Government established the five-year, AUD\$1.25 billion Natural Heritage Trust (NHT1) to address problems of land degradation and biodiversity loss across rural Australia. Although a substantial proportion of NHT1 funding was delivered using community-based processes, the program failed to deliver significant regional-scale change. In 2001, a second-generation AUD\$1 billion Natural Heritage Trust (NHT2) program, and a new program, the AUD\$1.4 billion National Action Plan for Salinity and Water Quality (NAP), were designed to channel funds through regional plans in ways that would address priority issues. NHT2 received a further AUD\$300 million boost in the 2004 Federal Budget, extending the funding until 2007-2008, making the NHT a \$3(AUD) billion investment.

Under NHT2/NAP, regional bodies are charged with managing and accounting for NHT and NAP funds. Both the NAP and the regional component of the NHT2 are driven by three-year regional investment plans, developed by regional communities and supported by the six state governments, two territory governments and the Australian Government. Under NHT2, fifty-six regions have been established, each having an associated regional body. NRM governance in Australia is thus a multi-level system with regional, state and national components.

This document presents a Governance Standard and an associated Assessment Framework for the multi-level system of Australian natural resource management (NRM). The Standard and Assessment Framework are intended to:

1. support assessment of the Australian natural resource management governance system, based on a set of eight governance *principles*<sup>1</sup>;
2. stimulate reflexive and continual improvement in governance as part of an adaptive cycle approach<sup>2</sup>; and
3. establish a set of idealised design criteria to drive governance system redesign or quantum organizational improvement<sup>3</sup>.

The Standard and Assessment Framework are intended for use by national and state NRM agencies and regional NRM governing bodies. They have been developed from a trial version that was tested in nine regional NRM organizations<sup>4</sup>, and substantially modified following consultations with John dean, an expert in standards design. This

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<sup>1</sup>These principles are: legitimacy, transparency, accountability, inclusiveness, fairness, integration, capability and adaptability. For details on the development and specification of the principles, see Lockwood, M., Davidson, J., Curtis, A., Stratford, E., Griffith, R. (2008 in press). Governance principles for natural resource management. *Society and Natural Resources*, available at <http://www.geog.utas.edu.au/geography/nrmgovernance/>

<sup>2</sup>This type of improvement is typically incremental, and occurs when the gap between actual performance and the desirable outcomes can be readily bridged.

<sup>3</sup>This type of improvement is usually required when there is a large gap between actual performance and desirable outcomes or when an institutional element is out of alignment with levels above or below. These design criteria can also be used by organizations newly introduced into the system, or whose performance may have reached a plateau and further gains from continual improvement are unachievable.

<sup>4</sup>In NSW: Murray CMA (Catchment Management Authority), Lachlan CMA, Central West CMA and Northern Rivers CMA. In Victoria: Corangamite CMA, North Central CMA and Goulburn Broken CMA. In Tasmania: Cradle Coast NRM and NRM South.

version is a prototype, in that it has not been trialled with the intended recipients. Such a trial is a necessary next step if the Standard and Assessment Framework are to be adopted by individual NRM organizations or used across the Australian NRM system.

This Standard and Assessment Framework are complementary to, and not intended to replace, more detailed organizational performance improvement or corporate governance assessment tools such as the *Performance Excellence Framework*<sup>5</sup>, *Governance Checklist*<sup>6</sup>, or the *NSW Standard for Quality NRM*<sup>7</sup>.

The Standard is non-prescriptive, outcomes focussed and specifically targeted to NRM. The Standard is derived from eight principles which represent good NRM governance. For each of the principles, a number of dimensions (usually 2-3) are identified. For each dimension there is a corresponding *outcome* that can be achieved through good governance. Reference points for each outcome are provided by:

- *indicators of current achievement*;
- *indicators of a need for improvement* towards good governance; and
- *signposts to innovation* that suggest opportunities for improving performance beyond current norms of good governance practice.

As this is a non-prescriptive standard, the indicators are for guidance only and there may be others that indicate whether the outcome has been achieved.

The Assessment Framework outlines recommended steps for evidence based assessment of a governing body's governance performance against the Standard. While self-assessment has been used in its development, other forms of assessment such as internal or external audit are accommodated. The Assessment Framework also provides pointers to *types of evidence* that may support an assessment.

Section 2 presents the Standard itself, with a brief characterisation of each principle, and related outcomes, indicators and signposts. Key terms used in Section 2 are highlighted in a different font the first time they appear in the Standard, and the meaning or interpretation that we intend for each term is explained in Section 5. Section 3 presents an Assessment Framework that details: (i) the steps that we recommend are undertaken to assess an organization's governance performance against the Standard; (ii) who might carry out the assessment; and (iii) evidence items that can be used to judge performance against the indicators of current achievement.

Section 4 contains three sets of explanatory material. An explanation of the method used to develop the Governance Standard and Assessment Framework is given in Section 4.1. To assist in the appropriate interpretation and implementation of the Standard, Section 4.2 provides explanatory notes about the principles and signposts. Section 4.3 compares the Governance Standard and Assessment Framework with other instruments concerned with assessing Australian NRM governance.

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<sup>5</sup>Vogel, N., Zammit, C. (2004) *Performance excellence guide for regional natural resource management organisations*. University of Southern Queensland, Toowoomba.

<sup>6</sup>Walter Turnbull (2005) *Evaluation of current governance arrangements to support regional investment under the NHT and NAP*. DEH and DAFF, Canberra.

<sup>7</sup>Natural Resources Commission (2005) *Standard for Quality Natural Resource Management*. (D05/5274).

## 2. THE STANDARD

### PRINCIPLE 1. LEGITIMACY

Legitimacy is present when:

- i) a governing body has valid authority to undertake its responsibilities:
  - a. conferred by democratically mandated means, and/or
  - b. earned through stakeholders' acceptance of that governing body's authority;
- ii) power has been devolved to the lowest level at which it can be effectively exercised; and
- iii) integrity and commitment prevail.

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#### **Outcome 1.1: The governing body acts within its democratically mandated authority**

##### *Indicators of achievement*

- ✪ Legislation or some other formal grant of authority legitimises every activity of the governing body
- ✪ Regular review of the governing body's mandated authorities ensures alignment between its activities and responsibilities

##### *Indicators of need for improvement*

- ⚡ The governing body's mandated authority is unclear
- ⚡ The governing body is acting outside its scope of authority

##### *Signpost to innovation*

- 👉 The democratic credibility of NRM governing bodies is broadened and deepened by stronger and more direct linkages to existing democratic institutions such as elected local governments

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#### **Outcome 1.2: Stakeholders accept and respect the governing body's authority**

##### *Indicators of achievement*

- ✪ The governing body's role and activities in the NRM system are understood, accepted and appreciated by stakeholders
- ✪ Stakeholders express unsolicited support for the work of the governing body

##### *Indicator of need for improvement*

- ⚡ Some stakeholders openly challenge or do not accept the governing body's plans and/or activities

##### *Signposts to innovation*

- 👉 The governing body actively strives to gain and maintain stakeholder respect and acceptance
- 👉 Mechanisms to demonstrate the extent of stakeholder acceptance and respect are explicit and well-developed

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### **Outcome 1.3: Power rests where it can be most appropriately exercised**

#### ***Indicator of achievement***

- ✱ The governing body can and does take decisions at its scale of responsibility without deferring to a higher authority or usurping the role of a lower authority

#### ***Indicator of need for improvement***

- ⚡ The governing body is constrained in taking decisions at its scale of responsibility

#### ***Signpost to innovation***

- ☞ The governing body devolves responsibilities to and empowers decision-makers at smaller scales

---

### **Outcome 1.4: Decision-makers act with integrity and commitment**

#### ***Indicators of achievement***

- ✱ The governing body has in place and enforces codes of corporate conduct
- ✱ Decision-makers declare any conflicts of interest, do not seek to manipulate outcomes to their personal advantage, and behave honestly
- ✱ Decision-makers are genuinely motivated to support common good NRM objectives

#### ***Indicators of need for improvement***

- ⚡ Members of sub-regional committees make recommendations or take actions that provide them with personal advantage
- ⚡ Political bias is evident in appointments to NRM boards or committees
- ⚡ Governments do not give sufficient weight to NRM matters

#### ***Signpost to innovation***

- ☞ The governing body ensures – through internal assessment, staff consultation, and management review – that all decision-makers consciously and actively practice honesty, clarity and sincerity; avoid manipulation and deception; and are able to freely express themselves

## **PRINCIPLE 2. TRANSPARENCY**

Transparency is:

- i) visibility of decision-making processes;
- ii) clarity with which the reasoning behind decisions is communicated; and
- iii) ready availability of, and access to, relevant information about the governance and performance of a governing body.

---

### **Outcome 2.1: Decision-making is open to scrutiny**

#### ***Indicator of achievement***

- ⊛ The governing body documents and makes available to stakeholders: (i) its decisions and (ii) the processes by which these decisions are made

#### ***Indicator of need for improvement***

- ⊞ Some stakeholders want to know, but are unable to find out, how decisions are made

#### ***Signpost to innovation***

- ☞ Governing bodies actively inform and explain to stakeholders, with particular emphasis on marginalised communities or groups, how decisions are made

---

### **Outcome 2.2: The reasoning behind decisions is clear, substantiated and available**

#### ***Indicator of achievement***

- ⊛ The governing body documents and makes available to stakeholders the reasons for its decisions

#### ***Indicator of need for improvement***

- ⊞ Some stakeholders want to know, but are unable to find out, why decisions are made

#### ***Signpost to innovation***

- ☞ The governing body actively informs and explains to stakeholders, with particular emphasis on marginalized communities or groups, why decisions are made

---

### **Outcome 2.3: Information on organizational and NRM performance is readily available, widely distributed and accessible**

#### ***Indicator of achievement***

- ⊛ The governing body makes relevant information available using a variety of media, targeted to the needs of particular stakeholders

#### ***Indicators of need for improvement***

- ⊞ Key stakeholders are not exposed to relevant information
- ⊞ Some stakeholders do not understand the information provided

#### ***Signposts to innovation***

- ☞ The governing body actively informs relevant individuals or groups that hitherto have not been concerned with NRM
- ☞ The governing body develops and implements forms of communication that actively respond to particular stakeholders' needs

## PRINCIPLE 3. ACCOUNTABILITY

Accountability is:

- i) allocating and accepting responsibility for decisions and actions; and
- ii) demonstrating how these responsibilities have been met.

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### Outcome 3.1: NRM governing bodies and their personnel have clearly defined roles and responsibilities and have accepted them

#### *Indicators of achievement*

- ✱ The roles and responsibilities of the governing body and related office bearers and staff are formally documented
- ✱ NRM office bearers and staff accept their responsibilities
- ✱ Relationships between the governing body and its partners, providers and other stakeholders are clearly documented

#### *Indicators of need for improvement*

- ✘ Responsibility for an NRM-related issue is not clearly allocated
- ✘ There is unnecessary duplication of NRM responsibilities

#### *Signpost to innovation*

- ☞ NRM system designers build in redundancy to cater for the possible failure of parts of the system, while at the same time eliminating unnecessary duplication

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### Outcome 3.2: Obligations are reasonable and have been met

#### *Indicators of achievement*

- ✱ The governing body addresses its reporting obligations to higher-level authorities
- ✱ The governing body reports project and financial performance as well as NRM conditions and outcomes in a diligent and timely way
- ✱ The governing body can demonstrate compliance with relevant legislation
- ✱ The governing body maintains and can demonstrate financial probity

#### *Indicators of need for improvement*

- ✘ Project or financial systems constrain effective reporting
- ✘ Information on NRM conditions and outcomes is incomplete
- ✘ An audit report indicates deficiencies in financial procedures
- ✘ Higher-level authorities have reporting requirements that involve duplication or collection of unnecessary data

#### *Signposts to innovation*

- ☞ Integrated reporting of social, economic and environmental data on NRM conditions and outcomes is undertaken
- ☞ Integrated reporting of NRM conditions and outcomes, projects and expenditures is undertaken

## **PRINCIPLE 4. INCLUSIVENESS**

Inclusiveness is the availability of opportunities for stakeholders to participate in and influence decision-making processes and actions.

