

# TRANSCRIPT

## PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

### **Inquiry into Auditor-General's Report No. 202: Meeting Obligations to Protect Ramsar Wetlands (2016)**

Melbourne—Monday, 2 December 2019

#### Members

Ms Lizzie Blandthorn—Chair

Mr Richard Riordan—Deputy Chair

Mr Sam Hibbins

Mr Gary Maas

Mr Danny O'Brien

Ms Pauline Richards

Mr Tim Richardson

Ms Ingrid Stitt

Ms Bridget Vallence

## WITNESSES

Mr Andrew Greaves, Victorian Auditor-General, and

Mr Andrew Evans, Director, Performance Audit, Victorian Auditor-General's Office.

**The CHAIR:** Good morning, Auditor-General. Thank you very much for coming today. I am sure that you are accustomed to the official welcome that needs to be read at the beginning of each witness, so if you will bear with me. Welcome to the public hearings for the Public Accounts and Estimates Committee's Inquiry into the Victorian Auditor-General's Report No. 202: Meeting Obligations to Protect Ramsar Wetlands, tabled on 14 September 2016. All evidence taken by this Committee is protected by parliamentary privilege; therefore you are protected against any action for what you say here today, but if you go outside and repeat the same things, including on social media, those comments may not be protected by this privilege. You will be provided with a proof version of the transcript for you to check. Verified transcripts, PowerPoint presentations and handouts will also be placed on the Committee's website as soon as possible. Thank you, Auditor-General, for your attendance. I invite you to make a 15-minute opening statement to the Committee, which will be followed by questions.

**Mr GREAVES:** Thank you, Chair, for the opportunity to assist the Committee with its follow-up inquiry into the findings and recommendations of our report number 3 of 2016–17: *Meeting Obligations to Protect Ramsar Wetlands*, which we tabled in September 2016.

Can I start first by commending the Committee for recommencing its reviews. I understand the last such inquiry of this nature was held in 2014 when the Committee then examined a number of reports tabled between 2009 and 2011. The Committee is aware that my office undertakes its own follow-up of selected VAGO reports generally two years after they are tabled. Last week we tabled two such reports into our audits of *Access to Public Dental Services in Victoria* and *Regulating Gambling and Liquor*. Nonetheless, the involvement of the Committee in its own follow-up process can serve only to strengthen the accountability of the executive for the actions they committed to publicly in response to our report recommendations. And it is accountability, or lack thereof, that is one of the central matters raised in this report. From a systemic viewpoint—that is, issues inherent in the overall system—the report speaks to weaknesses in governance, particularly the need for better articulation and alignment of roles with responsibilities, the authority to act and the need for better oversight and monitoring of outcomes, especially the ecological condition of sites and any threats to those or actual changes that may be outside the limits of acceptable change.

Two areas I think the report focuses on are roles and responsibilities, and outcomes. The most significant substantive facts of the report, set out in chapter 2, are that Victoria did not comply with the requirement to update its Ramsar information sheets every six years—no RIS were current at the time of the audit; all ecological character descriptions had information or knowledge gaps, making it harder, if not impossible, to determine whether limits of acceptable change (LAC) had been breached; only five of the then 11, now 12, Ramsar sites had LACs for all their critical ecological elements; and no management plans met all of the requirements for them to be considered a comprehensive management framework, and most only partly addressed the stated threats to ecological character. Those substantive findings arose largely because the management plans did not specify clear operational governance arrangements, and this was especially the case where Parks Victoria was the site manager. Roles and responsibilities for specific actions in management plans were not always clear or documented, as we say in the report, nor was the accountability for implementing and monitoring the effectiveness of the management activities.

But also we found these things because of a mismatch between the management actions that were assigned or committed to in those management plans, where they existed, and the funds that were available to deliver on those actions. We observed that the Ramsar management plans at the time were most often embedded into the regional waterway strategies of CMAs—catchment management authorities—while at the same time Parks Victoria was the primary manager for 10 sites. Yet we found that Parks Victoria's activities were generally not guided by the current Ramsar management plan. PV instead, from 2015, began preparing management plans for areas with similar landscapes—for example, the river red gums landscape plan—which included Ramsar sites, but of the 16 plans being developed by PV at the time no plan that covered a Ramsar site had been

completed. This approach by Parks Victoria superseded site-specific management plans that PV had developed in 2002–2003, but in the audit we report that of the 404 actions listed in those plans only 51 per cent had been completed.