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### **Outcome 4.1: Stakeholders have opportunities to participate in NRM processes and activities**

#### *Indicators of achievement*

- ✳ The optimum level and type of involvement for different stakeholder groups is identified
- ✳ Planning, implementation and review activities include opportunities for stakeholder participation
- ✳ The governing body utilizes a variety of communication methods to advertise participation opportunities

#### *Indicator of need for improvement*

- ⚡ There is an unsatisfactory level of stakeholder involvement in planning, implementation and review activities

#### *Signpost to innovation*

- 👉 Deliberative methods are used to involve stakeholders in planning, implementation and review activities

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### **Outcome 4.2: The governing body effectively and meaningfully engages a diversity of stakeholders in NRM**

#### *Indicators of achievement*

- ✳ Indigenous communities are actively involved in NRM plans and activities
- ✳ Local governments are actively involved in NRM plans and activities
- ✳ ‘New settlers’ are actively involved in NRM plans and activities
- ✳ Conservation interests are actively involved in NRM plans and activities
- ✳ ‘Care’ groups are actively involved in NRM plans and activities
- ✳ Urban and peri-urban residents are actively involved in NRM plans and activities
- ✳ All natural resource user groups (agriculture, forestry, fisheries, tourism) are actively involved in NRM plans and activities
- ✳ Lower-level governing bodies are satisfied with their influence on higher-level NRM decisions

#### *Indicators of need for improvement*

- ⚡ The governing body’s relationships with some stakeholders are unproductive and/or underdeveloped
- ⚡ Regional NRM bodies have little influence over higher-level decisions

#### *Signpost to innovation*

- 👉 The governing body has developed a store of social capital sufficient to maintain strong and self-sustaining engagement of stakeholders in NRM

## **PRINCIPLE 5. FAIRNESS**

Fairness is:

- i) distribution of NRM responsibilities to individuals and organizations commensurate with their potential or obligation to assume them;
- ii) the respect and attention given to stakeholders' views;
- iii) consistency and absence of personal bias in decision-making; and
- iv) the consideration given to cost/benefit distribution in decision-making.

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### **Outcome 5.1: Individuals and organizations have NRM responsibilities commensurate with their potential or obligation to assume them**

#### *Indicators of achievement*

- ✦ The balance between public and private effort and investment reflects the proportion of public and private benefits to be generated by NRM activities
- ✦ Expectations are proportionate to ability
- ✦ There are low levels of burn-out among individuals working in NRM

#### *Indicator of need for improvement*

- ⚡ Particular stakeholders, resource sectors or agencies are expected to shoulder an unreasonable burden for NRM improvements

#### *Signpost to innovation*

- 👉 Those individuals or organizations generating negative NRM-related externalities undertake their remediation

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### **Outcome 5.2: Stakeholders are heard and treated with respect**

#### *Indicators of achievement*

- ✦ The governing body engages with stakeholders in a manner consistent with their particular cultural and communication abilities and preferences
- ✦ The governing body addresses conflict by using accepted dispute resolution procedures

#### *Indicator of need for improvement*

- ⚡ One or more stakeholder groups has expressed discontent with their treatment by or engagement with the governing body

#### *Signpost to innovation*

- 👉 The governing body has programs to facilitate development of stakeholders' capacities for meaningful engagement in NRM decisions

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### **Outcome 5.3: Decisions are made consistently and without bias**

#### *Indicators of achievement*

- ✦ Decisions are made using unbiased decision-making processes and/or tools
- ✦ There is an absence of complaints about decisions and decision-making processes

#### *Indicator of need for improvement*

- ↻ Particular stakeholder groups express concern about decision-making processes

#### *Signpost to innovation*

- ☞ NRM decision-makers are trained in how to detect and remediate bias in their decision-making

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### **Outcome 5.4: The distribution of benefits and costs is assessed and considered in decision-making**

#### *Indicator of achievement*

- ✦ The governing body considers and can justify the distribution of public and private costs and benefits

#### *Indicators of need for improvement*

- ↻ One or more stakeholder groups bear a disproportionate share of the costs arising from NRM decisions
- ↻ One or more stakeholder groups consistently benefit from NRM decisions while other deserving stakeholders unjustifiably miss out

#### *Signpost to innovation*

- ☞ The governing body routinely considers the likely costs and benefits of decisions to future generations
- ☞ The governing body routinely considers the intrinsic value of nature when making decisions

## **PRINCIPLE 6. INTEGRATION**

Integration is:

- i) the connection between, and coordination across, different levels of governance;
- ii) the connection between, and coordination across governing bodies at the same level of governance; and
- iii) the alignment of priorities, plans and activities across governing bodies.

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### **Outcome 6.1: The governing body is effectively connected and coordinated with governing bodies at different levels of governance**

#### ***Indicator of achievement***

- ✪ The governing body has well-established and documented linkages with governing bodies at other levels

#### ***Indicator of need for improvement***

- ✧ Members of the governing body prefer to operate independently from governing bodies at other levels

#### ***Signposts to innovation***

- ☞ The governing body operates as part of an effective network involving other NRM organizations active at different governance levels
- ☞ Office bearers and staff of the governing body are able to balance the needs of the system as a whole with those of their own organization

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### **Outcome 6.2: The governing body is effectively connected and coordinated with governing bodies operating at the same governance level**

#### ***Indicators of achievement***

- ✪ The governing body maintains strong collaborative links with peer organizations
- ✪ The governing body maintains strong collaborative links with other NRM governing bodies operating at its level

#### ***Indicators of need for improvement***

- ✧ Competition between NRM governing bodies is limiting collaboration
- ✧ The governing body tends to collaborate only with those NRM governing bodies with agenda or modes of operation that closely match its own

#### ***Signpost to innovation***

- ☞ The governing body visibly operates as part of an effective network involving other NRM organizations active at the same governance level

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### **Outcome 6.3: Priorities, plans and activities are aligned across and within spatial scales and governance levels**

#### ***Indicators of achievement***

- ✦ The governing body takes account of, and where appropriate aligns with, priorities, plans and activities formulated at other governance levels
- ✦ The governing body takes account of priorities, plans and activities of NRM organizations acting within its jurisdiction
- ✦ The governing body takes account of priorities, plans and activities of NRM organizations acting in adjacent jurisdictions

#### ***Indicator of need for improvement***

- ↔ Achievement of NRM outcomes in one location is compromised by poor alignment with priorities, plans and activities related to another location

#### ***Signpost to innovation***

- ☞ The governing body considers that all international, national, state and local priorities, plans and activities are effectively aligned

## **PRINCIPLE 7. CAPABILITY**

Capability is the skills, leadership, experience, resources, knowledge, plans and systems that enable organizations and the individuals who work for them, to deliver on their responsibilities.

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### **Outcome 7.1: Skills, leadership and corporate knowledge are sufficiently developed and maintained to meet responsibilities**

#### *Indicators of achievement*

- ✦ The governing body has strategies in place to recruit and retain personnel with the required expertise
- ✦ The governing body makes skills training and professional development programs available to personnel
- ✦ The governing body has processes in place to capture corporate knowledge
- ✦ The governing body has board and/or staff succession planning in place

#### *Indicator of need for improvement*

- ⚡ Staff turnover and/or poor morale are compromising the governing body's ability to meet its responsibilities

#### *Signpost to innovation*

- ☞ The governing body has a substantial pool of junior and mid-level staff who are at the leading edge with their NRM-specific skills and leadership qualities

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### **Outcome 7.2: The quantum, manner of delivery and continuity of investment enables the governing body to deliver on its responsibilities**

#### *Indicators of achievement*

- ✦ The level of investment gives the governing body an opportunity to meet its responsibilities
- ✦ The governing body has autonomy to deploy and redeploy finances, subject to meeting accountability outcomes
- ✦ The governing body is able to plan the allocation of its NRM investments for a minimum of three years ahead

#### *Indicators of need for improvement*

- ⚡ Financial resources are sporadic and/or unreliable
- ⚡ The governing body is unable to attract substantial private investment

#### *Signposts to innovation*

- ☞ The level of private NRM investment matches the delivery costs of private good outcomes, including remediation of privately-generated externalities
- ☞ The level of public NRM investment matches the delivery costs of common good outcomes
- ☞ The governing body is confident that already identified NRM investments will address long-term needs

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**Outcome 7.3: NRM knowledge acquisition and deployment enable the governing body to deliver on its responsibilities*****Indicators of achievement***

- ✦ The governing body has an effective NRM knowledge acquisition and management system
- ✦ The governing body has access to state-of-the-art NRM knowledge
- ✦ The governing body uses state-of-the-art NRM knowledge to underpin plans and activities

***Indicators of need for improvement***

- ✧ The governing body has difficulties accessing the NRM knowledge required to undertake its programs and/or deliver on its responsibilities
- ✧ The governing body has difficulties incorporating NRM knowledge into its plans and activities

***Signposts to innovation***

- ✧ The governing body integrates local, indigenous, biophysical, social and economic knowledge into its plans and activities
- ✧ Knowledge integration produces a higher-order understanding of NRM processes and issues that is, in turn, contributed to state and national fora

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**Outcome 7.4: Planning processes and implementation tools enable the governing body to deliver on its responsibilities*****Indicators of achievement***

- ✦ The governing body develops strategic, tactical and operational plans that set broad direction, identify measurable objectives, specify actions to address these ends, and provide for the implementation of these actions
- ✦ The governing body uses an effective mix of advisory, regulatory, economic, and educational implementation tools

***Indicators of need for improvement***

- ✧ Plans lack effective connectivity across strategic, tactical and operational levels
- ✧ Plans contain objectives and/or actions that lack specificity or are unrealistic

***Signpost to innovation***

- ✧ The governing body proactively researches innovative strategic planning and other tools used in other (non-NRM) sectors

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## **Outcome 7.5: Business systems enable the governing body to deliver on its responsibilities**

### ***Indicators of achievement***

- ✦ The governing body uses a financial management system that enables effective receipt, disbursement and reporting of investments
- ✦ The governing body practices responsible personnel management
- ✦ The governing body uses a project management system that integrates the design, delivery and reporting of individual projects
- ✦ The governing body uses an information technology system that provides effective intra- and inter-organizational data management

### ***Indicator of need for improvement***

- ⚠ One or more components of the business system – financial, personnel management, project, or information technology – constrain the governing body from meeting its responsibilities

### ***Signposts to innovation***

- 👉 The governing body's business system is fully integrated across financial, personnel, project and information technology functions
- 👉 The governing body is progressing towards formal recognition or certification of its business systems (for example, ISO 9001 certification or the Australian Organization for Quality National Gold Award)

## **PRINCIPLE 8. ADAPTABILITY**

Adaptability is:

- i) incorporating learning into decision-making and implementation;
- ii) anticipating and managing threats, opportunities and associated risks; and
- iii) systematically reflecting on individual, organizational and system performance.