Inaction on 20 per cent, roughly, of the actions was attributed by PV to two issues: a lack of funds or resources and a lack of a plan to guide the actions. One hundred and fifteen actions, which is just slightly more than 25 per cent, were only partly implemented as they were deemed by PV to be somebody else's responsibility. So without a standalone, specific, focused management plan for each Ramsar site, with devolved responsibility for actions but no effective monitoring thereof of those actions and with no regard to the funding required to maintain a site, it is unsurprising there was no or little accountability.

When we talk to monitoring of outcomes, I note that Victoria as recently as April 2019 has now promulgated guidance on measuring and reporting on outcomes—*Outcomes Reform in Victoria*, which is available on the DPC website—which if delivered as intended will complement and strengthen the state's output-based budgeting management systems. In the case of Ramsar sites, monitoring is important for assessing overall wetland condition and for supporting adaptive management. This allows agencies to adjust their management processes based on monitoring and evaluation. While there were some isolated examples, we found little evidence of adaptive management principles being applied at Ramsar sites.

At the time of our audit the focus was more on checking whether planned actions had been implemented rather than on the impact of those actions on the ecological character of the site or on reducing or eliminating threats to the site. Given that, it is also perhaps unsurprising there was little or no public reporting on outcomes at that time, and I am not certain that this has been remedied to date. We now look to the outcomes reform work being undertaken by the VPS as one way to address the issue of better public reporting on outcomes.

As I turn to the three audit recommendations that the Committee is inquiring into today, they were directed to addressing the systemic issues I have outlined above: clarifying roles and responsibilities; improving governance and management plans; understanding the funds that are required for committed actions and exploring the mechanisms to secure those funds; and better monitoring, evaluation and reporting of outcomes. The department advised my office in late 2018 that it had implemented all three recommendations. While we have not audited or otherwise verified these actions, on paper they appear to remedy the underlying systemic weaknesses in governance discussed above. The efficacy of the actions by the site and state coordinating committees and governance committees and the strength of statewide oversight now will be the key determinants as to whether proper accountability has been implemented and whether ultimately the outcomes for implementing priority actions are achieved.

I have with me today Andrew Evans, who is the director responsible for the audit, and we would be pleased to answer any questions the Committee may have.

**The CHAIR:** Excellent. Thank you, Auditor-General. I might kick it off with the first question. Given Ramsar's mission is 'the conservation and wise use of all wetlands through local and national actions and international cooperation, as a contribution towards achieving sustainable development throughout the world', as quoted, in 2016 to what extent did you find that managers were ensuring the conservation and wise use of all wetlands, and how has the conservation and sustainable use of Victorian wetlands changed or improved since 2016 in your view?

**Mr GREAVES:** If I address the latter part of the question, Chair, we have not followed up on the audit, so we have not been checking up on the management actions and certainly do not have any current information on how the character of the wetlands may have changed, whether or not limits of acceptable change have been breached or what adaptive management strategies may have been taken.

I think in relation to your first question, as I outlined, the substantive facts of the audit indicated to us that they were not being managed effectively. There are a lot of information and knowledge gaps around the ecological character, and not all LACs had been identified for those attributes. And, as we said in the report, sometimes, if you like, the management plan was embedded in the strategy and the strategy was part of a broader organisational strategy, so it was really difficult to understand the prioritisation given to the management

actions associated with a particular Ramsar site. So from that perspective it was quite unclear to us how effective the management had been at those sites.

**Mr RIORDAN:** To what extent have VAGO's recommendations been implemented? You made comment that you had feedback that the three recommendations had been seen to.

**Mr GREAVES:** Yes.

**Mr RIORDAN:** And reading between the lines the greatest thrust in the recommendations was around adequate financial resourcing to implement the obvious copious quantities of things you have to do to manage these areas. Have you any sense or have you been able to gain any sense of whether real funding has been achieved, or is it purely that the bureaucratic process is being better accounted for—you know, more transparent and who is responsible?