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### **Outcome 8.1: The governing body has a well developed and maintained culture of intentionally learning from experience and absorbing new knowledge**

#### *Indicators of achievement*

- ⊕ The governing body measures outcomes from plan implementation, and takes remedial action when these outcomes do not meet objectives
- ⊕ The governing body has a culture that values reflection, learning, complexity and diversity

#### *Indicators of need for improvement*

- ⊖ The governing body's culture is characterized by a tendency for complacency, conservatism and tight control
- ⊖ The governing body's failure to link outputs with outcomes hinders learning

#### *Signposts to innovation*

- ☞ The governing body's staff have adaptation planning expertise and routinely employ adaptation tools such as vulnerability assessment
- ☞ The governing body has a culture that values thoughtful experimentation

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### **Outcome 8.2: The governing body systematically anticipates threats to effective NRM and manages associated risks**

#### *Indicator of achievement*

- ⊕ The governing body employs effective processes and procedures to anticipate intra- and extra-organizational threats and manage associated risks

#### *Indicator of need for improvement*

- ⊖ Risk management processes and procedures are narrow in scope (for example, limited to financial risk) or under-utilized

#### *Signpost to innovation*

- ☞ The governing body systematically identifies and acts upon opportunities as well as threats and risks

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**Outcome 8.3: Individual, organizational and system-level performance is subject to systematic assessment, reflection and correction**

***Indicators of achievement***

- ✦ The governing body's office bearers and staff participate in learning-based performance management processes
- ✦ The governing body applies effective monitoring, evaluation, review and improvement (MERI) processes to: assessment of plans and their implementation; business systems; and governance
- ✦ System-wide performance is subject to comprehensive and regular review, and adjustments made as necessary

***Indicators of need for improvement***

- ✦ The governing body's MERI system is under-developed, under-employed or narrowly focussed
- ✦ System-level reviews have narrow terms of reference so that they neglect one or more of system-level: outcomes; planning processes; business systems; and/or governance
- ✦ Assessments are not followed by appropriate corrective actions

***Signpost to innovation***

- ✦ Individual, organizational and system-level evaluations and correction strategies are fully integrated

### 3. THE ASSESSMENT FRAMEWORK

This Assessment Framework has been developed to aid structured assessment of NRM governance against the Standard given in Section 2. In this section we explain what the assessment can achieve, how it should be conducted, who should undertake it, and the evidence types that could be used to assess performance.

#### 3.1 PURPOSE AND USE OF THE FRAMEWORK

The purpose of employing the framework outlined in this section is to generate a qualitative assessment of the extent to which an NRM governing body has met the outcomes for good NRM governance as specified in the Standard (Section 2). Assessors determine the current performance of an organization against the Standard using evidence provided by the organization.

The assessment is intended to foster learning and provide a vehicle for enabling organizational improvement in governance. In most instances, it is likely that an organization will achieve some but not all of the outcomes. Not satisfying all outcomes implies that there is need for improvement for that particular aspect of governance. There are two main types of improvement: *continual improvement*, which is incremental, learn-as-you-go improvement often within an adaptive management framework or cycle, and *step improvement*, which is discontinuous and based on new thinking often breaking from the current way of doing things and discarding existing systems.

Continual improvement is appropriate if the gap between existing performance and a desired outcome is relatively small, systems are generally working and can be fine-tuned for better performance, and there is time to make the desired changes. In such circumstances, organizations can use the outcomes as short term targets and develop strategies to bridge the gap. Where resources are limited some priorities could be established.

Step improvement is appropriate when either the gap between current performance and the desired outcome is very large and time to make the change is limited, or when current performance has reached a plateau and incremental performance improvement is very slow. In the former case, organizations should use the assessment outcomes to guide design of new systems.

Implementing continual or step improvement requires that an organization develop a strategy that outlines mechanisms for enhancing its governance performance.

An initial assessment can serve as a baseline against which future assessments of an organization's performance can be made, thus providing an indication of any change in governance quality, be this positive or negative.

## 3.2 STRUCTURE OF THE FRAMEWORK

The framework comprises:

- the *outcomes*, indicators and signposts as given in the Standard;
- evidence related to each *indicator of achievement*;
- consideration of each *indicator of need for improvement*;
- consideration of *signposts to innovation*; and
- a process for integrating these elements into a learning cycle.

The twenty-six outcomes specified in the Standard are the required conditions for good governance. In order to assess the extent to which a NRM governing body meets these conditions, the Standard also provides indicators of achievement related to each outcome. The indicators of achievement give specific guidance on the ways by which the outcome can be met. However, a particular organization may be able to identify other and perhaps more appropriate indicators for their particular circumstances. Where such is the case, this assessment framework allows an assessor to add an indicator, together with associated evidence.

The indicators of need for improvement prompt assessors to consider matters that may not have arisen in the process of adjudicating performance against the indicators of achievement, but nonetheless flag aspects of governance that may need attention. As with the indicators of achievement, the indicators of need for improvement are not intended to be comprehensive, and the assessor may wish to identify others in the course of the assessment that could assist in developing an improvement strategy for that organization.

There will often be opportunities for organizations to innovate beyond the level embodied in the indicators of achievement. In the medium to long term, such innovation is an essential element of continuously improving governance performance. To assist such innovation, the Standard provides a set of signposts to innovation. In the assessment framework, these act as markers of leading-edge governance to which an organization may choose to respond. Again, the signposts given in the Standard are not intended to be comprehensive, and organizations are encouraged to identify their own innovation pathways.

The procedure for assessing a governing body's performance against the Standard should comprise the following seven steps.

The assessor:

1. establishes through agreement with the organization the adequacy of the indicators and evidence specified in the framework (Section 3.4), as well as, where necessary, agreement on substitute and/or additional indicators and evidence;
2. takes evidence against each indicator of achievement using the examples provided as a guide (Section 3.4), as well as any additions or substitutes agreed in Step 1;
3. tests whether any indicator of need for improvement is triggered;

4. establishes an agreement with the organization on how performance judgments will be expressed;
5. qualitatively determines the organization's performance against each outcome, based on Steps 2 and 3; and
6. considers whether the maturity of the organization's governance warrants the taking of evidence against signposts to innovation, and if so:
  - a. decides on what forms this evidence might take;
  - b. obtains such evidence from the organization; and
  - c. recommends whether the organization should take up one or more of the challenges embodied in the signposts.

The organization:

7. develops a strategy that indicates how the organization will respond to the results from Steps 5 and 6. In subsequent assessments the assessor, where necessary, may incorporate into Step 1 additional indicators and evidence requirements that will test the implementation and effectiveness of those responses.

Section 3.4 provides guiding examples of evidence referred to in Steps 1 and 2. The framework does not prescribe the manner and form in which an assessor: (i) presents the evidence in Step 2; (ii) shows how triggering any indicator of need for improvement in Step 3 was tested, (iii) expresses an overall judgement of the organization's performance in Step 5; or (iv) demonstrates whether and how signposts to innovation in Step 6 were considered. This flexibility allows the format of an assessment report to be tailored to suit specific organizations and their contexts. Nonetheless, particular state jurisdictions, for example, may choose to develop a standard reporting format. Similarly, while this framework requires an NRM governing body to develop a strategy that responds to the outcomes of the assessor's report, the form and content of this strategy are not specified. The organization can therefore structure its strategy so that it integrates with other reporting and evaluation processes.

Key evaluative judgements are made at Step 5, according to assessment mode(s) established in Step 4. In Step 4, the assessor and the host organization agree which of the following evaluative modes, either singly or in combination, will be used for each outcome:

- a narrative description;
- a single term that encapsulates a performance judgment (for example, exceptional, good, moderate, poor); and/or
- a scale-based rating (numerical or alphabetical).

These judgements are qualitative but evidence based. The framework does not require, for example, the assessor to rate performance against a pre-determined scale, although again a particular jurisdiction, for example, may choose to adopt a standard assessment mode.

### 3.3 ASSESSORS

The assessor's primary task is to determine, on the basis of evidence provided by the NRM governing body, whether the organization has achieved the outcomes for each principle. This assessment can be done as a self-assessment, by peers, by partners or by an external auditor.

*Self assessment* means that personnel from the organization being assessed undertake the process outlined in Steps 1 to 6 above. In a regional NRM body, for example, the assessors could be board members and/or executive officers. Exactly which personnel undertake the assessment will be determined by their scope of authority, as well as skills and resources available to the organization. The assessors should attempt to conduct the assessment in such a way that they would be confident that an outside assessor would find it convincing. Where practicable, the process should ensure a degree of independence or separation of assessor and responsible decision maker (for example, the finance manager would not assess matters related to financial probity). This separation is particularly important if a degree of external credibility is sought.

*Peer assessment* describes the situation where a representative from another organization with similar roles and responsibilities is present during an assessment or acts as the assessor. This mode of assessment adds to external credibility and enhances learning in the system. The Queensland Regional Groups Collective, for example, has a well developed peer assessment system for their NRM performance.

*Partner assessment* involves a representative from a scale above or below the organization under assessment being present during the assessment or carrying out the assessment. In the past, this approach has often been implemented in a top-down fashion that has tended to foster perceptions of hierarchical control, discourage learning, and disempower host organizations. However, if carried out in the spirit of system-wide assessment for learning and improvement, this mode has the potential to bring greater benefits to both host and partner organizations, particularly in relation to legitimacy, transparency and integration.

*External audit* involves a suitably qualified auditor carrying out Steps 1 to 6. The auditor may be directly engaged by the host organization, or be directed by a higher level authority. Even more than partner assessment, an external audit is likely to enhance the standing of the assessment and the organization with respect to legitimacy, transparency and accountability. The host organization also stands to gain substantial benefit from expert and independent guidance on where governance performance might be improved.

### 3.4 EXAMPLES OF EVIDENCE

In the following tables we provide guidance for assessors and organizations on the types of evidence that might demonstrate achievement for each indicator of current achievement. As noted above, the evidence type specified may not be the only way an organization can demonstrate achievement and alternative forms of evidence may be equally valid. An assessor should therefore initially determine the adequacy of the evidence supplied in this section, and where necessary, substitute or add other evidence types as s/he sees fit.

#### PRINCIPLE 1. LEGITIMACY

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##### **Outcome 1.1: The governing body acts within its democratically mandated authority**

<i>Indicators of current achievement</i>	<i>Examples of evidence relating to indicator</i>
Legislation or some other formal grant of authority legitimises every activity of the governing body	<ul style="list-style-type: none"> <li>• A full list of activities carried out by the governing body matched against the governing body's formal authorities</li> </ul>
Regular review of the governing body's mandated authorities ensures alignment between its activities and responsibilities	<ul style="list-style-type: none"> <li>• A copy of the most recent review of the alignment between the governing body's activities and responsibilities</li> <li>• Records of changes made by the governing body as a result of review</li> </ul>

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##### **Outcome 1.2: Stakeholders accept and respect the governing body's authority**

<i>Indicators of current achievement</i>	<i>Examples of evidence relating to indicator</i>
The governing body's role and activities in the NRM system are understood, accepted and appreciated by stakeholders	<ul style="list-style-type: none"> <li>• Responses from key stakeholders – eliciting these may involve the assessor actively canvassing opinions or the results of formal surveys or records from existing file records</li> <li>• Minutes of advisory meetings, committees, file records</li> <li>• File records of correspondence, media reports, advisory committee feedback</li> </ul>
Stakeholders express unsolicited support for the work of the governing body	<ul style="list-style-type: none"> <li>• File records of correspondence, media reports, advisory committee feedback</li> </ul>

### **Outcome 1.3: Power rests where it can be most appropriately exercised**

<i>Indicator of current achievement</i>	<i>Examples of evidence relating to indicator</i>
The governing body can and does take decisions at its scale of responsibility without deferring to a higher authority or usurping the role of a lower authority	<ul style="list-style-type: none"> <li>• Register of delegations</li> <li>• Financial authorities, protocols, agreements, contracts</li> <li>• Files relating to recent decisions – the assessor could cross check actions by interviewing key decision makers</li> <li>• Examples of where the governing body devolves responsibility and power to make decisions</li> </ul>

### **Outcome 1.4: Decision-makers act with integrity and commitment**

<i>Indicators of current achievement</i>	<i>Examples of evidence relating to indicator</i>
The governing body has in place and enforces codes of corporate conduct	<ul style="list-style-type: none"> <li>• Records of governance training for key decision-makers</li> <li>• Codes and procedures for addressing conflicts of interest, disputes and complaints</li> <li>• Records of internal or external audits of compliance with the codes</li> </ul>
Decision-makers declare any conflicts of interest, do not seek to manipulate outcomes to their personal advantage, and behave honestly	<ul style="list-style-type: none"> <li>• Register of pecuniary interests</li> <li>• Minutes of board meetings</li> <li>• Board papers</li> <li>• Records, meeting notes and interviews about conduct of committees and meetings</li> <li>• Absence of substantiated public claims of impropriety</li> </ul>
Decision-makers are genuinely motivated to support common good NRM objectives	<ul style="list-style-type: none"> <li>• Public statements and actual decisions</li> <li>• Strategies and plans driving the governing body</li> <li>• Feedback from the public</li> </ul>

## PRINCIPLE 2. TRANSPARENCY

### Outcome 2.1: Decision-making is open to scrutiny

<i>Indicators of current achievement</i>	<i>Examples of evidence relating to indicator</i>
The governing body documents and makes available to stakeholders: (i) its decisions and (ii) the processes by which these decisions are made	<ul style="list-style-type: none"> <li>• Routine documentation of decisions – for example, a decisions register</li> <li>• Samples of recent decisions from board meetings</li> <li>• Policy on access to decision register or decisions, including whether a proactive communications strategy is being implemented</li> <li>• Communication of plans, investments and projects</li> <li>• Feedback from stakeholders on their access to and understanding of decision processes and decisions</li> </ul>

### Outcome 2.2: The reasoning behind decisions is clear, substantiated and available

<i>Indicator of current achievement</i>	<i>Examples of evidence relating to indicator</i>
The governing body documents and makes available to stakeholders the reasons for its decisions	<ul style="list-style-type: none"> <li>• Routine documentation of decision rationales</li> <li>• Samples of recent decision rationales from board meetings</li> <li>• Policy on explaining reasons for decisions</li> <li>• Explanations on websites, in newsletters and other communications</li> <li>• Feedback from stakeholders on their understandings of why decisions were made</li> </ul>

### Outcome 2.3: Information on organizational and NRM performance is readily available, widely distributed and accessible

<i>Indicator of current achievement</i>	<i>Examples of evidence relating to indicator</i>
The governing body makes relevant information available using a variety of media, targeted to the needs of particular stakeholders	<ul style="list-style-type: none"> <li>• Performance reviews (related to both organizational and NRM outcomes), related communication media and target stakeholders</li> <li>• Feedback from stakeholders on communication practices</li> </ul>

### PRINCIPLE 3. ACCOUNTABILITY

#### Outcome 3.1: NRM governing bodies and their personnel have clearly defined roles and responsibilities and have accepted them

<i>Indicators of current achievement</i>	<i>Examples of evidence relating to indicator</i>
The roles and responsibilities of the governing body and related office bearers and staff are formally documented	<ul style="list-style-type: none"> <li>• Legislation</li> <li>• Board Charter</li> <li>• Staff position descriptions</li> <li>• Terms of reference for subsidiary committees</li> </ul>
NRM office bearers and staff accept their responsibilities	<ul style="list-style-type: none"> <li>• Reviews of roles and responsibilities</li> <li>• Interviews with office bearers and staff – the assessor could interview some individuals to ascertain their understanding of, and attitude towards, their responsibilities. Inadequate responses could be indicative of systemic problems such as poor leadership or poor induction training rather than the fault of the individual concerned</li> </ul>
Relationships between the governing body and its partners, providers and other stakeholders are clearly documented	<ul style="list-style-type: none"> <li>• Inter-governmental agreements</li> <li>• MOUs, Heads of Agreement, Service Level Agreements</li> <li>• Contracts with investors or service providers</li> </ul>

#### Outcome 3.2: Obligations are reasonable and have been met

<i>Indicators of current achievement</i>	<i>Examples of evidence relating to indicator</i>
The governing body considers that its reporting obligations to higher-level authorities are reasonable	<ul style="list-style-type: none"> <li>• Agreed reporting schedules</li> <li>• Correspondence relating to impractical or unreasonable demands</li> <li>• Documents justifying the scope and frequency of reporting required by higher-level authorities</li> <li>• Feedback from key organizational decision makers and staff</li> </ul>
The governing body reports project and financial performance as well as NRM conditions and outcomes in a diligent and timely way	<ul style="list-style-type: none"> <li>• Projects' financial accounts</li> <li>• Financial audits</li> <li>• Annual report (the assessor could check for compliance with reporting against targets and other milestones)</li> <li>• 'State of the Environment' report</li> <li>• Report of achievement against plan objectives</li> </ul>
The governing body can demonstrate compliance with relevant legislation	<ul style="list-style-type: none"> <li>• Annual report</li> </ul>
The governing body maintains and can demonstrate financial probity	<ul style="list-style-type: none"> <li>• Financial audits</li> <li>• Documented fraud control procedures</li> </ul>

## PRINCIPLE 4. INCLUSIVENESS

### Outcome 4.1: Stakeholders have opportunities to participate in NRM processes and activities

<i>Indicators of current achievement</i>	<i>Examples of evidence relating to indicator</i>
The optimum level and type of involvement for different stakeholder groups is identified	<ul style="list-style-type: none"> <li>Engagement/participation strategy</li> </ul>
Planning, implementation and review activities include opportunities for stakeholder participation	<ul style="list-style-type: none"> <li>File records of consultation processes, meeting and event invitations, attendance registers, notices of meetings</li> <li>Documented opportunities for involvement in planning, implementation &amp; review processes</li> </ul>
The governing body utilizes a variety of communication methods to advertise participation opportunities	<ul style="list-style-type: none"> <li>File records of communication media employed by the governing body</li> </ul>

### Outcome 4.2: The governing body effectively and meaningfully engages a diversity of stakeholders in NRM

<i>Indicators of current achievement</i>	<i>Examples of evidence relating to indicator</i>
Indigenous communities are actively involved in NRM plans and activities	<ul style="list-style-type: none"> <li>Meetings, positions on boards and committees, time invested in projects and activities, MOUs</li> </ul>
Local governments are actively involved in NRM plans and activities	<ul style="list-style-type: none"> <li>Meetings, positions on boards and committees, time invested in projects and activities, MOUs</li> </ul>
'New settlers' are actively involved in NRM plans and activities	<ul style="list-style-type: none"> <li>Meetings, positions on boards and committees, time invested in projects and activities, MOUs</li> </ul>
Conservation interests are actively involved in NRM plans and activities	<ul style="list-style-type: none"> <li>Meetings, positions on boards and committees, time invested in projects and activities, MOUs</li> </ul>
'Care' groups are actively involved in NRM plans and activities	<ul style="list-style-type: none"> <li>Meetings, positions on boards and committees, time invested in projects and activities, MOUs</li> </ul>
Urban and peri-urban residents are actively involved in NRM plans and activities	<ul style="list-style-type: none"> <li>Meetings, positions on boards and committees, time invested in projects and activities, MOUs</li> </ul>
All natural resource user groups (agriculture, forestry, fisheries, tourism) are actively involved in NRM plans and activities	<ul style="list-style-type: none"> <li>Meetings, positions on boards and committees, time invested in projects and activities, MOUs</li> </ul>
Lower-level governing bodies are satisfied with their influence on higher-level NRM decisions	<ul style="list-style-type: none"> <li>Documents indicating lower-level governing body involvement in higher-level NRM decisions</li> <li>Interviews with office bearers and staff</li> <li>Surveys by higher-level governing bodies</li> </ul>

## PRINCIPLE 5. FAIRNESS

### Outcome 5.1: Individuals and organizations have NRM responsibilities that are commensurate with their potential or obligation to assume them

<i>Indicators of current achievement</i>	<i>Examples of evidence relating to indicator</i>
The balance between public and private effort and investment reflects the proportion of public and private benefits to be generated by NRM activities	<ul style="list-style-type: none"> <li>• Social cost-benefit analyses</li> </ul>
Expectations placed on organizations are proportionate to their capability	<ul style="list-style-type: none"> <li>• Interviews with decision-makers</li> </ul>
There are low levels of burn-out among individuals working in NRM	<ul style="list-style-type: none"> <li>• Records of resignations</li> <li>• Staff turn-over rates</li> <li>• Number of candidates for committees/boards</li> </ul>

### Outcome 5.2: Stakeholders are heard and treated with respect

<i>Indicators of current achievement</i>	<i>Examples of evidence relating to indicator</i>
The governing body engages with stakeholders in a manner consistent with their particular cultural and communication abilities and preferences	<ul style="list-style-type: none"> <li>• Complaints register, praise register</li> <li>• Unsolicited stakeholder feedback</li> <li>• Examples of tailored communications</li> <li>• Interviews with stakeholders</li> <li>• Employment of culturally aware advisors or their services</li> </ul>
The governing body addresses conflict by using accepted dispute resolution procedures	<ul style="list-style-type: none"> <li>• Dispute resolution procedure or code</li> <li>• Documented examples of dispute resolutions</li> </ul>

### Outcome 5.3: Decisions are made consistently and without bias

<i>Indicators of current achievement</i>	<i>Examples of evidence relating to indicator</i>
Decisions are made using unbiased decision-making processes and/or tools	<ul style="list-style-type: none"> <li>• Documented decision criteria</li> <li>• File records of decision processes noting any use of decision support tools</li> <li>• Meeting minutes</li> </ul>
There is an absence of complaints about decision-making processes	<ul style="list-style-type: none"> <li>• Complaints register</li> <li>• Correspondence files</li> </ul>

### Outcome 5.4: The distribution of benefits and costs is assessed and considered in decision-making

<i>Indicators of current achievement</i>	<i>Examples of evidence relating to indicator</i>
The governing body considers and can justify the distribution of public and private costs and benefits	<ul style="list-style-type: none"> <li>• File records</li> <li>• Meeting minutes</li> <li>• Documents showing that social cost-benefit analyses have influenced decisions</li> </ul>

## PRINCIPLE 6. INTEGRATION

### Outcome 6.1: The governing body is effectively connected and coordinated with governing bodies at different levels of governance

<i>Indicator of current achievement</i>	<i>Examples of evidence relating to indicator</i>
The governing body has well-established and documented linkages with governing bodies at other levels	<ul style="list-style-type: none"> <li>• File records of formal relationships such as MOUs partnership agreements funding agreements and contracts</li> <li>• Membership of committees</li> <li>• Interviews with decision-makers across governance levels</li> </ul>

### Outcome 6.2: The governing body is effectively connected and coordinated with governing bodies operating at the same governance level