**Mr GREAVES:** Again, I think it is the latter, Deputy Chair. From where we sit, we were looking at organisational arrangements—the governance, who had the role and who had the responsibility—because we like the role and responsibility ideally to be with the one organisation or the one person within an organisation. And then from that we wanted to understand about those people with those roles and responsibilities: did they have what we call the legitimate authority to discharge those roles and responsibilities? Now, authority comes from a whole range of considerations: first, positional authority—where do these people live within the organisation, can they commit the organisation to actions and therefore at the end of the day can they be held accountable for those actions if those actions are not implemented? But one key part of a legitimate authority of course is you actually have to have the resources at your command to implement the actions.

What we found in the report is that in many cases there were actions but there was no funding assigned to those actions, and so you have lost that connection or that nexus between a responsibility and authority. That may have been the case, and that was a broader point we made about this. It is not necessarily the funding per se that has been assigned to a particular action; the broader systemic issue was that on the actions themselves, not a lot of work had been done—and I am generalising now because there are exceptions—to determine how much money I would need to spend to maintain the site.

**Mr RIORDAN:** That sort of broad policy objective about how to deal with it, but no fundamental understanding of what that might look like.

**Mr GREAVES:** Yes, what the entire resource commitment may look like if I am going to maintain the ecological character of the site, if I am going to keep it within its LACs. Of course, as we said there were some information gaps and knowledge gaps, so it would be an imperfect science to come up with a funding estimate which would be absolutely reliable and complete, but it would be the starting point. You would want to know, 'For this site, I really need to invest this much money over the next year, the next three years, the next 10 years'. That would be the starting point to then say, 'Well, now, how much money do I have?', because I do not think you can hold people accountable if they have not got sufficient resources to actually deliver on their obligation. So let us start with understanding how much we need to spend, and then let us start on how much we have actually got.

So to answer your question directly, we have not tracked subsequently how much additional money. We understand some additional money has been provided since the report in respect of a couple of areas in relation to CMAs, to do some work there, but we do not have the view as to how much extra resources have been applied. But certainly I think it is an area that the Committee could be inquiring into.

**Mr HIBBINS:** First, I just wanted to ask whether, given it is an international convention, there is an international best practice that the management of Ramsar sites is benchmarked against.

**Mr GREAVES:** We do not refer to one in the report. I am not sure whether the audit team when they were investigating it looked at an international best practice.

**Mr HIBBINS:** Okay. Fair enough.

**The CHAIR:** Andrew, did you have anything further to add?

**Mr EVANS:** Yes. We certainly did not refer in the report to any particular place. We tried to highlight some of the better practices in the work we undertook.

**Mr GREAVES:** Sorry, Chair, the way we approach a performance audit when we establish criteria against which to evaluate, our first port of call is: what criteria has the agency themselves established? And so the criteria are fairly clearly set out in the Ramsar convention, what is required—a RIS, an ECD, LACs. So we simply judged it against that, assuming that that was the framework that needed to be implemented, and the audit stopped really at saying, ‘Well, there are so many gaps here. There is not much point in us going much further on’.

**Mr EVANS:** I would add that a better practice site would be one that is meeting all of those requirements.

**Ms RICHARDS:** We are here as a Committee together today, and I am interested in finding out where you think the Committee should be focusing. What are current risks or challenges that you think should be where we are putting most of our attention?

**Mr GREAVES:** I think there are a couple of areas that commend themselves to the Committee. We have been advised and we have provided some information to the Committee—and no doubt the agencies have as well—that there has been an oversight kind of governance group established of all the key agencies that are responsible for overseeing the Ramsar wetlands. And then in respect of each wetland, we understand there is a coordinating committee which will have some responsibility or role in relation to that wetland. So that, as I said, on face value seems an appropriate response. The devil is always in the detail with these.

Whenever we look at committees and governance groups, we ask ourselves a number of questions. The first question: do they have terms of reference or a charter against which they outline their various roles and responsibilities? That is important, because that is the authorising document for those governance bodies. Then we ask ourselves: who are the membership on those bodies? Because you need people on those bodies who have an authority commensurate with the expectation of the committee. So again, as I said in my response to an earlier question, do the people who are members of those committees have the authority to represent their organisations and ideally to commit their organisations to actions and funding? So they are two key points.