<i>Indicators of current achievement</i>	<i>Examples of evidence relating to indicator</i>
The governing body maintains strong collaborative links with peer organizations	<ul style="list-style-type: none"> <li>• Examples of collaborations on shared problems</li> <li>• Examples of joint ventures</li> <li>• Examples of the organization exercising leadership on issues of mutual concern</li> <li>• Attendance at peer group meetings such as executive officer or board chair fora</li> <li>• Records of inter-organizational meetings</li> </ul>
The governing body maintains strong collaborative links with other NRM governing bodies operating at its level	<ul style="list-style-type: none"> <li>• Heads of Agreement with other NRM governing bodies</li> <li>• Joint standing committee other NRM governing bodies</li> <li>• Peer group meetings such as executive officer or board chair fora</li> </ul>

**Outcome 6.3: Priorities, plans and activities are aligned across and within spatial scales and governance levels**

<i>Indicators of current achievement</i>	<i>Examples of evidence relating to indicator</i>
The governing body takes account of, and where appropriate aligns with, priorities, plans and activities formulated at other governance levels	<ul style="list-style-type: none"> <li>• Strategies and plans – the assessor might look for examples of alignment across governance levels</li> <li>• Submissions on the governing body’s plans made by other NRM governing bodies</li> <li>• Records of consultations with other governance levels on the formulation of strategies and plans</li> </ul>
The governing body takes account of priorities, plans and activities of NRM organizations acting within its jurisdiction	<ul style="list-style-type: none"> <li>• Strategies and plans – the assessor might look for examples of alignment within its jurisdiction</li> <li>• Submissions on the governing body’s plans made by other NRM governing bodies within its jurisdiction</li> <li>• Records of consultations on the formulation of strategies and plans with other NRM governing bodies within its jurisdiction</li> </ul>
The governing body takes account of priorities, plans and activities of NRM organizations acting in adjacent jurisdictions	<ul style="list-style-type: none"> <li>• Strategies and plans – the assessor might look for examples of alignment within a governance level</li> <li>• Submissions on the governing body’s plans made by other NRM governing bodies at its level</li> <li>• Records of consultations on the formulation of strategies and plans with other NRM governing bodies at its level</li> </ul>

## PRINCIPLE 7. CAPABILITY

### Outcome 7.1: Skills, leadership and corporate knowledge are sufficiently developed and maintained to meet responsibilities

<i>Indicators of current achievement</i>	<i>Examples of evidence relating to indicator</i>
The governing body has strategies in place to recruit and retain personnel with the required expertise	<ul style="list-style-type: none"> <li>• Documented recruitment policies and procedures</li> <li>• Examples of recruitment including advertising, short-listing, interview processes and selection assessments</li> <li>• Strategies to attract suitably qualified staff</li> <li>• Staff welfare policy and documented actions</li> </ul>
The governing body makes skills training programs and professional development programs available to personnel	<ul style="list-style-type: none"> <li>• Staff training, professional development and further education policies</li> <li>• Examples of staff skills assessment and professional development responses</li> <li>• Records of attendance at seminars, workshops, conferences</li> </ul>
The governing body has processes in place to capture corporate knowledge	<ul style="list-style-type: none"> <li>• Records of meetings focussed on sharing knowledge and experience</li> <li>• Documented sharing of knowledge obtained from conferences and workshops</li> <li>• Mentoring or peer learning arrangements</li> <li>• Procedures for knowledge transfer</li> </ul>
The governing body has board and/or staff succession planning in place	<ul style="list-style-type: none"> <li>• Documented succession planning policies and procedures</li> <li>• Examples of succession planning</li> <li>• Board meeting minutes</li> </ul>

### Outcome 7.2: The quantum, manner of delivery and continuity of investment enables the governing body to deliver on its responsibilities

<i>Indicators of current achievement</i>	<i>Examples of evidence relating to indicator</i>
The level of investment gives the governing body an opportunity to meet its responsibilities	<ul style="list-style-type: none"> <li>• Accounts showing investment breakdown</li> <li>• Documented processes that identify the level of investment required to meet responsibilities</li> <li>• Investment strategies</li> <li>• Interviews with decision-makers</li> </ul>
The governing body has autonomy to deploy and redeploy finances, subject to meeting accountability outcomes	<ul style="list-style-type: none"> <li>• Agreements, charters and contracts with investors</li> <li>• Examples of strategic redeployment of finances</li> </ul>
The governing body is able to plan the allocation of its NRM investments for a minimum of three years ahead	<ul style="list-style-type: none"> <li>• Investment strategies</li> <li>• Funding agreements</li> </ul>

**Outcome 7.3: NRM knowledge acquisition and deployment enable the governing body to deliver on its responsibilities**

<i>Indicators of current achievement</i>	<i>Examples of evidence relating to indicator</i>
The governing body has an effective NRM knowledge acquisition and management system	<ul style="list-style-type: none"> <li>• Documented knowledge management system</li> <li>• Documents demonstrating professional design of the knowledge management system</li> <li>• Processes for evaluating, managing, maintaining and updating the knowledge management system</li> </ul>
The governing body has access to state-of-the-art NRM knowledge	<ul style="list-style-type: none"> <li>• NRM data – the assessor might examine sufficiency and currency biophysical, social, cultural, economic and spatial dimensions</li> <li>• Documented use of knowledge networks</li> <li>• Partnerships with knowledge providers</li> <li>• Partnerships, MOUs, service agreements, sharing protocols with other knowledge holders</li> <li>• Committee memberships</li> <li>• Documented literature searches</li> <li>• Documented examples of obtaining local, traditional and ‘expert’ knowledge</li> </ul>
The governing body uses state-of-the-art NRM knowledge to underpin plans and activities	<ul style="list-style-type: none"> <li>• References to knowledge sources used in strategies and plans – the assessor might examine sufficiency and currency</li> <li>• Documented instances of state-of-the-art knowledge being used to support decision-making</li> <li>• Interviews with project planners and managers</li> </ul>

**Outcome 7.4: Planning processes and implementation tools enable the governing body to deliver on its responsibilities**

<i>Indicators of current achievement</i>	<i>Examples of evidence relating to indicator</i>
The governing body develops strategic, tactical and operational plans that set broad direction, identify measurable objectives, specify actions to address these ends, and provide for the implementation of these actions	<ul style="list-style-type: none"> <li>• Plans</li> <li>• Documented implementation of actions contained in plans</li> </ul>
The governing body uses an effective mix of advisory, regulatory, economic, and educational implementation tools	<ul style="list-style-type: none"> <li>• Strategies and plans</li> </ul>

**Outcome 7.5: Business systems enable the governing body to deliver on its responsibilities**

<i>Indicators of current achievement</i>	<i>Examples of evidence relating to indicator</i>
The governing body uses a financial management system that enables effective receipt, disbursement and reporting of investments	<ul style="list-style-type: none"> <li>• Documented codes and procedures guiding financial management</li> <li>• Audits of financial operation</li> <li>• Confirmation that investors are satisfied with financial reports</li> <li>• Absence of complaints regarding payments to service delivery agents or other clients</li> </ul>
The governing body practices responsible personnel management	<ul style="list-style-type: none"> <li>• OH&amp;S policies</li> <li>• Claims or correspondence on safety issues</li> <li>• EEO policy, staff profile, recruitment advertisements</li> <li>• Staff salaries and conditions</li> </ul>
The governing body uses a project management system that integrates the design, delivery and reporting of individual projects	<ul style="list-style-type: none"> <li>• Documented project management procedures</li> <li>• Project records showing planning, delivery and reporting – the assessor might look for consistency in management of projects</li> </ul>
The governing body uses an information technology system that provides effective intra- and inter- organizational data management	<ul style="list-style-type: none"> <li>• Hardware and software systems</li> <li>• Databases, metadata and management protocols</li> <li>• Demonstration of compatibility with key partners' systems</li> <li>• Reporting processes demonstrating the usefulness of IT</li> <li>• Documents showing timely compliance with requests for information</li> <li>• Interviews with planning, management and project staff</li> </ul>

## PRINCIPLE 8. ADAPTABILITY

### Outcome 8.1: The governing body has a well developed and maintained culture of intentionally learning from experience and absorbing new knowledge

<i>Indicators of current achievement</i>	<i>Examples of evidence relating to indicator</i>
The governing body measures outcomes from plan implementation, and takes remedial action when these outcomes do not meet objectives	<ul style="list-style-type: none"> <li>• Monitoring, evaluation, review and improvement (MERI) strategy</li> <li>• Documented reviews of plans and projects</li> <li>• Meeting minutes</li> </ul>
The governing body has a culture that values reflection, learning, complexity and diversity	<ul style="list-style-type: none"> <li>• Policy statements</li> <li>• Corporate strategies and plans</li> <li>• Interviews with decision-makers</li> <li>• Meeting minutes</li> <li>• Interviews with partners or peer organizations</li> </ul>

### Outcome 8.2: The governing body systematically anticipates threats to effective NRM and manages associated risks

<i>Indicator of current achievement</i>	<i>Examples of evidence relating to indicator</i>
The governing body employs effective processes and procedures to anticipate intra- and extra-organizational threats and manage associated risks	<ul style="list-style-type: none"> <li>• Documented risk strategy</li> <li>• Risk register</li> <li>• Meeting minutes</li> <li>• Documents indicating risk assessment has been undertaken for particular projects</li> </ul>

### Outcome 8.3: Individual, organizational and system-level performance is subject to systematic assessment, reflection and correction

<i>Indicators of current achievement</i>	<i>Examples of evidence relating to indicator</i>
The governing body's office bearers and staff participate in learning-based performance management processes	<ul style="list-style-type: none"> <li>• Performance management policy and procedures</li> <li>• Documented performance reviews</li> </ul>
The governing body applies effective MERI processes to: assessment of plans and their implementation; business systems; and governance	<ul style="list-style-type: none"> <li>• MERI strategy</li> <li>• Documented reviews of plans, plan implementation, business systems and governance</li> <li>• Documented changes made as a result of review processes</li> </ul>
System-wide performance is subject to comprehensive and regular review, and adjustments made as necessary	<ul style="list-style-type: none"> <li>• Program review documents</li> <li>• Documented policy development processes</li> <li>• Documented outcomes from policy reform</li> <li>• High-level committee minutes</li> </ul>

## 4. EXPLANATORY NOTES

### 4.1 METHOD USED TO DEVELOP THE GOVERNANCE STANDARD AND ASSESSMENT FRAMEWORK

The Governance Standard and Assessment Framework was developed through a multi-stage process.

*Stage 1. Development of eight principles that form the basic motivation and structure for the Standard.*

The principles were developed in an extended process that encompassed literature analysis; an expert panel; and interviews, workshops and comments from the partners listed on the inside front cover of this report. Details of the principles and their development are given in: Lockwood, M., Davidson, J., Curtis, A., Stratford, E., Griffith, R. (2008 in press) *Governance principles for natural resource management, Society and Natural Resources*, available at <http://www.geog.utas.edu.au/geography/nrmgovernance/>

*Stage 2. Interviews and workshops undertaken by the research team with the partners listed on the inside front cover of this report.*

*Stage 3. Development and implementation of a 'trial' standard.*

Aspects of this preliminary work are described in: Davidson, J., Lockwood, M., Griffith, R., Curtis, A., Stratford, E. (2008) *Status and good practice in Australian NRM governance*. Report No 5, University of Tasmania, Hobart, available at <http://www.geog.utas.edu.au/geography/nrmgovernance/>

*Stage 4. Analysis and critique of the trial standard and its implementation.*

Comments received from the trial participants, further reflection by the research team, discussions with the NSW Natural Resources Commission (NRC), and review by an expert in standards and their development, John Dean, indicated the need for major modifications to the approach taken in the trial version of the standard. Principal among these were: moving to a single standard for all NRM governing bodies; separating the standard from the means of assessment; reducing prescriptivity; discarding attempts to rate governance performance against a qualitative scale; offering an assessment framework rather than a fully-developed assessment tool; and enhancing utility for supporting adaptive learning.