The next thing we always ask about is: who does the committee report to and how often? Finally—and it is kind of then tied up with all of this in terms of reference, membership and reporting—ultimately who are these committees accountable to? Because we do not want to replace non-accountability for a wetland with non-accountability of a committee. So I think that is something this Committee could usefully inquire into.

The other underlying feature of our report was that there were some information and knowledge gaps, and we would hope, even though it has only been a couple of years, that some of the changes that have been made are being made and some of the funding that is coming along may have allowed some more information to be obtained about the ECD and the LACs on these sites. So I think the Committee could usefully inquire into any new information. I know at the time of the audit there was a draft report that was going to be provided to the Australian Government about a potential change in character—whether or not those reports have been provided. More broadly there was a series of rolling, three-year reviews. I know that the Australian Government has an international obligation to report, and we did see COP 13, I think it was, the reporting on actions of every state in Australia, including Victoria. It would be interesting to know when that was compiled; has there been any update on those areas?

At the heart of it, I guess, the last thing that the Committee might want to usefully inquire into—because it seems to be the major response in addition to the governance arrangements—is the monitoring systems that have been established. The department has indicated to us that there is now a monitoring system. Hopefully that monitoring system will have features where there is a nice, standard data dictionary and everybody understands exactly what it is they are monitoring and how they are monitoring it; people are committing and writing down their actions in a consistent way; the extent that funding is being attributed to an action that that is in the system. I think the Committee could also usefully have a look at the monitoring arrangements and in particular the system that has been established.

**Mr RIORDAN:** Can I just follow up on that one? You have indicated through Sam that there is not an international best practice measure that you are aware of. Listening to what you have said today and in the report, we are falling a little bit short on doing this as well as we could. For the convention internationally, does anyone actually monitor or give feedback? We had the Auditor-General's eyes look at it, but does anyone internationally ever review our progress or standard or what we are actually doing? Does Ramsar have the capacity to withdraw its support of the site if we are not actually doing what we are supposed to do?

**Mr EVANS:** I think ultimately it is the Australian Government that has some responsibility for the Ramsar sites, so it is not something that we looked at. But certainly we noted in the report an individual or a community member can report things to the international secretariat. They did that in the case of one of the Victorian sites where they reported that they thought there was a potential change in the ecological character of that site, which triggered then a follow-up through the Australian Government and an investigation. So there are some mechanisms in place, but I think it is more a question perhaps for the agencies about what is in place in terms of anyone who comes in externally and looks at Victoria's operations beyond the role of the Auditor-General.

**Mr MAAS:** I am just interested in how the scope for the original audit was done. What sort of groups did you consult? Were environmental factors taken into consideration, and that sort of thing?

**Mr GREAVES:** I can give you a generic answer, and I am sure Andrew will give me a very specific answer. The way we go about identifying topics for our performance audit program involves a lot of consultation, a lot of stakeholder consultation. For our process each year and our annual planning we have structured our organisation in terms of sectors, such as the environmental sector, the transport sector, the local government sector. Those sectors, because they have a focus on things like the environment, will then have outreach and they will go and engage with a variety of stakeholders. I cannot speak to the engagement process that happened in 2015–16, and Andrew no doubt can, but we then, as you could be aware, get a lot of suggestions for a lot of topics. We have a process then of trying to assign priority to the topics before we actually come up with the individual topics that are in my annual plan.

At the moment we adopt what we call a triple bottom line plus approach. We look at the materiality of a topic, and by that I mean how much the State Government spends on that particular issue or how much revenue the State Government obtains from that, but then we look at the environmental, social and economic consequences and impacts associated with each topic. Andrew, do you have a recollection of the process you went through?

**Mr EVANS:** Certainly in general terms. I cannot speak to who we specifically consulted, but for all audits we have a general approach—I certainly recall we did for this audit—where we consult with experts, academics, user groups, environment organisations, community organisations et cetera as well as agencies. We talk to people in other jurisdictions et cetera. So we consult fairly widely.