*Stage 5. Development of the 'prototype' Governance Standard and Assessment Framework presented in this document.*

The characteristics indicated in Stage 4 were used to direct reconstruction of the trial version of the standard into the Governance Standard and Assessment Framework presented in Sections 2 and 3 of this document. This reconstruction was carried out by the research team, with valuable input from John Dean and comments from the project partners.

The resulting Governance Standard and Assessment Framework is termed a 'prototype' to reflect that it has not been subject to an implementation trial.

## 4.2 NOTES ON THE PRINCIPLES AND SIGNPOSTS

In this section, the key themes for each principle are elaborated. Explanations and rationales are provided for the ideas embodied in each principle with suggestions also about the implications of these for NRM governing bodies. Most importantly, in recognition that good governance is a dynamic entity, specific attention is paid to outlining the present cutting edge of governance. The intention here is to indicate the directions that good governance is likely to take and why it is important for NRM governing bodies to be cognizant of such trends. In this context, cutting-edge governing bodies are those who exceed current good governance practice expectations and can consider themselves to be adaptive, learning organizations.

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### ***PRINCIPLE 1: Legitimacy***

In some Australian jurisdictions, regional NRM bodies have authority conferred on them by statute enacted by democratically elected parliamentary representatives. Legitimacy can also be authorised in a non-regulatory way where a regional NRM body earns acceptance from stakeholders – that is, through widespread acknowledgement that the regional NRM body is exercising valid authority. Engendering stakeholder and investor confidence requires that regional NRM bodies have sound governance processes that provide probity with respect to financial, business, risk, and human resources management.

The notion that matters ought to be handled by the smallest (or the lowest) competent authority is known as the principle of *subsidiarity*. It is a key value underlying federal systems of government. However, since the Second World War, the tendency has been for Australian governments to concentrate power at the centre. More recently, the trend has been for central governments to devolve responsibilities to lower tiers of government but to retain central control through budget and other strict compliance measures. The problem with this trend is that lower-level governing authorities are often not provided with sufficient powers and flexibility to effectively implement their obligations.

A corollary of subsidiarity is that in a multi-level governance system some functions will be more appropriately handled at particular governance levels than at others. The implication for Australian NRM governance is not only that power should reside where it can be most effectively exercised but that lower governing levels should also understand, accept and respect that higher governing levels have particular and valid authorities within a multi-level system.

State or territory governments and the Australian Government can engender key stakeholder confidence in the NRM system by demonstrating adherence and commitment to the regional delivery model. Commitment can be demonstrated by (i) ensuring that the responsibilities delegated to regional NRM bodies are matched by expectations; (ii) allowing a degree of autonomy and authority sufficient to effectively deliver NRM outcomes; (iii) providing appropriate leadership and coordination; (iv) securing persistence of the institutional architecture and of policy and funding regimes that give regional NRM bodies adequate time to deliver on outcomes; (v) adhering to service delivery arrangements; and (vi) having sound governance processes with

respect to financial management, as well as other process elements (in particular engagement and information systems) that are addressed under other principles.

Acting with integrity means that those individuals who exercise authority declare any conflicts of interest, do not seek to manipulate outcomes to their personal advantage, and behave honestly. To support this code, NRM governing bodies should have processes to uphold such standards. Such processes also support the high level of commitment to NRM displayed by regional NRM bodies by circumventing the potential for individuals to subvert NRM outcomes for personal gain.

### **Signposts to innovation**

Organizations aspiring to be at the cutting edge of governance practice are not content with the degree of legitimacy conferred by formal democratic statute which may be too indirect and/or insufficient to gain the acceptance and trust of stakeholders. This is especially the case during times of intensified political distrust. Trust can be generated locally by involving local institutions with an existing democratic mandate such as local governments and/or utilising deliberative or grassroots approaches to policy and decision-making. Such organizations have active programs to gain and maintain stakeholder respect and trust and they are able to demonstrate these aspects if required. Trust has been shown to be a key ingredient in the community cooperation required to address difficult NRM issues and in enabling such communities to take risks for innovation.

How decision-makers conduct themselves is also important in generating trust among close collaborators and within the broader NRM community. The ideal is to create an environment where all decision-makers act with integrity and discussion is supported by widely-accepted norms that allow participants to freely share their views.

In the spirit of subsidiarity and an appropriate distribution of power, higher-level bodies do not simply refrain from usurping the role of lower-level bodies but they have a strong commitment to ensuring that the latter have adequate powers and resources to undertake their responsibilities.

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### ***PRINCIPLE 2: Transparency***

In general, decisions about NRM priorities and investments should be accessible to stakeholders. However, access to some details of particular decisions may be restricted due to privacy or commercial considerations.

Transparency is required in (i) who has made a decision; (ii) the means by which the decision has been reached; and (iii) the rationale for the decision. For example, was the decision made:

- according to the authority conferred on or delegated to an individual or body;
- according to procedures such as majority-rule voting or consensus; or
- on the basis of expert opinion, professional judgement, and formal decision aids such as multi-criteria analysis or benefit cost analysis?

Being open and clear about the reasons for decisions is an important aspect of accountability to stakeholders and helps to legitimize governing bodies in their eyes. For it to be accessible, some stakeholders may require information to be made available in particular forms. For example:

- some stakeholders may require materials to be available in languages other than English;
- some landholders may attend a field day in preference to reading a publication or accessing the Internet; and
- some Indigenous community groups may prefer to access information via verbal communication rather than in written form.

### **Signposts to innovation**

Well-developed transparency and openness about decision processes and the rationales behind decisions foster an organization's capacity to correct poor quality decisions before they are implemented. This capacity is a central element in the continuous improvement cycle.

The emphasis on improving communication and openness with marginalized and non-involved groups is a consequence of the need to engage as many of those who will be affected by NRM decisions as possible in order to diversify inputs of information and so increase options for solutions to NRM challenges.

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### ***PRINCIPLE 3: Accountability***

Clear differentiation and formal specification of Australian, state or territory, and local governments' NRM roles, the roles of regional NRM organizations and those of associated committees and councils, statutory authorities and advisory bodies is important for the establishment of clear lines of accountability and so for effective system performance. Higher levels of government have system-level responsibilities including overseeing system design and performance, representing extra-regional interests and addressing national and international concerns and obligations. These responsibilities should be recognized and respected by lower governance levels.

NRM roles and responsibilities also encompass matters such as water allocation, pest plant and animal management, biodiversity conservation, mitigation of land degradation and so on. The extent to which a regional NRM body is responsible for such matters must be clearly identified. Where responsibilities are determined to lie outside the regional NRM body, these must also be unambiguously allocated. Roles and responsibilities concerning partnership arrangements should be clearly articulated in agreements such as Memoranda of Understanding, while purchaser-provider relationships should be formulated in contractual arrangements.

Within a regional NRM body, the roles and responsibilities of board members and CEOs should either be identified in legislation or specified in a formal agreement between the regional NRM body and the corresponding state or territory and Australian Government. The roles and responsibilities of regional management staff, voluntary committees and the like should be identified and formally documented.

There should be procedures to ensure that staff and voluntary committees act in accordance with their designated roles and responsibilities.

Compliance with regulatory requirements is an important component of good governance for a public entity. Compliance means having a compliance policy the purpose of which is to satisfy the Board that the organization is compliant with relevant legislation, standards and codes; a compliance program that is integrated with business, operational and financial plans; a system of monitoring compliance, such as internal and external audits; and processes to meet external reporting requirements.

Reporting requirements should be the minimum necessary to provide financial, governance and performance accountability. In most instances, annual reporting on broad indicators addressing each of these domains should be sufficient, although six monthly financial reporting may be the preferred approach.

### **Signposts to innovation**

The drive to reduce role duplication is based on the largely untested assertion that reducing the number of functions or the number of responsible governing bodies inevitably leads to greater efficiencies. Recent studies now suggest that duplication and overlap are not always costly but may indeed be beneficial, for example, in reducing risks associated with the failure of one or more functional units. This is especially so in complex governance systems where redundancy is seen as a source of stability and strength. Such redundancy may also increase flexibility by improving the capacities for innovation in times of greatest need.

Integrated reporting of social, economic and environmental data is a sign that governing bodies are taking their sustainability responsibilities seriously, while integrated reporting of NRM conditions, outcomes, projects and expenditures indicates that there is a logic to an organization's operations.

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### ***PRINCIPLE 4: Inclusiveness***

Because there is a high level of uncertainty about causes, impacts and solutions to NRM issues, cooperation and collaboration amongst all those affected are required to effectively address many NRM issues. Having a diversity of knowledge, perspectives and ideas improves the chances of identifying more and better solutions to complex problems of NRM.

Inclusiveness is an ideal that applies to all governance levels and governing bodies. Inclusiveness for higher-level governing bodies implies a process in which regional NRM bodies are provided with formal opportunities to influence NRM negotiations and decisions that affect their capacity to implement NRM. Inclusive governance for regional NRM bodies is about boards seeking input from multiple sources; having an awareness of and valuing diversity; and having policies and structures to foster stakeholder contributions and engagement. Having stakeholder input into board-level processes and decisions can increase the legitimacy of the organization within its communities and stakeholders, and improve the effectiveness and relevance of its strategies and programs.

The level and type of engagement needs to be appropriate to and for each stakeholder group. To assist participation by a diverse range of stakeholders, options for regional NRM bodies include employing a range of participation mechanisms across the continuum from active to passive; providing resources to overcome barriers to participation (such as child-care at meetings); timing consultation to suit stakeholders' needs; and using delivery media appropriate to cultural and learning preferences. To ensure that boards incorporate diverse inputs, values and interests, their composition might best reflect the diversity of their stakeholders. However, in those jurisdictions where board composition is limited by statute, board members could undertake a diversity training program.

Inclusiveness also implies that regional NRM bodies actively and effectively engage their key stakeholders through targeted participation processes, and by maintaining ongoing dialogue with them. The effectiveness of engagement could be demonstrated by the uptake or continuance of management practices outside projects, improving participation in projects, or the number of formal partnership agreements with significant key stakeholders.

Governments can support the values of diversity outlined above through legislative provisions and board selection procedures.

### **Signposts to innovation**

The use of deliberative methods in stakeholder engagement is supported by democratic theory and theories of environmental democracy. Participation in deliberative processes helps to inform and educate citizens so that they are better equipped to make considered judgements and provide quality input.

Social capital formation is a critical objective of inclusiveness because social capital facilitates coordination and cooperation among NRM stakeholders. When there is an adequate store of social capital – that is, when social networks, norms and trust are sufficiently well-developed – the capacity to respond to NRM issues and opportunities is more likely to be self-sustaining.

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### ***PRINCIPLE 5: Fairness***

Fairness in governance is about how higher-level NRM governing bodies treat lower-level governing bodies and how the latter treat their stakeholders. A fair distribution of responsibilities for NRM improvements implies that no one individual, stakeholder or governing body is expected to absorb responsibilities beyond their capacities or obligations to do so. The burden should be shared so that expectations are realistic, the balance between public and private effort reflects the proportion of public and private benefits generated by NRM activities, and individuals are able to maintain their personal NRM capacities and positions without undue stress.

Fair treatment of stakeholders means that participation opportunities are genuine. To assist fairness, regional NRM bodies can employ a range of participation mechanisms appropriate to stakeholders' specific cultural and communication preferences. Treating stakeholders with respect and supporting their dignity is both a moral obligation and makes it easier for them to accept outcomes even if they disagree with

them. Fair procedures should guarantee that like cases are treated alike, and that where they are irrelevant, the race, gender, ethnicity and socio-economic status of a person do not determine decision-making processes or outcomes. Processes should promote an environment in which the participants treat each other with respect and can engage in rational discussion.