**Mr MAAS:** Were Indigenous groups part of that consultation?

**Mr EVANS:** We might have to take that on notice to confirm. I suspect they were, but I cannot recall specifically. We do that work and it helps us to identify risks and our lines of inquiry. I do certainly recall in the conduct of the actual audit we met with some individuals and community organisations actually on the ground when the audit team did their site visit, so we did that as part of the audit itself.

**Mr GREAVES:** Sorry, Chair, just to elaborate, my response was about generally how we come up with topics. Andrew then is taking it to an individual topic, and when we are framing up the audit approach, the lines of inquiry, the criteria, that is when we do another round of engagement specifically on the topic, and I think that is what you were alluding to.

**Mr MAAS:** Just a follow-up, Chair. Changes in the environment and indeed the way the environment is reported with climate change and so on, was that taken into account at that time?

**Mr GREAVES:** Look, again, I cannot speak. At the time I was not the Auditor-General and I was not involved in the strategic planning processes of the office then, but I can say to the Committee today our first pass of consideration of risks and issues is to look at international and national issues that impact. The two that most commonly appear in all our considerations are the impact of climate change and the impact of population growth in Victoria. Those feature across just about my entire program. The United Nations sustainability goals

Australia has signed up to—the sustainable development goals, I should say, the SDGs—which of course therefore Victoria is, if you like, a signatory to, are now another frame of reference for us to consider our program. Again population growth and climate change are a part of those SDGs as well. But at the time—

**Mr EVANS:** I would add, and I cannot put my finger on it now, the report talks about some of the threats. Certainly we do not look at what the threats might be. We looked at the threats that are identified in the plans and how adequately the agencies were managing the sites against those threats. We did point out that they were more focused on threats to ecological character like invasive plants and animals, changes in water levels, those types of things—the more sort of core environmental threats, if you like. But there was less focus on some risks, and these are risks that the agencies have identified themselves—things like recreational activities and changes in water quality, and climate change is one of those as well that was really actually rarely addressed in the plans.

**Mr HIBBINS:** I just wanted some examples of the limitations of data, because obviously it seems, you know, if you are not aware of the changes in various character, you cannot effectively manage the sites. I also just wanted to know: the data that they do have, is it peer reviewed or independently verified or anything like that?

**Mr GREAVES:** Again, on the latter one, probably better to ask the agencies themselves about how they quality assure the data. I think what we determined in the report was that there was data missing in relation to the ecological condition of some of those sites. So it is probably a combination—I am slightly speculating now—about the missing data altogether or the reliability of the data or the granularity of the data. So I think again our understanding since this audit is there has been an update to the kind of approach to monitoring these sites. I think we report—I just cannot find the reference now—the update in 2017 to the overlay—

**Mr EVANS:** There was an addendum to the Edithvale-Seaford site, as I understand it.

If I may speak briefly, Andrew, to the monitoring of the sites or having the data, we identified that for the ecological characteristics which are required to have levels of acceptable change determined to inform monitoring, that was complete for five of the 11 sites. So there are quite a few gaps out there, but I guess there are always going to be gaps. Some of it I think is because some of these things were not set until many years after the sites were established, but I would think it is a useful area for the Committee to follow up and look at—it is going to be ongoing work but what is happening to improve the understanding of the condition of those sites to be able to determine the effectiveness of management activities on an ongoing basis.

**Mr RICHARDSON:** Thank you, Auditor-General and Director. I am interested just in the interaction with the federal agency and how, if any, collaboration occurs between states and territories in that management. Obviously Victoria now has 12 but at the time it had 11 Ramsar sites, and the Edithvale-Seaford Wetlands in particular were elevated to an EES process because of its Ramsar nature and the interaction with the Commonwealth. I am just interested in that commonwealth and then state and territory interactions between agencies if you picked up on any.

**Mr GREAVES:** Generally we do not examine anything to do with the Australian Government because it is outside my jurisdiction. We would only look at that in the context of what the State's obligations were to interact with the Australian Government or with other governments. I am not sure to the extent that—

**Mr EVANS:** Certainly in the consultation phase of the audit we spoke with the Commonwealth Government and throughout the audit. Probably the only thing we looked at, and it is talked about in the report, is some of the funding for monitoring activities. I think we note the first rolling Ramsar review was funded by the Commonwealth and the second review was funded by the State.