Strategic priorities generally mean that NRM actions and investments will not be evenly distributed across the NRM system or within any particular region at any one point in time, but will be targeting the highest priority issues. Nonetheless, the required outcomes should ensure that decisions and resource allocations are not systematically biased in favour of any particular region, sector or individual unless this is required to deliver on an agreed strategic direction or plan. Consistency between regions is important to dispel perceptions of unfair treatment and to promote cooperation between regions with mutual concerns. Priorities should be clearly articulated for the benefit of regions or stakeholders who may not be eligible. Within regions, in the interests of fairness, disputes procedures are also warranted.

Given that regional NRM strategies involve the significant investment of public money, often on private land and generating both private and public benefits, mechanisms should be in place to take into account the distribution of private and public benefits and costs of programs. Where there is likely a significant private benefit this should be considered when investment decisions are made. Public benefit should outweigh private benefit unless there is a higher proportion of cost-sharing from the private entity.

### **Signposts to innovation**

While it is reasonable to expect a fair distribution of NRM responsibilities, it is also reasonable to expect that those who cause obvious damage to the resource base through their activities should be responsible for remediation of that damage. This expectation, a variation of the polluter pays principle, encourages self-management in order to avert risks to the resource base.

Leading-edge practices of fair and respectful treatment of stakeholders should develop stakeholders' capacities so that they are not hampered or disadvantaged in their access to or utilization of engagement opportunities.

Progressive governance practice sees decision-makers trained in detecting and remediating their own biases. Knowing that decision-makers have such training is likely to improve stakeholder acceptance of unpalatable or contested decisions, especially among marginalised groups.

Sustainability of the resource base into the future means that decision-makers must consistently and consciously take a long-term view and factor in the costs and benefits of decisions to future resource users, as well as to current stakeholders. Progressive decision-makers also routinely consider the intrinsic values of natural entities as well as their value as resources. Giving consideration to values other than usefulness to human purposes means that utility is balanced by other concerns of importance to the well-being and maintenance of life more generally.

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**PRINCIPLE 6: Integration**

Integration is a key plank of environmental governance. Integrating the disparate spheres and sectors of human activity with environmental considerations is thought to be essential to more appropriate policy formulation, less harmful productive systems, and to sustainable living. Integration refers to the vertical alignment of NRM priorities and strategic direction across scales of government, and horizontal consistency of policy, planning and management instruments. In setting NRM priorities, higher-level governing bodies should identify opportunities to align the objectives of regional NRM plans with high-level statements of direction contained in state or territory and national strategies, and international agreements.

The cross-cutting nature of NRM problems calls for cooperation and collaboration vertically and horizontally among governing bodies with NRM responsibilities, and horizontally among adjacent regions, where priorities overlap. NRM issues that cross regional and jurisdictional boundaries, for example, water quality, climate change and pest plants and animals, require coordination among states or territories and regions.

Integration of policy initiatives is important to avoid duplication and to efficiently deploy NRM investment funds. Integration of policy instruments could include, for example, ensuring consistency of larger policy frameworks that rely on market-based instruments such as water trading with regional processes for securing environmental flows. Integration of plans includes, for example, coherent relationships between local government planning schemes or local environmental plans and regional NRM plans.

Partnerships enable NRM governing bodies to effectively coordinate their activities with other organizations involved in NRM. Partnerships are built on acknowledged interdependencies among the parties, and they are beneficial in reducing duplication and improving understanding. Because they bring more voices to the table, they are likely to generate improved responses to complex NRM issues. They can facilitate the strategic management of conflict and competition.

**Signposts to innovation**

The progressive NRM governing body goes beyond engagements with other such bodies at different levels of governance, and establishes communications with other NRM organizations such as NGO peak national bodies (for example, the National Farmers' Federation and the Australian Conservation Foundation). It also communicates with NRM organizations at the same level of governance, for example, Victorian regional NRM bodies would communicate with Environment Victoria. Extending the range of structural or institutional connections to involve non-traditional partners builds diversity, increases flexibility and resilience within the NRM system, and so helps to increase adaptive capacity. In this case, resilience – the capacity to buffer change, learn and develop – is an outcome of the social and political capital generated from such interactions.

In order that local, regional, state and national priorities are aligned with global environmental imperatives, progressive governing bodies' priorities and plans are not only aligned nationally but these bodies are also familiar with commitments to international agreements and act on them.

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## ***PRINCIPLE 7: Capability***

In an experimental governance system, issues of capability loom large. New systems of organization, skills and types of knowledge have to be developed. Leadership is especially important in gaining and maintaining commitment from stakeholders, investors and staff. Effectiveness of higher-level NRM governing bodies is influenced by agency technical capacity, agency capacity for central provision of support services and the degree of certainty in funding cycles. Leadership and coordination are often required at the state or territory and national levels – for example, in relation to development of integrated knowledge management systems.

Effectiveness of board decision-making depends on a range of factors – leadership exercised by the board; leadership and political skills of the chair; the range of NRM, financial, local government, business and related expertise; procedures; and training. Effective implementation is influenced by executive skills and leadership; technical, financial and management skills and competence of staff; availability of training; management systems; knowledge legacy and transfer systems; organizational maturity; funding availability and continuity; and succession planning. By effective business systems, we mean those systems needed to support the successful delivery of a regional NRM body's obligations: these include systems for financial management, human resource management, information management, project management, as well as NRM planning and implementation.

Whether regional NRM bodies have the capability to secure long-term NRM outcomes is dependent on the size, longevity and structure of funding arrangements, as well as availability of resources compared with other stakeholders and investors. Degrees of financial autonomy, flexibility and temporal security are crucial to regional NRM capability. While attracting funds from the private sector to deliver outcomes sought by landholders and industry is vital, it does not diminish the central importance of government in providing financial support directed towards securing common good NRM outcomes. Ideally, government investment in NRM should be substantial, long-term and allow regional NRM bodies the necessary degree of financial autonomy and flexibility. Regional NRM bodies must have the capacity to engage in medium to long term contracts with service providers and staff. An excessive reliance on short-term project-based funding structures, for example, is contrary to these needs.

### **Signposts to innovation**

As ecosystem knowledge generally accumulates over extended periods of time, the effectiveness of an NRM organization is likely to be enhanced when such NRM knowledge and related management skills are developed in-house as part of a long-term strategy. Leading-edge practice to avoid the problem of staff turnover and associated loss of knowledge and skills would see a program for junior and middle-level staff receiving innovative technical and management training to fit them for leadership positions.

A cutting-edge organization would be receiving a mix of public and private investment, the proportions of which would match the relevant delivery costs for each sector. An over-reliance on public investment to fund private good outcomes would likely cause resentment and so undermine stakeholder confidence in the NRM system.

Conversely, substantial investment of a long-term nature (that is, greater than three years as at present) is likely to assist stakeholders and qualified, experienced staff in making long-term commitments to NRM organizations and activities.

On the understanding that no one person, group, organization or sector has the solution to complex problems, there is growing acceptance that good practice in addressing complex environmental problems requires that plans and activities are developed with the input of different sources of knowledge. In turn, the progressive organization shares with other governing bodies the higher-order understandings developed through bringing such sources of knowledge together and the lessons so learned. The innovative organization is not content to undertake the minimum level of planning activity specified by statutory arrangements but understands the value of extending its repertoire of strategic planning tools to more effectively deliver on its responsibilities for sustainable resource use. A leading-edge organization would enjoy a fully integrated business system in order to more efficiently and effectively deliver on its responsibilities. Attaining certification of its business system will likely help build the confidence of investors and other stakeholders.

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### ***PRINCIPLE 8: Adaptability***

Adaptability refers to the ability of a governing body to rearrange its internal processes and procedures in response to changing internal or external conditions – that is, the body is intentional in its management of change. It has processes to assimilate new information, procedures to learn from experience, and procedures to test the reliability of its assumptions. An organization that is strategic, anticipatory, forward-looking and innovative in approach is in a better position to: read the external environment; reduce unexpectedness and surprises; respond to and cope with change; demonstrate foresight; and adapt to changing community needs. Such an organization will have procedures to identify, assess, and manage risk; for strategic planning; and for ‘what if’ thinking. Adaptive regional NRM organizations take seriously the importance of systematic self-reflection reflection and improvement on their procedures, processes and performance through such means as monitoring, evaluation and review. They also have processes for making better decisions and changes as a result of review outcomes and for feeding new information back into their plans and targets. Higher-level governing authorities can foster an active adaptive management approach through an emphasis on outcomes rather than outputs.

### **Signposts to innovation**

Having accepted that change is a reality of environmental management and that anticipation and preparedness are appropriate responses, the cutting-edge of adaptability is presently in adaptation planning, learning and innovation. The progressive organization acquires adaptation planning expertise or has access to it and routinely applies adaptation planning tools. Most importantly, both the NRM system and individual organizations would value and have developed a culture of experimentation and learning from management activities. The centre-piece of this culture would be a monitoring, evaluation, review and improvement system with fully integrated individual, organizational and system-level evaluation and correction strategies. In addition to anticipating threats, progressive governing bodies actively seek and take advantage of new opportunities.

### 4.3 RELATIONSHIP TO OTHER STANDARDS

Following the establishment of the regional delivery model for NRM in 2002, there were a number of efforts to refine and/or evaluate its governance dimensions. An assortment of governance principles, standards, assessment tools and frameworks was developed by statutory bodies or through consultancies commissioned by government agencies or through commissioned research. The most developed of these is the NSW Standard for Quality NRM which is the only formal standard specifically designed for use in Australian NRM. It was developed by the NSW NRC to ‘give confidence to the public, government, other interested parties and to natural resource managers themselves that investment in NRM is cost effective, protects and improves high value natural resource assets and maximises benefits through actions which contribute to outcomes at all scales’<sup>8</sup>.

The NSW Standard has seven interacting and non-prescriptive components:

- collection and use of knowledge;
- determination of scale;
- opportunities for collaboration;
- community engagement;
- risk management;
- monitoring and evaluation; and
- information management.

Catchment management authorities (CMAs) in NSW are required to address the Standard in the preparation of catchment action plans and in the development of structured business systems. The NRC assesses the consistency of application through formal audit processes and develops an improvement strategy for CMAs. The NSW Standard is not explicitly a governance standard. It is a quality standard. While most if not all of the components would find a place within the eight principles used in the Governance Standard and Assessment Framework, the NRC have no mandate to address corporate governance of CMAs. Thus issues like financial probity, staffing policies and the behaviour of boards are absent from the Standard.

The National Standards and Targets Framework<sup>9</sup> provides for an NRM standard though one has never been developed or adopted. Commissioned research in 2006<sup>10</sup> explores the potential for a national NRM standard and identifies eleven key components that would be likely to raise investor confidence in regional delivery of NRM services. These include all seven NSW components plus:

- program logic;
- financial probity;
- board and staff decision making; and
- management environment.

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<sup>8</sup>Natural Resources Commission (2005) *Standard for quality natural resource management*.

<sup>9</sup>Natural Resource Management Ministerial Council (2003) *National framework for NRM standards and targets*. NRMMC, Canberra.

<sup>10</sup>Griffith, R., Dean, J., Curtis, A., Hanlon, G., Parton, K., Green, A. (2006) *Exploring key attributes and standards of a model for quality assured regional NRM*. Charles Sturt University, Albury.

The eleven components, collectively forming a business processes improvement approach (BPI), draw on two governance assessment tools currently in operation in NRM in Australia and on evaluations of NHT and NAP program delivery and program performance as well as extensive consultations with key stakeholders in every state. Again all components, with the possible exception of program logic which refers to the planning logic used to develop targets, investment strategies and monitoring strategies, find expression in the eight principles used in the Governance Standard and Assessment Framework.

Walter Turnbull<sup>11</sup> developed and trialled a tailor-made governance assessment framework for the mid term evaluation of NHT2. It has subsequently been used by investor governments to undertake risk based audits of regional NRM organizations. The tool is not based on a standard as such. Rather it starts with ten principles then asks ninety-five questions relating to these principles:

- clarity of roles and responsibilities;
- board and management competence;
- ethical and responsible decision-making;
- identify and manage risks;
- enhance performance;
- respect the interests of all relevant stakeholders;
- compliance with all relevant legislative and accountability requirements;
- informed strategic foresight;
- robust management environment; and
- stewardship.

The questions are quite prescriptive and tend to work more as a checklist or ‘tick-the-box for compliance’ approach rather than affording the regional NRM organizations much room to innovate or adapt. In comparing the Walter Turnbull set of principles with those of this project, some overlaps are apparent though the former’s principles are probably a level or two down the scale. The exceptions are stewardship and informed strategic foresight which would make challenging outcomes.

Vogel and Zammit<sup>12</sup> also used NHT funding to develop a tailored version of the Business Excellence Framework for NRM. The framework is principles-based but does not include a standard. Excellence is the driver rather than quality or compliance. The assessment tool is quite detailed and based strongly around learning, incremental improvement and benchmarking. The approach has been mainly implemented by Queensland-based NRM groups.

The main features of each of these governance models are compared in Table 1. Table 1 indicates many similarities among the models (although they are at varying stages of maturity and implementation), and some important distinctions as well. The NSW Standard is fully matured, adopted by government and operational while the BPI

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<sup>11</sup>Walter Turnbull (2005) *Evaluation of current governance arrangements to support regional investment under the NHT and NAP*. Departments of the Environment and Heritage and Agriculture Fisheries and Forestry, Canberra.

<sup>12</sup>Vogel, N., Zammit, C. (2004) *Performance excellence guide for regional natural resource management organisations*. University of Southern Queensland, Toowoomba.

model and the Governance Standard developed in this project are as yet untested. The Walter Turnbull and Vogel/Zammit tools are not based on a standard. Other models have explicitly defined principles or norms to guide good governance practice. Although the NSW Standard and the BPI model, which is modelled on the former, have no principles as such, they are underpinned by principle-like activity statements, which, in the main, overlap with the principles that guide the other models in a more explicit fashion.

All except the BPI model have an associated assessment tool, which include rules to guide participants through the assessment process including an improvement response to lessons learned. All except the BPI and Governance Standard and Assessment Framework have quantitative rating scales.

In designing governance assessment, one issue is how prescriptive a standard and/or an assessment should be. The Walter Turnbull framework is largely prescriptive, the Vogel/Zammit model has roughly similar proportions of prescription and non-prescription, and the remainder are largely non-prescriptive. In an NRM environment where both continuous and step improvement are required for intentional adaptation, non-prescriptive standards have the advantage that they encourage the reflexivity and systematic learning that is crucial to adaptive change. When combined with an outcomes-based approach where outcomes are specified but their achievement is left open to those charged with this responsibility, such standards provide the degree of flexibility necessary to account for the diverse governance arrangements of the Australian NRM context.

Although improvement as an overall aim is common to all of the models, improvement does not indicate how well an organization is performing. Good or acceptable performance needs to be specified. This objective is satisfied by stipulating required outcomes, that is, those conditions of governance that indicate good governance performance. The NSW Standard, the BPI model and the Governance Standard and Assessment Framework are focussed on tying 'quality' to required outcomes while 'excellence' (an internationally recognised term) is the driver of the Vogel/Zammit model. Whatever the assessment method used, one of the main drivers of all models is to provide assurance to stakeholders, particularly investors, about the quality of performance.

The audit capacities of three of the models in question have been operationalized. The NSW Standard is audited under a two party audit system as is the Walter Turnbull approach. The Vogel/Zammit Excellence Guide has a no fixed assessment, but offers a graded approach from self assessment through peer assessment and internal audit to external audit. The BPI report made some suggestions and a business case for a national two party audit infrastructure which has not been taken up. At the time of writing the Governance Standard and Assessment Framework audit capacity was still being investigated.

All models except the NSW Standard cater for the narrower interpretation of governance as corporate governance while addressing broader governance interpretations to differing degrees. The Governance Standard developed in this project takes perhaps the widest view of governance, both conceptually and in encompassing all levels of the multi-layered NRM governance system in Australia.

**Table 1. Comparison of the main features of Australian NRM governance assessment models**

	Number of principles or principle-like components	Standard	Assessment tool or framework	Quantitative rating scale	Largely non-prescriptive	Main drivers*	Suitable for audit	Systematic learning capability	Corporate governance included
NSW Standard	7	✓	✓	✓	✓	QA, Q, I	✓	✓	✗
Business Processes Improvement Model	11	✓	✗	✗	✓	QA, Q, I	✗	✓	✓
Walter Turnbull Governance Assessment Framework	10	✗	✓	✓	✗	QA, I, C	✓	✗	✓
Vogel/Zammit Performance Excellence Guide	12	✗	✓	✓	✓	QA, E, I	✓	✓	✓
NRM Governance Standard and Assessment Framework	8	✓	✓	✗	✓	QA, Q, I	(✓)	✓	✓

\* QA: quality assurance. Q: quality of performance. E: excellence. I: improvement. C: compliance.

## 5. GLOSSARY

### *Authority*

A rational-legal type of authority conferred on a governing body that derives its legitimacy, justification and right to exercise power in the performance of its functions from formal rules, such as legislation or a constitution.

### *'Care' groups*

Those voluntary groups involved in conservation, environmental protection and repairing environmental degradation, including Landcare, Coastcare, Bushcare, Wildcare, Rivercare, and sustainable agriculture groups.

### *Commitment*

Follows from an assumption of responsibility for an organization or strategy; it involves an obligation to serve the interests of the organization or strategy and to provide genuine support for its continuity and security.

### *Common good*

Those common-pool goods of NRM, such as biodiversity or good water quality, the provision of which requires collective oversight of their management.

### *Connection*

The institutional structures or arrangements, processes and instruments that facilitate relations between governments and between government and non-government governing bodies, including bilateral agreements, joint authorities, and formal partnerships.

### *Coordination*

Determination and implementation of priorities, plans and activities in harmony or cooperation with those of other levels of governance.

### *Decision-makers*

Office-bearers and senior staff with responsibilities for NRM decisions at any scale.

### *Decision-making processes and/or tools*

Such processes or tools are collectively referred to as decision support systems. They support decision-making by helping decision-makers gather intelligence, generate alternatives and make choices. Supporting the choice-making process involves supporting the estimation, evaluation and/or comparison of alternatives. One of the main benefits of decision support tools is in expediting problem-solving.

### *Deliberative methods*

Methods of consultation and engagement that inform and educate all participants, thus allowing considered judgements and enabling quality decision-making. These methods include citizens' juries, citizen's panels, committees, consensus conferences, conflict resolution, scenario workshops, deliberative polling, focus groups, multi-criteria mapping, public meetings, rapid and participatory rural appraisal (RRA and PRA), and visioning exercises.

*Democratic institutions*

The formal institutions and instruments of parliamentary democracy and less formal deliberative and participatory instruments such as round tables, citizens' juries, forums, community visioning and so on.

*Democratically mandated*

The authority that a governing body derives directly through democratic elections or indirectly through other democratic processes or procedures.

*Devolution*

Delegation of power or authority from a higher to a lower governing level.

*Governing bodies*

(i) Government agencies with responsibilities for NRM policy and planning; and  
(ii) quasi-government authorities (for example, Victorian regional NRM organizations) and non-government organizations (for example, Queensland regional NRM organizations) with authority devolved from higher-level governing bodies for NRM priorities, plans and activities.

*Integrity*

Behaving responsibly towards an organization or strategy by honouring one's commitment to that organization or strategy; responsible behaviour implies exercising authority honestly, avoiding manipulation for personal advantage, and being truthful about conflicts of interest.

*Intrinsic value*

In its strongest sense, intrinsic value means that non-human entities have a value independent of human valuations; they are not simply of value as a means to human purposes.

*Jurisdiction*

The sphere of authority determining the limits within which a particular NRM power can be exercised by, for example, national, state, regional or local NRM governing bodies.

*Learning*

The process of incorporating knowledge and understanding from NRM experience and other sources – scientific, Indigenous and local – into NRM priorities and plans.

*Levels of governance*

National, state, regional, and local levels where NRM decisions are taken and implemented.

*Negative NRM-related externalities*

Unintended side-effects of productive activities, such as farming, grazing or irrigation that harm or degrade the condition of the natural resource base.

*New settlers*

Recent arrivals that have relocated for life-style reasons, including sea-changers and tree-changers.

*NRM knowledge*

Artifacts (writing, art, and other products), skills, experience, rules of thumb and natural talent that are useful in the NRM context. Knowledge may come from scientific, Indigenous, local or strategic sources.

*Obligations*

Responsibilities and expectations devolved to regional NRM bodies whether by statute or higher-level agreement, such as obligations to report on financial performance and performance in relation to resource condition targets.

*Office-bearers*

Those who are elected or appointed to board positions on NRM governing bodies.

*Organization*

Any collective body, governing or non-governing, with responsibilities for NRM.

*Peer organizations*

For regional NRM bodies, peer organizations are other regional NRM bodies. For state agencies, peer organizations are other state agencies.

*Performance*

How an NRM governing body delivers on its allocated or agreed responsibilities.

*Power*

The ability to act or achieve particular ends.

*Private benefits*

That proportion of the benefits of combined public and private investment in NRM activities that accrues to private landowners.

*Reasoning*

The rationale for a decision or the steps taken to reach it are fully described, including any value concerns underlying the decision factors (identifying underlying values links motivation to process and outcomes).

*Risk*

A *risk* is the expectation that a threat may succeed and the potential damage that can occur.

*Role*

A function allocated to an NRM body.

### *Responsibilities*

Those tasks allocated to NRM governing bodies by statute or as a result of higher-level agreements.

### *Social capital*

All the components of social organization including networks, norms and social trust that facilitate coordination and cooperation for mutual benefit.

### *Stakeholder*

An organization, governmental entity, or individual that has a stake in, or may be affected by, or is capable of influencing a given approach to the management of natural resources.

### *Strategic, tactical and operational plans*

A *strategic plan* provides direction, rather than prescribe detail. In a strategic plan, an organization typically identifies the goals that need to be met in order for it to achieve its mission. Strategic plans also typically outline the policy mechanisms and instruments that will be used to achieve strategic goals. *Tactical plans* set short to medium term measurable objectives that give more specific direction than the goals set in a strategic plan, and also specify the actions by which it is hoped the objectives will be achieved. *Operational plans* deal with the implementation of higher level management plans. They typically specify who will be responsible for carrying out particular tasks, the time frame in which they will be undertaken and the resources required.

### *Threat*

Probable impending danger or harm to (i) an NRM body from inside and/or outside the organization, or (ii) the natural resource base.

### *Unnecessary duplication*

Tasks carried out at several levels or by several NRM bodies that could best be undertaken at a single level or by a single body.

### *Visibility*

Process visibility provides stakeholders with the ability to evaluate the effectiveness of NRM decision processes to determine whether scarce resources are being optimized and whether NRM decision-making bodies are delivering on agreed outcomes.