**Mr RIORDAN:** Just another follow-up question and a change of topic. I refer to the report, page 15, and there is a photograph there of Lake—I will pronounce it incorrectly; I can get all the lakes in my part of the world pronounced pretty well, but this one is out of my patch—Albacutya. The description under that highlights the fact that the lake has been dry most of the time; there are only four times when it had water in it. That is put there as it is threatened by the impact of climate change. My question around climate change and Ramsar when we talk about a lack of resources to get on-ground, meaningful work done and to sort of hold

account, would it be an observation that one of the risks—apart from the practical environmental risks of climate change, but in terms of administration and monitoring this, would you care to make an observation on whether the bigger, grander issue of climate change has a distracting influence on focusing on the here and now and what you can actually do? Sometimes it is such a big issue that it can consume effort and focus on specific doable outcomes.

**Mr GREAVES:** I am not sure how to respond to that particularly, Chair. I would not want to comment on—

**Mr RIORDAN:** I am just noticing it is referred to on every topic and yet at the same time you are also reporting this sort of lack of focus of getting specific tasks and monitoring done. I just wonder whether there is a risk that sometimes the bigger issue can sometimes cloud getting some achievable things done.

**Mr GREAVES:** I do not think I could answer that in an informed way because you would have to then unpack what the bigger focus is on climate change as it relates to the particular wetlands. If you come down to particular sites, what we are interested in—and we started from the premise that these had been listed so we did not question the listing of them. We started from the premise that an appropriate management plan is in place or should be in place. Now, the content of that management plan is up to the people who are responsible for those sites. The question earlier was: what is in a national best practice? Best practice in an audit sense is you get value for money for your intervention, so you work out the different interventions and different approaches you could take to managing a threat or an issue and you try and work out what is going to give you the best bang for your buck. I do not think there are considerations at that level of the broader debate about climate change per se. I think these considerations are all very much site specific. But, Andrew, you may have something.

**Mr EVANS:** I would only add to that that for each site the threats need to be identified. The management plans identify some threats that might be related to climate change but other threats could be agricultural use or recreational use, and we would say that the origin of the risk is not relevant and the plan should be focusing on the highest priority threats to that particular site and the threats to its ecological character.

**Mr GREAVES:** Chair, if the point is that because of an external factor, let us say climate change, there has been a permanent change in the character of that site, for example, then I think that would be a consideration for those who are listing the site and managing the site as to whether or not it should stay as a Ramsar site. Or if it was considered to be an important site, what is being done to mitigate or remediate the site in terms of getting water onto the site. But of course all those decisions—and that is part of the feature of this report: we are focused on the management of Ramsar wetlands, but we understand that Parks Victoria and DELWP and CMAs manage it on a landscape scale and have a lot of other priorities, so all this has to be done and considered in the context of other priorities as well.

**Mr RIORDAN:** I guess it was sort of more in the context, using that example, of a lake that—all of the arguments of climate change out of it—has not yet gone through a drying period any worse than any others that we have recorded in the last 100 years, but it will have probably stock issues, it may have weed infestation issues, it may have a whole bunch of other issues that are known and clear and present issues that need to be dealt with. Was there any evidence that some of those—considering that the climate change issue is a bigger macro issue that has to be dealt with by the society as a whole, whereas weed, livestock, pollutants, whatever else could be affecting that landscape can actually be dealt with at that microlevel—I am just wondering whether there is any evidence of a lack of focus on the here and now rather than what can be.

**Mr GREAVES:** My reading is that I would not attribute it to that. Why there may not have been a focus, I think we attributed to this confusion of roles and responsibilities and the lack of funding per se. We have not attributed anywhere in the report that people were distracted by other things. Those other things may be there, but we certainly did not inquire into those or attribute any of the lack of action to that focus on other areas.

**The CHAIR:** Any final questions? Thank you very much, Auditor-General and Director, for your evidence today. As we said at the beginning, you will be provided with a transcript to verify in due course, and we thank you for making the time to meet with us today.

**Witnesses withdrew.**